

Furukawa Company Group
Sustainability
Report 2022

サステナビリティ報告書

 **FURUKAWA CO.,LTD.**

Sustainability Promotion Department

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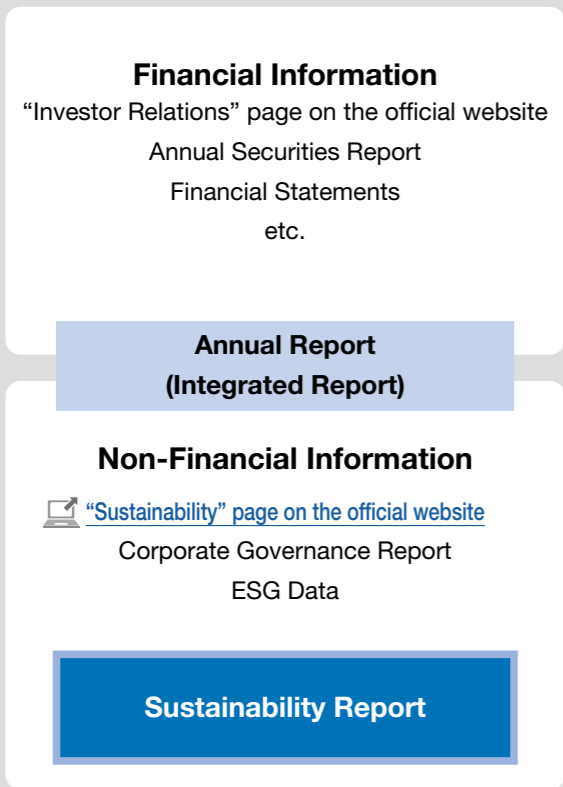
FURUKAWA CO.,LTD.

Furukawa Company Group Sustainability Report 2022

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Positioning of the Sustainability Report



Sustainability Report 2022 Editorial Policy

The Furukawa Company Group issued its first environmental report in 2003, and has been issuing CSR reports with enhanced information relating to their corporate social responsibility since 2013.

On December 1, 2021, the Group reorganized its framework for promoting CSR to the framework for promoting sustainability. With the changes taking place in environmental and societal circumstances, it also became necessary to enhance our disclosure content. For these and other reasons, beginning this year we changed the name of this report to the Sustainability Report. We are committed to providing enhanced content that clearly explains the Group’s conceptual approach to sustainability and our medium- to long-term growth potential in non-financial terms.

Also beginning this year, we are issuing this report in PDF format out of consideration for the environment and related reasons. For numerical data on the environmental and personnel matters, please refer to the separate ESG Data 2022.

We have created this report in coordination and collaboration with the departments concerned, and the edited result is published with the approval of the President & Representative Director, who is Chairperson of the Sustainability Promotion Meeting.

Report Period

In principle, this report covers initiatives in fiscal 2022 (from April 1, 2021 to March 31, 2022), but it also includes some initiatives in fiscal 2023.

Report Scope

[Environmental Data]

Manufacturing Division of Furukawa Industrial Machinery Systems Co. Ltd.; Takasaki Yoshii Works of Furukawa Rock Drill Co., Ltd.; Sakurai Works of Furukawa UNIC Corporation; Iwaki Works, Semiconductor Material Production Section (Semiconductor Material Plant), and Optical Parts Works Production Section (Optical Parts Plant) of Furukawa Denshi Co., Ltd.; Osaka Works of Furukawa Chemicals Co., Ltd.; Ashio Office of Furukawa Co., Ltd.; Furukawa Castec Co., Ltd.; Ashio Rock Drill Co., Ltd.; and FRD Iwaki Co., Ltd.

[Environmental Accounting]

Environmental data report scope, Advanced Technology Department and Material Research & Development Department of Furukawa Co., Ltd.

[Other]

Furukawa Co., Ltd. and consolidated subsidiaries

Guidelines Referenced

- “Sustainability Reporting Standards” by the Global Reporting Initiative (GRI)
- “Environmental Reporting Guidelines, 2018 Version” by the Ministry of the Environment
- “Environmental Accounting Guidelines, 2005 Version” by the Ministry of the Environment
- “JIS Z 26000: 2012 Guidance on Social Responsibility (ISO26000: 2010)” by the Japanese Standards Association

Company Names

Furukawa Co., Ltd.:
 The operating holding company of the Group
 Furukawa Company Group:
 32 consolidated subsidiaries and five equity method affiliates
 Core Business Companies:
 Furukawa Industrial Machinery Systems Co., Ltd.,
 Furukawa Rock Drill Co., Ltd.,
 Furukawa UNIC Corporation,
 Furukawa Metals & Resources Co., Ltd.,
 Furukawa Denshi Co., Ltd.,
 Furukawa Chemicals Co., Ltd.

Report Publication Date

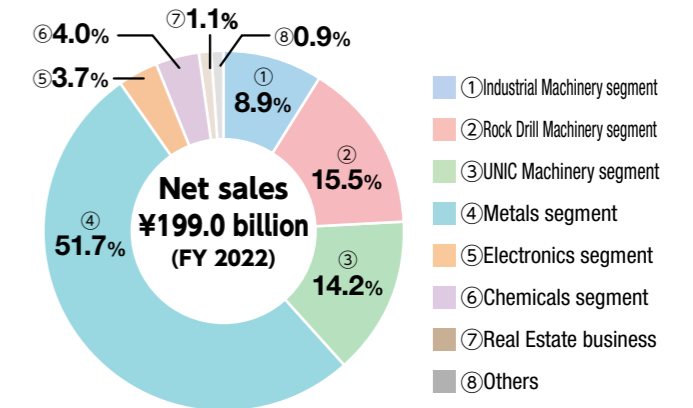
September 2022 (Previous: September 2021, Next: Scheduled for September 2023)

Group Overview

Corporate Data (as of September 30, 2022)

Company name: FURUKAWA CO., LTD.
Head Office: Tokiwabashi Tower, 6-4, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8370, Japan
Representative: Minoru Nakatogawa, President & Representative Director
Date of Foundation: August 1875
Date of Establishment: April 1918
Capital: ¥28,208.18 million (as of March 31, 2022)
Fiscal Year End: March 31
Employees: 2,804 (consolidated) (as of March 31, 2022)

Ratio of Group Net Sales



Group Businesses

Business Category	Segment	Company	Description
Machinery Business	Industrial Machinery Segment	Furukawa Industrial Machinery Systems Co., Ltd.	Manufacturing, sales, and service of industrial machinery such as pumps, crushers, grinders, classification machines, briquetting machines, belt conveyors, environmental preservation equipment, recycling plants, steel structures, and bridges, as well as contracting for various construction work.
	Rock Drill Machinery Segment	Furukawa Rock Drill Co., Ltd.	Manufacturing and sales of hydraulic breakers, hydraulic crushers, blast hole drills (pneumatic and hydraulic crawler drills, down-the-hole drills, attachment drills, etc.), tunnel construction and mining machinery (tunnel drill jumbos, concrete spraying machines, mining drill jumbos, etc.), etc.
	UNIC Machinery Segment	Furukawa UNIC Corporation	Manufacturing and sales of UNIC cranes (truck-mounted UNIC cranes), mini-crawler cranes, ocean cranes, UNIC carriers, etc.
Materials Business	Metals Segment	Furukawa Metals & Resources Co., Ltd.	Manufacturing and sales of copper, gold, silver, sulfuric acid, etc. and mining and sales of limestone
	Electronics Segment	Furukawa Denshi Co., Ltd.	Manufacturing and sales of high-purity metallic arsenic, crystal products, cores and coils, aluminum nitride ceramics, optical parts, etc.
	Chemicals Segment	Furukawa Chemicals Co., Ltd.	Manufacturing and sales of sulfuric acid, ferric polysulfate solution, aluminum sulfate solution, cuprous oxide, cupric oxide, etc. and sales of titanium dioxide, etc.
Real Estate Business and others	Real Estate Business	Furukawa Co., Ltd.	Real estate business, leasing business, etc. Main building: The Muromachi Furukawa Mitsui Building
	Others		Transportation business, manufacturing and sales of metal powder, etc.

From CSR to Sustainability Rapidly responding to social issues, we aim to realize our Management Philosophy.

Minoru Nakatogawa
President & Representative Director



One year has passed since you became president in June 2021, what do you say about looking back?

Fiscal 2022 was the middle year of the Medium-Term Business Policy 2022, and it was the period for solidly fortifying our business foundation with a view to realizing Vision for 2025.

In addition to the COVID-19 pandemic, there was also the Russian invasion of Ukraine and the slowdown in supply of parts due to a semiconductor shortage. This and other factors imposed serious constraints on business activity, in the midst of which we operated our businesses while responding to a business environment that was changing day by day. Fiscal 2022 suffered the negative effects of shortages of semiconductors and key components, rising costs of raw materials and energy, and spiking freight rates due to the shortage of container shipping capacity. However, increases in revenue and profit both exceeded the initial predictions by comparison with fiscal 2021, which saw major setbacks due to the COVID-19 pandemic, and I am grateful for the efforts made by our officers and employees.

Even under conditions like these, we are moving forward

strategically to improve the growth potential and profitability of the machinery business, which is our core business. The fields we focus our energies on are of use in protecting the environment while aiming for realization of a sustainable society, and in building a safe and secure society. We want to channel the Group's products, technology, and services into solutions for our customers' issues.

What is the Furukawa Company Group's role and mission in society?

The Furukawa Company Group originated in mining development, and in the long history of 147 years since then, our business has undergone many changes. Currently, we provide machinery products that support infrastructure improvement in Japan and other countries, and products, technology, services, and so on that are indispensable to the growth of an advanced information society.

The Group has faced up to difficult social issues head-on and we have joined with our stakeholders to work on solutions. In the Rock Drill Machinery segment, for example, the fully automatic drill jumbo is a product that was developed because there were

demands to ensure worker safety at mountain tunnel construction sites, and also to resolve the issue of the diminishing number of skilled workers. By making use of ICT and automating drilling work, we achieved higher efficiency and accuracy than ever before.

You could say that the commitment to engaging seriously with social issues is an unchanging part of our Group's corporate DNA.

I believe that our Group's role and mission in society is to make active use of the technical capabilities we have cultivated to date, and also to combine them or further innovate to evolve and expand the technology, and to channel it into solutions for present or future social issues.

The "framework for promoting CSR" has been changed to the "framework for promoting sustainability." What is the background and purpose of this change?

Under the former framework for promoting CSR, activities for planning, execution, disclosure, and so on with respect to corporate social responsibility (CSR) and in response to requests for disclosure of non-financial information related to those activities, were centered in the CSR Promotion Meeting, which was established in 2013. Eight years had passed since its establishment, and the environment for business had changed enormously, so we decided to take steps to promote sustainability activities, which address a broader range of issues even than CSR. To that end, we reorganized that body as the Sustainability Promotion Meeting in December 2021 and changed to the framework for promoting sustainability.

We also reorganized the CSR Promotion Department, which had carried out the role as promoter of CSR activities. It became the Sustainability Promotion Department, which was given the role of consolidating and organizing activities for strongly promoting sustainability initiatives. At the same time, we also shut down the previous Risk Management Committee, which had been a subordinate organization of the CSR Promotion Meeting and established the new Risk Management Committee as a parallel organization of the Sustainability Promotion Meeting. We changed this new Risk Management Committee into a system for recognizing and managing enterprise risks while coordinating with the Sustainability Promotion Meeting.

As president, I chair the Sustainability Promotion Meeting. The new Risk Management Committee is chaired by the Director in charge of the Sustainability Promotion Department, which acts by order of the President or the Board of Directors to investigate, deliberate on and draft proposals regarding the board's agenda items and report on them. This allows us to rank issues that management should address in order of priority, and we will also be quickly tackling issues that cut across the Group as a whole.

At the same time, we also formulated the Furukawa Company Group Basic Policy on Sustainability Initiatives. This states clearly that the Group positions sustainability initiatives among the most important issues for management. We will contribute to the realization of a sustainable society while at the same time establishing a robust business foundation oriented toward growth. By solving social issues through business, we will realize sustainable growth as well as heightened corporate value over the medium to long term. The initiatives for practical implementation of this basic policy are defined as sustainability in both defensive and proactive aspects.

Defensive sustainability involves strengthening and expanding the enterprise risk management system in order to establish a business foundation oriented toward growth, and improving corporate value by implementing business operations that take into account the Group's CSR/ESG issues. Proactive sustainability seeks to raise the value of the Furukawa brand by marketing management that incorporates the CSV^{*1} perspective. It is also an initiative to provide products, technology, and services that are useful in resolving social issues as a way of contributing to the creation of social value while we simultaneously create corporate value. By strengthening our engagement with sustainability in this way, we will work to reduce risks and capital costs while also working to maximize business opportunities and increase profitability.

^{*1} Creating shared value (CSV): This is a management framework by which a corporation engages with social issues involving social problems, environmental problems, and so on, and seeks to realize a balance between social value and corporate value.

What are your plans for initiatives relating to climate change issues and information disclosure related to these initiatives?

We recognize climate change as a top priority issue. The Japanese government has declared the goal for fiscal 2031 of reducing greenhouse gas emissions by 46% from the level in fiscal 2014, and achieving carbon neutrality by 2050. We realize that the Group naturally has responsibilities that we should address, and we are scheduled to finalize our initiative at an early date on the premise of "reducing CO₂ emissions by 46% relative to fiscal 2014 by fiscal 2031" and "achieving carbon neutrality by fiscal 2051."

Of Scope 1^{*2} and Scope 2^{*3} CO₂ emissions, 80% of the Company's emissions are from electric power, which is Scope 2. Other than reducing emissions through our own efforts, such as by saving energy and streamlining facilities, we are also studying a transition to clean energy that comes from renewable energy sources. We would also like to calculate the amount of CO₂ absorbed by the forests the Company owns, and add that to the amount of reduction.

We are also calculating our Scope 3^{*4} emissions, and we will proceed with planning to enable us to accurately grasp the volume of emissions throughout the entire value chain.

The times are already dashing toward a carbon-free society, and I see a further accelerating shift toward a society that consciously seeks to balance the economy and the environment. What is important when creating that kind of society is research and development and innovation to achieve carbon neutrality. The purpose of research and development is to resolve society's issues, so we would like to proceed to research and develop what will accomplish this.

For example, in developing hydraulic crawler drills, truck-mounted UNIC cranes, and other such products in the machinery business, we are actually pursuing a variety of measures, such as reducing fuel consumption, developing electrified products that do not use gasoline, and so on.

We take this as a positive opportunity for practical implementation of marketing management that incorporates the CSV perspective. We will contribute to the realization of a carbon-free society by providing products, technology, services, and so on that are highly effective in reducing emissions of

greenhouse gases.

There is also the matter of disclosure of climate-related financial information. The revised Japan's Corporate Governance Code calls for disclosure in line with the TCFD^{*2} recommendations, and we intend to disclose climate change-related governance, strategy, risk management, indicators, and targets.

With Furukawa Company Group management in my hands, I will take the lead and go forward with speed.

*2 Scope 1: Direct emissions of greenhouse gases by business operators (combustion of fuel, industrial processes)

*3 Scope 2: Indirect emissions accompanying the use of electric power, heat, or steam supplied from other companies

*4 Scope 3: Indirect emissions other than Scope 1 or 2 (emissions by other companies associated with the business operator's activities)

*5 Task Force on Climate-Related Financial Disclosures (TCFD): Established by the Financial Stability Board (FSB) at G20 request to study how to conduct climate-related information disclosure and how to handle responses to financial institutions.

What about human capital and investment in people?

As I see it, the Group's driving force and its strength are in its people. The Group originated in copper mine development and has gone on to provide things considered necessary by society, from industrial machinery to rock drills, transportation equipment, electronic materials, and chemicals. In our nearly 150 years of history, the things we deal in have diversified and our businesses have expanded, but it was our individual employees who carried on our skilled manufacturing. We have survived for close to 150 years because we have been supported by the power of our people.

For that reason, I consider it extremely important to invest in people for the Group to continue advancing toward the achievement of sustainable growth in the future.

As a specific measure, we revised the personnel system in fiscal 2021 to actively facilitate the promotion of younger employees. We anticipate that clearly linking employee willingness and performance to their promotion and advancement will help motivate them. As to education and training, we have been introducing Liberal Arts training in order to foster flexible

thinking that takes a multifaceted view from various directions. In addition, for engineers, we are conducting technical training that also includes management and financial viewpoints. We have also revised our former system of annual training so that, beginning in fiscal 2023, we began a training program based on the qualifications of our employees.

The times are predicted to go on changing at an accelerating rate, leading to much greater demand for acquiring and cultivating human resources with the capability for flexible thinking that can anticipate change and respond to whatever issues arise in society. We will therefore proceed with enhancement of the education system, in hiring we will actively seek mid-career hires, and we will make active use of diverse human resources. At the same time, we will also promote diversification of work styles. We aim for a workplace where individuals can utilize their capabilities to the utmost in creating new value, to make the Company a place where they find their work satisfying. Therefore, we will endeavor to secure and cultivate superior human resources in line with Group growth strategy.

Please tell us about your initiatives for respect for human rights.

As to respect for human rights, it is becoming a crucial perspective in corporate activity as well as in the recent worldwide emergence of human rights problems, the passage of legislation in Europe for human rights due diligence in the supply chain, and other such movements. Showing consideration for human rights is the obvious, natural thing to do. For our Group, which is conducting business globally, the matter of what appropriate measures to take and information disclosure to make regarding human rights issues is a management issue that we consider to be of increasing importance.

To date we have implemented a variety of measures within the Group in connection with human rights issues. We have implemented human rights training, heightened awareness of compliance, improved the internal reporting system, conducted discussions with the labor union, and so on. In addition, the Company's Purchasing Department is conducting a survey of

domestic suppliers in our supply chain and is confirming the status of their responses to human rights issues, including child labor and other issues. However, as we see with the response sought with respect to human rights due diligence in Europe and other places, the issues involved in securing respect for human rights keep on changing according to societal changes.

Going forward, we have plans to establish an organization for discussion related to human rights issues, and the discussion will of course cover the human rights of Group employees, but will also cover human rights issues in the value chain. At present, the Furukawa Company Group's Charter of Corporate Conduct and the Furukawa Company Group's Code of Conduct for Officers and Employees contain explicit statements about respect for human rights. Going forward, however, we are going to study the formulation of human rights policies that are in accordance with international norms.

In order to promote initiatives on respect for human rights, it is necessary to take a company-wide approach. The entire Group will join together in this, with the effort centered in the Sustainability Promotion Meeting and the Risk Management Committee.

What kinds of measures are being taken to strengthen governance?

With regard to strengthening governance, and in particular vitalizing the Board of Directors and enhancing its functions, we are taking steps to vitalize and enhance deliberations by providing explanations in advance to Outside Directors so that they will be able to participate in Board of Directors' activities with full awareness of the substance of agenda items in advance. In addition, every year we conduct a survey of all the Directors and all Audit & Supervisory Board members. We incorporate their views in the operation of the Board of Directors, making every effort to further heighten its effectiveness.

We are currently proceeding with revision of Vision for 2025, which was established in 2015, and formulation of the Medium-Term Business Plan for the next period. In this work, as well, we will ask the Outside Directors for their objective opinions in light of their specialized experience and expert knowledge, and we will engage in continuing discussion of our medium- to long-term business strategy.

Please tell us about activities in fiscal 2022 relating to sustainability, the results, and so on.

Looking ahead to 2025, when the Group, as noted earlier, reaches the 150th anniversary of our founding, we have prepared Vision for 2025, titled "FURUKAWA Power & Passion 150," and with that we also have created our "Ideal Image for CSR 2025." On that basis, and using back-casting from fiscal 2026, we are formulating CSR medium-term targets (fiscal 2021-2023) and promoting activities accordingly.

Our main initiatives include the review of training systems noted earlier, implementation of surveys of suppliers in our supply chain, and study of carbon neutrality. In addition to these, we took the opportunity of the relocation of our head office in July 2021 to introduce a free address system to encourage communication between departments, and to improve operational efficiency by



promoting paperless and online decision making.

From the perspective of measures against infectious disease, we have also increased our use of web conferencing and video streaming for training. We have also implemented safety guidance, training, and other activities through the use of XR^{*6} to enable a more fully involved, immediate experience of safety countermeasures.

*6 XR: Abbreviation for Extended Reality or Cross Reality. Technology that blends the real and virtual worlds to enable perception of things that do not exist in reality.

In closing, do you have a message for your stakeholders?

As I am in the position of having management in my hands, I will say that in fiscal 2023, we will carry on with measures to keep solidifying our business foundation, and formulating the Medium-Term Business Plan for the next period is positioned as one of our major issues. During the period when we were formulating the previous Medium-Term Business Plan, we were unable to foresee the impact of the COVID-19 pandemic. Thus, unable to formulate the Medium-Term Business Plan, we formulated the Medium-Term Business Policy 2022, which has brought us up to the present. The preconditions for our long-term Vision for 2025 have also ended up changing. In order to respond to these changes, I want to formulate a Medium-Term Business Plan by considering growth strategies, without dwelling on the content of our present Vision for 2025. At the same time, I think it will be necessary to incorporate sustainability initiatives in our business plans for the medium to long term. For the purpose of the Group's sustainable value creation, we are concentrating our efforts on formulating business plans that include the influence of contribution to social issues through business, and risks related to climate change, in our management strategy.

As the business environment undergoes dramatic change, all the officers and employees, including myself, will share the same vision of how to secure sustained growth for the Group. Together with hope and strong resolve for the future, we will work with spirit toward achievement of our vision.

Our aim going forward is to respond to our stakeholders' expectations by realizing the Management Philosophy that calls on our continued existence as a corporation indispensable to society.



Sustainability of the Furukawa Company Group

Management Philosophy (Established on August 8, 2015)

The Furukawa Company Group will remain indispensable to society by always embracing the spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development.

Action Guidelines (Established on August 8, 2015)

In order to live up to our Management Philosophy, we put our Action Guidelines of Innovation, Creativity, and Harmony into practice, always bearing in mind the three key words that best represent the spirit of our founder: Luck, Stolidity, and Perseverance.*1

- Innovation** We will work constantly at self-innovation by embracing a future-oriented mindset.
- Creativity** We will seek to create reliable, appealing products that meet market needs.
- Harmony** We will improve management transparency and contribute to the development of a society that is in harmony with the environment.

*1 Luck=運 (Un), Stolidity=鈍 (Don), Perseverance=根 (Kon)
This means that, while humans may place highest importance on "luck," getting important things done requires "stolidity" and "perseverance".

Vision for 2025

FURUKAWA Power & Passion 150

"Become a corporate group that leverages its reputation for category leadership and uniqueness to deliver growth."

- Targeting consolidated annual operating income regularly in excess of ¥15 billion as we approach our 150th anniversary in fiscal 2026. -



Policies for Achieving Vision for 2025

- 1 Increase the value of the Furukawa brand through "marketing-based management" that incorporates CSV*2 perspectives**
We will incorporate marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to resolve issues and problems faced by customers, with the aims of increasing corporate value and achieving sustained growth. We will also strive to achieve the Sustainable Development Goals (SDGs) and otherwise resolve various social issues, including such domestic issues as building national resilience and the declining working-age population, and thus help realize a sustainable society.
 - ① Reinforce technological sales capabilities (proposals and solutions) reflecting customer needs
 - ② Develop products, technologies and services that meet market needs
 - ③ Achieve category-leading positions by concentrating on niche products that have competitive advantages and using differentiation strategy
 - ④ Cultivate and create new markets and product categories, and build a new business model
 - ⑤ Enhance our products, technologies, and services, which underpin our social infrastructure, to help resolve social issues
- 2 Sustainably expand the Machinery Business**
 - ① Reinforce revenue bases in growing overseas markets, mainly in business related to infrastructure and resource development
 - ② Strengthen and enhance stock business
 - ③ Maximize business opportunities by demonstrating comprehensive Group competences and reinforcing engineering strengths
- 3 Strengthen and expand our human resource bases**
 - ① Build vibrant human resources and corporate culture for a new Furukawa
 - ② Secure, utilize, and develop diverse human resources in Japan and overseas
 - ③ Put even more effort into training sales and marketing personnel
- 4 Actively promote investments to increase corporate value**
 - ① Make proactive capital investments necessary for growth
 - ② Expand business through strategic M&A and alliances
- 5 Establish a robust corporate foundation**
 - ① Increase corporate value by improving profitability and capital efficiency, targeting ROE of more than 10%
 - ② Establish a strong financial base
 - ③ Achieve balanced appropriations between investments for growth and return to shareholders
 - ④ Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group

*2 CSV: Creating shared value (CSV) is a management framework that enables companies to co-create social value and corporate value by tackling social, environmental, and other issues.

Sustainability Management

Basic Approach

The Furukawa Company Group has been promoting its business activities such as full-scale manufacturing and structural development carried out thus far, as well as various CSR activities involving environmental conservation, social contribution, and human resource development, while reinforcing its governance framework and compliance practices. The Group will continue to promote these CSR activities, and promote initiatives around sustainability as stated in Vision for 2025, "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" more strongly than before, in order to achieve sustainable growth and enhance corporate value over the medium to long term.



Management Philosophy

In order to respond to anticipated changes in the business environment, the Group established its Management Philosophy and Action Guidelines, which express the shared values of the Group's officers and employees using language that is easy to understand, on August 8, 2015, which marks the Company's 140th anniversary.

In order for the Company to remain necessary and trusted in modern society with its diverse values, it was determined that it is necessary to further improve, and this new Management Philosophy was developed to address this need. The Corporate Philosophy developed in May 1999 will remain in place in the form of the Action Guidelines.

"FURUKAWA Power & Passion 150," our Vision for 2025

The Group considers 2015 to be an important turning point as it gets closer to its 150th anniversary. As such, it has formulated policies to achieve Vision for 2025 "FURUKAWA Power & Passion 150," from the long-term perspective of looking forward 10 years in the future.

On May 8, 2020, we made partial revisions to Vision for 2025. We did this in advance of our entry into Phase 2 of Vision for 2025 to reaffirm the reason for our existence and mission contained in the phrase "The Furukawa Company Group will remain indispensable to society" from our Group's Management Philosophy, incorporate the perspectives of CSV into the marketing-based management we promote as a Group in order to redefine it, and clarify our intent to improve the corporate value of the Group through business operation conscious of CSR/ESG issues as part of our effort to establish a robust corporate foundation.

Sustainability of the Furukawa Company Group

Ideal Image for CSR 2025

The Furukawa Company Group formulated "Ideal Image for CSR 2025" in order to think about what sort of CSR activities should be conducted once Vision for 2025 "FURUKAWA Power & Passion 150" has been achieved.

The Group is promoting activities to achieve the ideal image in order to continue to be a company that is indispensable to and trusted by society.

● Ideal Image for CSR 2025 (Revised on May 2022)

- **Promote environmental and safety activities.**
Reduce environmental impacts, protect environment and ensure safety, protect biodiversity, publish environmental and safety activity outcomes, and continue working to ensure there are zero accidents and zero disasters at suspended or abandoned mines
- **We aim to improve brand strengths of Furukawa products and achieve top rankings in product categories.**
- **Expand and strengthen our human resource bases.**
We will develop rewarding work environments where it is possible to create new forms of value by maximizing the abilities of each and every employee
- **We will pursue a QCD* approach based on sustainability activity practices geared to achieving sustainable manufacturing and sales of products that earn the trust of our customers.**
- **Promote sustainability initiatives.**
Expand the enterprise risk management system, promote disclosure related to sustainability, promote proactive sustainability activities, establish environmental and human rights due diligence systems, support measures for carbon neutrality
- **All of our officers and employees will be keenly aware of compliance as it applies to the international community.**

* QCD: Quality, Cost, and Delivery

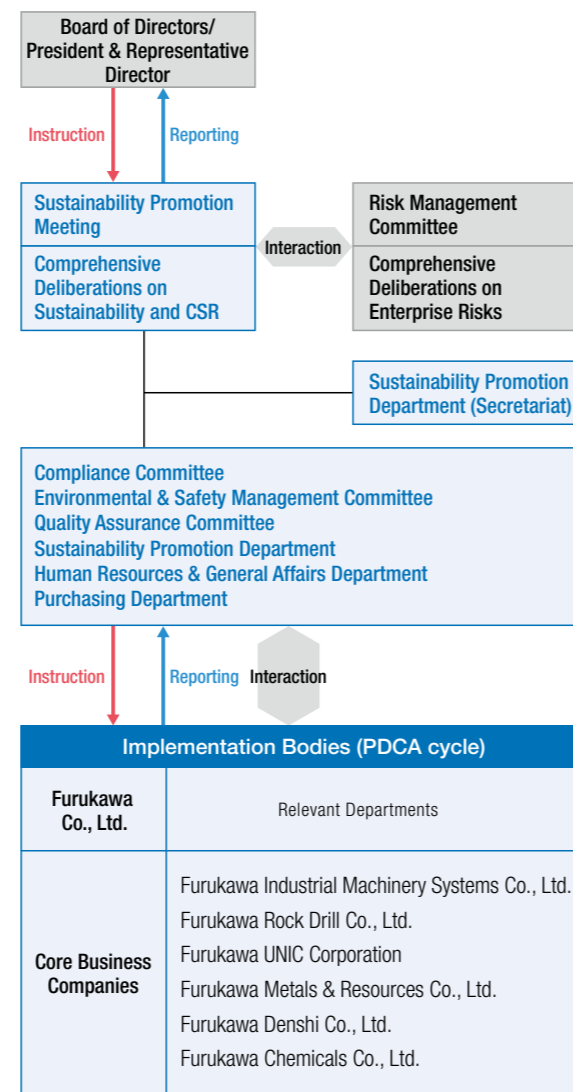
Framework for Promoting Sustainability

In December 2021, the Group reorganized its CSR Promotion Meeting, which had been established in Furukawa Co., Ltd. in order to vigorously promote CSR initiatives, into the Sustainability Promotion Meeting to strengthen its sustainability initiatives. By implementing this reorganization, the Group is actively working to resolve issues related to sustainability by clarifying its responsibilities to its stakeholders, and identifying priority issues that need to be addressed to realize "The Furukawa Company Group Basic Policy on Sustainability Initiatives."

The Sustainability Promotion Meeting convenes annually as a rule with our President & Representative Director as the Chairperson and the Sustainability Promotion Department as its Secretariat. The Meeting deliberates on a variety of sustainability and CSR issues, including formulation of basic policy and action plans for the Group's sustainability and CSR activities, establishment of promotion framework, verification and evaluation of the status of activities, education and public information measures, and so on.

Other serving members of the Sustainability Promotion Meeting are the Company's directors and the president of every Core Business Company as well as the chairperson of the Compliance Committee, the Environmental & Safety Management Committee, and the Quality Assurance Committee, which are the Company's organizations, together with the heads of the Company's Sustainability Promotion Department, Human Resources & General Affairs Department, and Purchasing Department. The members consider the substance of deliberations and matters raised during the meeting and take steps to coordinate with the Group companies and departments that are the implementation bodies for sustainability and CSR activities, implementing the PDCA cycles of planning, execution, evaluation, and improvement.

They also coordinate with the new Risk Management Committee, which is the organization that engages in the enterprise risk management system. This Committee replaces the previous Risk Management Committee, which was disbanded in December 2021. We will continue to improve these frameworks for reducing risk and maximizing opportunity in Group businesses.



Helping to Address Challenges Encountered Worldwide

In September 2015, the United Nations General Assembly adopted its Sustainable Development Goals (SDGs) and presented an action plan for human and environmental prosperity. The SDGs consist of 17 goals and 169 targets looking toward 2030, such that help clarify priority global-scale issues and a worldwide vision related to sustainable development and are intended to encourage global-scale initiatives to address those issues.

The Group strives to help achieve the SDGs, established by the international community, through its business activities and efforts geared to fulfilling its corporate social responsibilities.

Priority Issues Regarding CSR

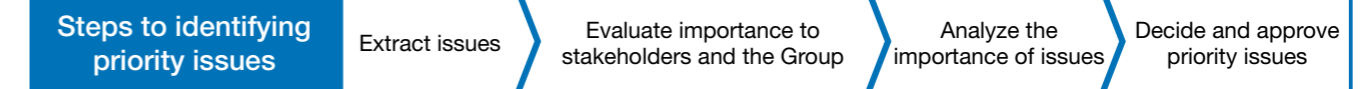
The Group identifies important issues and reinforces its CSR activities to ensure that its business activities contribute to society in the broader sense.

To identify CSR priority issues, we selected important CSR-related issues from the perspectives of both stakeholders and the Group, then analyzed and evaluated the importance of those issues and finalized the Group's CSR priority issues.



Priority issues regarding CSR	Related pages
Promoting environmental conservation initiatives	P19
Providing products and services that engender customer satisfaction	P25
Building fair and just business relationships and reciprocal trust with suppliers	P29
Creating pleasant workplace environments for employees with fair performance evaluations and treatment	P31
Promoting corporate social contribution activities	P36
Developing a robust corporate governance framework	P37
Enhancing compliance	P40
Communicating with shareholders and investors	*

* Refer to the website "Investor Relations"



Relationships with Stakeholders

In the course of strengthening our sustainability initiatives and implementing our Management Philosophy, we have identified our stakeholders as follows: customers, business partners, shareholders and investors, employees, local communities, and the global environment. Moreover, we aim to build relationships of trust and accordingly maximize our corporate value by engaging in appropriate communications that involve clearly conveying our responsibilities to each group of stakeholders.

Stakeholders	Responsibilities	Opportunities and Means for Communication with Stakeholders
Customers	We shall provide customers with safe, high-quality products and services in order to increase satisfaction levels.	Service activities, sales activities, websites, exhibitions, meetings to exchange views with distributors and agencies, etc.
Business partners	We shall build and maintain mutually beneficial relationships conducive to harmonious coexistence through stable procurement activities based on the principles of fairness and economic rationality.	Procurement activities and information exchanges, CSR promotion guideline surveys, technical guidance, production briefings, etc.
Shareholders and investors	We shall work to maximize corporate value through communications focusing on timely and appropriate information disclosure and IR activities.	Results briefings, shareholders' meetings, IR meetings with institutional investors and analysts, factory tours, annual report (integrated report) and other such IR tools, information disclosure on the website, distribution of IR news, etc.
Employees	We shall create safe, healthy, and motivating workplaces in which our diversified human resources can excel while adopting appropriate evaluation standards and fair treatment.	Employment Grade-Specific Training, personnel performance evaluation and target evaluation system, self-assessment system, discussions between management and labor unions, employee surveys, internal reporting system, etc.
Local communities	We shall build and maintain favorable relationships of trust by pursuing social contribution activities aimed at harmonious coexistence with local communities.	Contributions to local communities through business, participation in volunteer activities, etc.
Global environment	We shall protect biodiversity by developing environmentally friendly technologies and products while minimizing the environmental impact of our activities through savings of energy and resources and reduction of waste.	Cooperation with groups and NPOs that engage in tree planting activities, ecosystem restoration and recovery activities with local residents, disclosure of environmental and other data in sustainability reports, etc.

Solving Social Issues through Business

Industrial Machinery Segment (Furukawa Industrial Machinery Systems Co., Ltd.)

Infrastructure Improvement, Contribution to Flood Measures and Water Environment, and Response to Aging Society

The Industrial Machinery segment engages in measures to address aging infrastructure. In road facilities, we are involved in bridge replacement and repair work. In terms of disaster control, including disaster prevention and mitigation, we are also providing crushers and belt conveyor equipment for construction to raise embankments and so on as tsunami countermeasures.

As measures for control of flooding caused by climate change, we are providing equipment necessary for construction of dams, regulating reservoirs, and other such facilities to control river water volume in urban areas. In addition, we are contributing to conservation of the water environment by providing pumping plant equipment for sewage facilities as well as providing efficient machinery for the purpose of reducing energy consumption and environmentally friendly machinery.

Going forward, our goal is to provide equipment that achieves a balance between meeting the needs of customers who are planning projects and resolving social issues. In response to the aging of society, we will also strive to provide suggestions for machinery that can reduce the labor of maintaining facilities.



Rock Drill Machinery Segment (Furukawa Rock Drill Co., Ltd.)

Labor saving, safety improvement, and life cycle support through utilizing ICT

In recent years, tunnel construction sites, mines, and quarries in Japan have been experiencing aging of skilled workers and shortages of personnel in charge. As a result, methods of saving labor and increasing safety at work are highly sought. The Rock Drill Machinery segment seeks to meet these needs with drill jumbos that utilize ICT as well as with automation and mechanization of tunnel construction-related products and crawler drills, which are contributing to the resolution of these issues. In Southeast Asia, where pneumatic rock drilling products are still in the majority, we have introduced attachment drills for excavators equipped with hydraulic drifters as suggested solutions for increasing work efficiency and improving the work environment.

As domestic after-sales services for rock drilling products, we are installing an operation support system utilizing IoT and reviewing our products and service structure to provide support throughout the product life cycles.

Going forward, we will continue our commitment to provide products and services that take into consideration exhaust gas regulations, CO₂ reduction, and other measures to reduce environmental



UNIC Machinery Segment (Furukawa UNIC Corporation)

Improving Business Efficiency, Labor Saving, and Addressing Climate Change

In the Unic Machinery segment, we are working to make contributions toward solutions to social issues such as aging society and labor shortages. In logistics, truck-mounted UNIC cranes and UNIC carriers improve logistics efficiency and labor savings. In the fishing industry, ocean cranes contribute labor savings, and UNIC PALs also save labor in the forestry industry. Our overseas work also includes active on-site participation in infrastructure construction that is intended to enhance social capital in developing countries and other locations.

On the environmental side, we are making efforts in consideration of the environment surrounding worksites by reducing noise and improving fuel efficiency. We are also contributing to the reduction of CO₂. Now that the present era puts a premium on carbon neutrality, there are accelerating efforts toward electrification of trucks that are to be equipped with cranes. The electrification of mini-crawler cranes has already been realized, but in conjunction with the effort on trucks, we are also moving ahead on the electrification of truck-mounted UNIC cranes and UNIC carriers, and we will continue contributing to CO₂ reduction.



Metals Segment (Furukawa Metals & Resources Co., Ltd.)

Stable Supply of Products that Form a Foundation for Industry

Electrolytic copper is an essential material that is actively used in various industries, including the automotive industry, the construction industry that engages in infrastructure improvement, and the information and communication industry. The Metals segment undertakes to ensure a steady supply of this material. Sulfuric acid also has a wide range of applications, including paper making, fertilizer, agrochemicals, food additives, tap water disinfection, pharmaceuticals, automobiles, telecommunications, and so on, and it also supports the development of these industries.

Our subsidiary Oita Mining Co., Ltd. is producing and providing a stable supply of limestone products. In addition to its use in construction as a raw material for cement and in concrete aggregates, limestone is used in numerous fields that support the foundations of social infrastructure, such as iron and steel, agriculture, the chemical industry, purification materials, and so on. Going forward, we will continue contributing to the creation of a convenient and comfortable society.



Electronics Segment (Furukawa Denshi Co., Ltd.)

Contributing to Environmental Measures and the Creation of a Convenient and Comfortable Society

High-purity metallic arsenic and aluminum nitride ceramics in the Electronics segment are used in electronic devices such as ICs and LSIs, various semiconductor devices, sensors, and other products for the automotive industry, as well as for building infrastructure and promotion of innovation. Coils are used in PHVs, EVs, fuel cell vehicles, and so on, and they are contributing to realize environmental measures and the reduction in fuel consumption. Oxide crystals are used in medical X-ray and CT scanning equipment as well as in the large cargo inspection machines and other such devices that are required in airports and other such facilities. They also contribute to labor saving in logistics.

We will further promote product development that leads to resolution of customer issues through enhancement of high-value-added aluminum nitride ceramics, as well as improvement of diffractive optical elements (DOE), and other such optical products for laser processing. With automation, labor saving, promotion of good health, and other similar measures, we will contribute to the creation of a convenient and comfortable society.



Chemicals Segment (Furukawa Chemicals Co., Ltd.)

Stable Supply of High-Value-Added Products

The Chemicals segment is supplying aluminum sulfate solution as an inorganic water treatment agent in order to contribute to the supply of high-quality tap water. We are also providing ferrous sulfate for use in food additives and supplements, as well as high-quality sulfuric acid, a high-value-added product with reduced impurities that is used in electronics-related materials.

Copper powder, which is a newly developed product, is a material that we expect will find use in making components needed for control in automated operation and electric vehicles. This material is also expected to contribute to the expansion of 5G in the telecommunications field.

By adding higher value to existing products, such as high-quality sulfuric acid, we are aiming to meet our customers' new needs and provide solutions for the issues they face. In the area of our newly developed products, such as copper powder, we have put in place systems for quality, mass production, and sales. We will continue striving to provide a stable supply of high-quality products that contribute to fields involved with automated operation, telecommunications systems, and so on.




Sustainability of the Furukawa Company Group

Contributing through Products, Technology and Services


Taking a good look at our everyday life, we find that products and technology from the Furukawa Company Group are vital presences in some truly familiar places. The Group provides products, technology, and services that support us throughout the whole range of our everyday lives in order to make them convenient and prosperous, and to protect the safety and security of society.



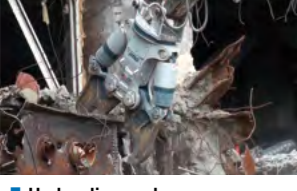
Mini crawler cranes
Outside Japan, these cranes are used on construction sites for skyscrapers and the like.



Hydraulic breakers
These machines are used to break rocks and crush concrete.




Enclosed suspended conveyors
These conveyors are used to close off and vertically transport materials.



Hydraulic crushers
These machines are used to tear down concrete and structural steelwork in building demolition and the like.



High-purity arsenic
This high-purity metal is used as a raw material for mobile equipment and lasers.



AlN ceramics
These materials are used to counter the extra heat produced by higher-performance electronic equipment.




Cuprous oxide
This eco-friendly substance is used to coat the undersides of marine vessels.



UNIC cranes
These truck-mounted cranes are used on construction sites and the like.




Electrolytic copper
This substance is used in the wires, copper pipes, and other components of household appliances, communication devices, and automobiles.




Electrostatic precipitators
This equipment prevents air pollution from plants and other facilities.



Pumping equipment at wastewater treatment facilities
We have a wealth of experience with this equipment at wastewater treatment plants and water treatment plants throughout Japan.



Hydraulic crawler drills
These machines drill holes for blasting at quarry and limestone mines.



Crushers
These machines crush rocks into smaller pieces at quarry.




Belt conveyors
This equipment transports massive amounts of earth and sand, ore, coal, and other raw materials.



Tunnel drill jumbos
These machines are used for the Linear Chuo Shinkansen and other construction projects.




Ocean cranes
These machines are used in oyster farming and unloading catches from vessels.



UNIC carriers
These trucks that carry new cars and damaged cars.



Bridges and steel structures
We construct pedestrian bridges, motorways, and the like.



Coils
Filter coils are used to control noise from electric control units and power sources.



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Strengthening the Business Foundation with a View to Growth: Comments from Responsible Sustainability Leaders

Environmental & Safety Management Committee

Masayuki Kuno
Environmental & Safety Management Committee Chairperson
Executive Officer, General Manager, Environmental & Safety Management Department



Taking Steps to Visualize Environmental and Safety Activity Results and Accelerating Systematic, Continuous Measures

The Group is seeking to contribute to the realization of a sustainable society by introducing production facilities and equipment with high energy-saving efficiency, through operations that are safe and efficient, and by systematically and continuously promoting environment-saving activities that consider the impact on the global environment and biodiversity. In fiscal 2022, the Environmental & Safety Management Committee implemented the Environmental and Safety Audits and the Environment/Safety Promotion Meetings that had been postponed the previous fiscal year. In order to ensure positive implementation of environmental conservation measures while adequately addressing COVID-19 pandemic, web conferencing was used to communicate with the field. As a response to the natural disasters that have been occurring frequently in recent years, we are also systematically constructing mining pollution prevention facilities to enable their continued operation for a certain amount of time even when mining pollution prevention facilities stop functioning due to natural disasters at suspended and abandoned mines in Japan. As a measure to help advance biodiversity conservation and rehabilitation, the Group started a firefly rehabilitation project at the site of the former Ashio Copper Mine (Ashio-machi, Nikko City, Tochigi Prefecture). Fireflies were observed flying for the first time in June 2022. Going forward, we will continue ecosystem conservation and rehabilitation activities in cooperation with local residents and other parties. As to measures for carbon neutrality, the Group has begun discussions with a view to realization of this goal at Group production centers, and in future the Group will be taking steps for visualization of activity results as well as accelerating our measures.

Human Resources & General Affairs Department

Atsushi Takano
Senior Executive Officer,
General Manager, Human Resources & General Affairs Department



Realizing a Workplace Environment that Makes Work Satisfying for Employees with Fair Performance Evaluations and Treatment

We have declared "strengthen and expand our human resource bases" as one of the policies for achieving Vision for 2025, and we are engaging in efforts focused on "cultivate human resources," "promote health and productivity management," "promote diversity," and "improve workplace environments." In order to remain a corporation that is indispensable to society into the future, it will be necessary for the employees themselves to undergo rapid change and growth in step with the changing times and even one step ahead of the times. We will be flexible in adopting new structures that account for diversifying individuality, values, and living environments. By also realizing workplace environments that make it easy to exercise superior creativity, we will support our employees' growth.

Purchasing Department

Naoki Ikeda
Associate Officer
General Manager, Purchasing Department



Further Deepening Partnerships with Suppliers on Sustainability-Friendly Procurement Activities

In fiscal 2022, the second CSR survey of the three Core Business Companies in the machinery business and of approximately 100 suppliers of Furukawa Denshi Co., Ltd., was conducted. The result was to confirm that everyone involved is aware of the Group's guidelines and understands them. In fiscal 2023, we are scheduled to visit some of the suppliers that cooperated with us on the survey, engage in exchanges of views and so on, and establish close communication with them. We will also conduct a survey of approximately 40 suppliers of Furukawa Chemicals Co., Ltd. and production subsidiaries in the machinery business. Going forward, we will advance a step beyond the promotion of CSR procurement conducted to date and transition to procurement activities that take human rights, the environment, and other such aspects into consideration, and that are aware of sustainability. We will proceed to deepen our partnerships with suppliers for the purpose of our continuing mutual prosperity, and we will contribute to society throughout the supply chain.

Quality Assurance Committee

Tatsuki Nazuka
Quality Assurance Committee Chairperson,
Director and Managing Executive Officer,
General Manager, Technology Division



Assuring the Quality of All Products and Services in Order to Satisfy Our Customers

The Quality Assurance Committee guarantees the safety and security of all the products and services produced by the Group and pursues a variety of initiatives to satisfy our customers. Our aim is for overseas procurement, production at overseas works, and also export products, to provide assurance of the same "Japanese quality" that we take pride in as Japanese manufacturers. In fiscal 2022, we reinforced our quality patrols at each site while at the same time implementing bottom-up quality improvement activities through the Small Group Improvement Activities onsite at the production sites. We have taken steps to improve our functionality for suppressing the occurrence of complaints by having all the departments involved in DR*1 and SR*2 at the development and design stages take part in verification from multiple perspectives. In the continuing issue of change point controls, the visualization of change points and sharing of information have contributed to measures for alertness and prevention of occurrence. Since the establishment of Quality Assurance Departments at the Core Business Companies that have manufacturing departments was completed in fiscal 2023, we will be reviewing the regulations intended to strengthen the quality assurance systems at each site and deepen the coordination within the Group, thereby leading to more effective activities.

*1 DR: Design Review. Third-party reviews of specifications and design specifications, programs, and other outputs from each phase ("Third-party" includes various division, such as sales, accounting, purchasing, production management, quality assurance, etc.).

*2 SR: Safety Review. Reviews with emphasis on the aspects of safety during the use of newly developed products.

Risk Management Committee

Hiroyuki Sakai
Risk Management Committee Chairperson
Managing Director



Contributing to a More Robust Business Foundation through Increasingly Diversified and Complex Risk Management

In the reorganization of December 1, 2021, the previous Risk Management Committee that had been part of our CSR promotion framework was shut down and a new Risk Management Committee was established. The purpose of the new Risk Management Committee is to conduct comprehensive deliberations on important matters relating to Enterprise risk management for the Furukawa Company Group. Specifically, it deals with formulating basic policy; improving and strengthening frameworks; examining and evaluating potential risks; examining, evaluating, and improving measures to address potential risks; examination of education, approaches, and methodology; research on laws, regulations, and case examples; public information measures; and disclosure measures as they related to Enterprise risk management. It conducts examination and deliberation of various matters relating to these and other aspects of risk management. It reports to the Board of Directors not only on responses to natural disaster risks implemented to date, but also on risks, including human rights issues and environmental risks, that could have a serious impact on Group management, thereby making the business foundation of the Group stronger and more secure.

Compliance Committee

Takeshi Miyajima
Compliance Committee Chairperson,
Senior Executive Officer, General Manager, Legal Department



Heightening Compliance Awareness among Officers and Employees, Strengthening the Business Foundation, and Contributing to Improvement of Corporate Value

The Compliance Committee deliberates on important matters relating to compliance in the Group and promotes compliance activities. In fiscal 2022, the Group conducted a compliance awareness survey. In addition to checking the awareness of Group officers and employees regarding compliance, this enabled us to grasp problem points in the Group and issues that need improvement, thereby providing footholds toward our future work on formulating compliance-related measures. In addition, the Group is conducting compliance training for newly hired employees as well as gradually creating training videos for other levels of personnel. In order to strengthen the business foundation of the Group and to contribute to increasing our corporate value, our aim is for all officers and employees to attain a level of compliance awareness that is acceptable in the international community.

Targets and Results for Fiscal 2022

★★★★ Target achieved ★★ Target partially achieved ★ Target not achieved

ESG	Organizations	Targets for Fiscal 2022	Results	Evaluation	Targets for Fiscal 2023
Environment	Environmental & Safety Management Committee	1. Promoting continuous improvement of environmental performance (CO₂, water, waste, chemical substances) ① Strengthening reduction target control based on the Fourth Medium-Term Reduction Targets ② Analyzing monthly data to promote preventive measures ③ Reducing volumes of chemical substances handled (1% reduction from the previous fiscal year)	<ul style="list-style-type: none"> At Environment/Safety Promotion Meetings (Environment Meetings), conducted discussions with those responsible for each site about achieving targets. With regard to water resource usage, some sites fell short of meeting initial targets, resulting in the overall target not being met. Due to increased production at each site, the volume of chemical substances handled has increased year-on-year. 	★★	1. Promoting continuous improvement of environmental performance (CO₂, water, waste, chemical substances) ① Strengthening management of progress toward the Fourth Medium-Term Reduction Targets ② Promoting activities for achievement of carbon neutrality ③ Promoting activities for reduction of harmful chemical substances (switching to alternative substances) ④ Promoting education that contributes to environmental conservation activities 2. Enhancing preventive measures for zero accidents and zero disasters *Aiming for continuous severity rate of 0.03 or lower. ① Strengthening safety measures by making use of environmental and safety audits ② Strengthening safety management activities by providing guidance and education based on the work style of each of the Group companies ③ Strengthening training to improve hazards sensitivity as well as safety training for managers and supervisors 3. Promoting biodiversity protection activities ① Promoting environmental protection activities by continuous greening activities, mountain and forest management, etc. ② Promoting ecosystem restoration activities on company-owned property, former mine sites, etc.
		2. Promoting training/guidance for improving on-site strengths ① Promoting training for improving understanding of relevant laws and regulations ② Promoting education for improving knowledge and skills for executing various types of work ③ Promoting analysis and utilization of various types of measurement data	<ul style="list-style-type: none"> Made use of all types of check sheets during environmental and safety audits to implement confirmation and guidance regarding the status of initiatives at each site. At Environment/Safety Promotion Meetings (Environment Meetings), provided guidance on environmental laws and regulations and on how to read data and other such matters. 	★★★★	
		3. Enhancing preventive measures for zero accidents and zero disasters ① Strengthening facility and equipment inspections and promoting making proper work procedures manuals ② Intensifying safety activities to eliminate unsafe conditions and behaviors ③ Promoting training to help improve sensitivity to danger ④ Strengthening risk assessment implementation to reduce industrial accident rates (Target: Severity rate of 0.03 or lower)	<ul style="list-style-type: none"> At Environment/Safety Promotion Meetings (Safety Meetings), provided guidance for zero accidents and zero disasters. The numbers of both environmental/facility accidents and of industrial accidents increased. With regard to reducing the rate of industrial accidents, the target was not met as the severity rate was 0.05. Conducted on-site inspections and web conferences for sites where accidents or disasters occurred. 	★	
		4. Promoting biodiversity protection activities ① Strengthening efforts to reduce the impact of risks from business activities on ecosystems ② Promoting ecosystem conservation activities by continuous greening activities, mountain and forest management, etc.	<ul style="list-style-type: none"> Held discussions with forest owners' cooperatives and other parties regarding future mountain and forest management plans. In addition to fireflies restoration activities at Ashio Mine and Kune Mine, initiated new firefly rehabilitation activities at the Ashio Office. Continued other plants and animals restoration activities. 	★★★★	
	Management of suspended / abandoned mines	1. Improving on-site strengths by passing on knowledge and skills 2. Maintaining and managing mine wastewater treatment facilities 3. Improving final disposal sites and adits	<ul style="list-style-type: none"> Identified work that is hazardous to assure safety. Implemented employee training to upgrade their knowledge and skills. Carried out construction of various kinds at Ashio Mine and Kune Mine to increase the resilience of mine wastewater treatment facilities during heavy rainfall disasters. 	★★★★	1. Improving on-site strengths by passing on knowledge and skills 2. Maintaining and managing mine wastewater treatment facilities 3. Improving final disposal sites and adits
Society	Quality Assurance Committee	1. Reducing the number/cost of complaints	Reduction target was not achieved.	★	1. Reducing the number/cost of complaints (continued) 2. Improving product safety (continued) 3. Monitoring and continuously improving quality assurance systems 1. Cultivating human resources • Satisfying the necessary personnel • Strengthening recruitment activities • Implementing new education system 2. Promoting health and productivity management • Reducing annual total working hours • Promoting health management and reducing health risks 3. Promoting diversity • Increasing the percentage of women in management • Increasing the employment rate of people with disabilities • Promoting active participation by elderly people 4. Improving work environments • Coordinating and developing productive work environments
		2. Improving product safety	Introduced the latest technology in some areas of methodology for safety guidance and training.	★★★★	
		3. Strengthening quality assurance frameworks	Carried out reviews of the organizational frameworks at every Core Business Company.	★★	
	Human Resources & General Affairs Department	1. Cultivating human resources	<ul style="list-style-type: none"> Implemented new initiatives for population formation and follow-up of provisional hires in new graduate recruitment activities. Target numbers of personnel in specific fields were not achieved. Conducted fundamental review and revision of the educational system. 	★★	
		2. Promoting health and productivity management	<ul style="list-style-type: none"> Reduced overtime work and achieved target total actual working hours of under 2,000 hours. Strengthened health-related education and, for those with health-checkup results suggesting follow-up checks, encouragement to be reexamined. 	★★★★	
		3. Promoting diversity	<ul style="list-style-type: none"> Concentrated hiring activities produced increase in hires of those with disabilities. Formulated framework for new establishment of system to promote participation by the elderly. 	★★★★	
		4. Improving work environments	Introduced free address system in offices. Improvement of telecommunications infrastructure is an issue.	★★	
Purchasing Department	1. Launching the second CSR survey for major suppliers	Responses of 101 main companies have been 100% collected and analyzed.	★★★★		
	2. Enhancing management of major suppliers (QCD + CSR)	Conversion of supplier evaluations into data is underway.	★★		
	3. Fostering partnerships with suppliers	Establish close communication during visits and web meetings.	★★★★		
	4. Continuing Group-wide CSR-oriented procurement activities	Conducted training of management in Purchasing Departments of the three machinery plants.	★★★★		
Governance	Risk Management Committee	1. Creating list of risks (implementing identification of risks)	Instructed Group companies and corporate departments to create lists of risks.	★★	1. Initiating risk list operations 2. Identifying, investigating, and evaluating significant risks and reporting them to the Board of Directors 3. Establishing framework for management of environmental risks 4. Establishing framework for management of human rights risks 1. Conducting compliance training by video 2. Implementing measures based on results of compliance awareness survey 3. Revising compliance manuals and guidelines 4. Implementing measures for awareness of the internal reporting system
		2. Conducting analysis and evaluation of risks	Instructed Group companies and corporate departments to create lists of risks that will serve as foundation material for the analysis and evaluation of risks.	★★	
		3. Conducting evaluation of measures to address risks	Instructed Group companies and corporate departments to create lists of risks that will serve as foundation material for conducting evaluation of measures to address risks.	★★	
		4. Creating a risk proposal for inclusion in the annual securities report	Studied material collection and draft creation methods to use in creating a conventionally formatted risk proposal.	★★★★	
	Compliance Committee	1. Upgrading and expanding compliance training (continued)	Reviewed framework for compliance training and converted part of the training into video.	★★	
		2. Conducting compliance awareness survey	Conducted compliance awareness survey to gain a grasp of Group problems and issues that should be improved.	★★★★	
		3. Revising internal reporting system in response to amendments to the Whistleblower Protection Act	Dealt with amendments to law by revising the internal reporting system and maintaining the system framework.	★★★★	
		4. Establishing framework for compliance with the Act on the Protection of Personal Information, etc.	Implemented creation and publication of Privacy Policy at Group companies.	★★★★	

Environmental Efforts

Social Issues (Background)	The Furukawa Company Group's Approach
<ul style="list-style-type: none"> Reducing environmental impact Ensuring the environment and safety Promoting biodiversity protection 	<ul style="list-style-type: none"> Improvement of environmental performance (CO₂, water, waste, chemical substances) Zero accidents and zero disasters Restoration and recovery of the ecosystem

Basic Approach

The Furukawa Company Group is seeking to contribute to the realization of a sustainable society by acting in accordance with the Charter of Corporate Conduct and the Basic Environmental Management Principle to engage in business activities that are considerate of decarbonization and other environmental concerns. The Group will tie this initiative in with new business opportunities.

Regarding measures to counter global warming, we will promote activities in line with our Fourth Medium-Term Reduction Targets, which are based on Vision for 2025 and cover the 10 years from fiscal 2020. We have also begun initiatives toward realization of carbon neutrality.

In implementing environmental conservation activities, we take preventive measures, take steps to increase our resilience against natural disasters, and engage in other such actions to improve and reinforce our capabilities for dealing with risk.

In addition to promoting initiatives to reduce the negative impact that our business activities have on the ecosystem, we are also engaging in continuous greening activities, sound development of mountains and forests, and so on. We are committed to pursuing systematic promotion of activities to protect and restore the natural environment and ecosystems.

[Basic Environmental Management Principle & Environmental Conservation Activity Policies](#)

Environmental & Safety Management Committee

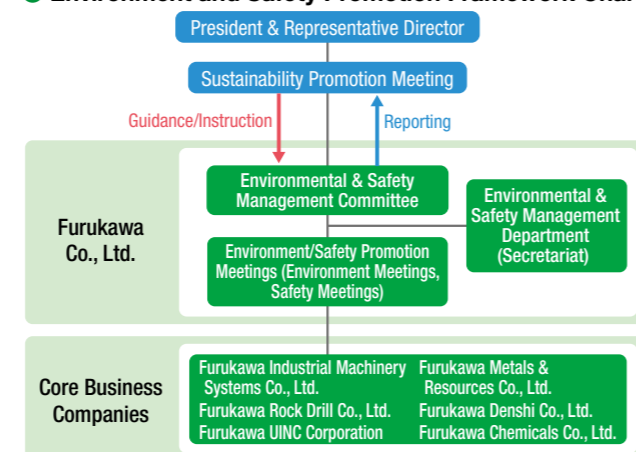
The key matters relating to the Group's protection of the environment and management of occupational safety and health are drafted and deliberated in the Environmental & Safety Management Committee, whose members include top management from each of our production centers. The committee session held in April 2022 was convened on the web, following the practice of the previous fiscal year, as a measure against COVID-19 pandemic. At the opening of the session, the President spoke about promoting business activities that are considerate of the environment and pursuing active initiatives for carbon neutrality. He also observed that the number of accidents and disasters in fiscal 2022 had increased over the previous fiscal year. In this light, he gave instructions to promote initiatives to eradicate accidents and disasters. There was then a report on key environmental and safety activities in fiscal 2022, followed by

discussion of the status of progress toward Fourth Medium-Term Reduction Targets, future trends, the circumstances of accident and disaster occurrence, and prevention of recurrence. In order to reduce accidents and disasters in fiscal 2023, it was decided to concentrate measures on the three points of training to improve hazards sensitivity, making use of near-misses, and strengthening inspection rounds (workplace patrols). There was also a briefing by the Environmental & Safety Management Department about the initiation of specific measures toward realizing carbon neutrality, with the Sustainability Promotion Department as the department in charge and the Environmental & Safety Management Department as the implementing force.



Environmental & Safety Management Committee

Environment and Safety Promotion Framework Chart



[Environmental & Safety Management Committee]
 Committee Chairperson: General Manager, Environmental & Safety Management Department
 Members: General managers of each division, Core Business Companies' works general managers (or general managers of administration if there is no general manager of works)

Secretariat: Environmental & Safety Management Department
 Meeting location: Head Office, Furukawa Co., Ltd.
 Meeting frequency: Once a year

[Environment/Safety promotion meetings (environment meetings, safety meetings)]
 Attended by: Environmental & Safety Management Department general manager and employees, employees with environment and safety responsibilities of Core Business Companies and other divisions
 Secretariat: Environmental & Safety Management Department

Environmental and Safety Audits

The Group is taking steps to heighten the quality of activities for environmental protection and occupational safety and health at every site. We are promoting the shift from correction to preventive measures and supporting initiatives to eliminate accidents and disasters at each of our work sites. In order to improve our on-site capabilities, we are conducting environmental and safety audits from May to June every year. In fiscal 2022, we shortened the implementation period in consideration of the status of COVID-19 pandemic. In fiscal 2023, our environmental efforts included management of progress in reduction for environmental performance (CO₂ emissions, volume of water resources used, and total emissions volume, including waste and so on) based on the Fourth Medium-Term Reduction Targets. We also confirmed the status of monitoring and measurement of standard values prescribed by environmental laws and regulations. Our safety efforts included training to improve hazards sensitivity, the active use of near-miss reports, strengthening inspection rounds, and so on. We also confirmed the status of these and other initiatives, the analysis of causal factors and similar aspects of the accidents and disasters that occurred, and the status of initiatives to prevent recurrence.



Sakura Works of Furukawa UINC Corporation

Environment/Safety Promotion Meetings

The Environment/Safety Promotion Meetings were formerly held annually with the participation of Group staff in charge of environmental and safety matters. The purpose was to take steps to improve environmental protection and occupational safety and health activities at every production center. Since fiscal 2020, however, sessions have been divided into Environment Meetings and Safety Meetings as a measure for development of the staff in charge of environmental and safety matters and to further raise the level of activities at each site.

Safety Meetings

The Environment/Safety Promotion Meetings (Safety Meetings) were held in October 2021 at the Ashio Office of Furukawa Co., Ltd. At the meetings, tests to verify safety awareness were conducted and guidance was given on risk assessment implementation methods and other such matters by means of exercises. Accidents and disasters that occurred recently within the Group were used as examples and further methods to prevent recurrence were discussed. Active discussion of these and other matters took place.



Environment/Safety Promotion Meetings (Safety Meetings) Inside Honzan adit at Ashio Office

Environment Meetings

The Environment/Safety Promotion Meetings (Environment Meetings) were held in November 2021 at our Ashio Office. During the meeting, the substance of amendments to environmental laws and regulations was shared, a report was given on the status of progress toward achieving the Fourth Medium-Term

Reduction Targets, and a test of understanding of environmental laws and regulations was administered. Methods for responding when an environmental accident occurred were also reconfirmed.

The initiative to realize carbon neutrality by 2050 was discussed, and it was decided to initiate concrete action in the current fiscal year.



Environment/Safety Promotion Meetings (Safety Meetings)

The Fourth Medium-Term Reduction Targets and Results of the Third Year

The Fourth Medium-Term Reduction Targets, which cover fiscal 2020 to fiscal 2029, deal with the predicted upcoming increases in environmental performance figures (CO₂ emissions, volume of water resources used, and total emissions volume, including waste and so on) due to the production plan based on Vision for 2025. Following discussion with every Core Business Company, targets were set that reduce environmental performance in CO₂ emissions by 2%, in water resources used by 2%, and in total emissions volume, including waste and so on, by 3%, respectively, relative to fiscal 2029.

The third-year results with respect to the Fourth Medium-Term Reduction Targets showed that reduction targets were achieved for CO₂ emissions volume and total emissions volume, including waste and so on. However, some sites did not achieve the initial target values for water resources used, and as a result, we also fell short on the overall target.

As fiscal 2023 brings the final year of the Fourth Medium-Term Reduction Targets, we will work to gain a precise grasp of the status of progress at each site and carry on with measures to achieve our reduction targets.

The Fourth Medium-Term Reduction Targets and Results of the Third Year

	Fiscal 2029		Fiscal 2022 (The 3rd Year)	
	Reduction rate targets*	Reduction rate targets	Reduction rate targets	Reduction rate results
CO ₂ emissions	2%	0.6%	0.6%	20.0%
Water resources used	2%	0.6%	0.6%	-6.2%
Total emissions including waste, etc.	3%	0.9%	0.9%	8.5%

* Targets for reduction relative to predicted fiscal 2029 environmental performance values

ISO 14001 Certification Status

The Group's primary business sites have completed the acquisition of ISO 14001 certification, the international certification standard for environmental management systems.

[ISO 14001 Certification Status](#)

Environmental Accounting

The Group uses the Environmental Accounting Guidelines from the Ministry of the Environment as a reference in understanding costs. We are endeavoring to better protect the environment and improve our environmental efficiency.

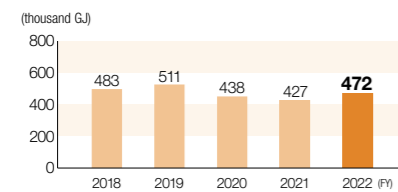
[Furukawa Company Group ESG Data 2022, Environmental Data](#)

Material Flow of the Furukawa Company Group (Fiscal 2022)

INPUT							OUTPUT				
	Category	Type	Volume used in FY2022	Type	Volume used in FY2022	Type	Volume used in FY2022				
Total energy consumption	Scope 1	Oil (gasoline)	32 kl	Diesel oil	210 kl	Liquefied petroleum gas (LPG)	345 t	CO ₂	Scope 1	4,296 t-CO ₂	
		Kerosene	210 kl	Fuel oil A	33 kl	City gas	906 thousand m ³		Scope 2	17,808 t-CO ₂	
	Scope 2		Electricity	40,614 thousand kWh					Total	22,104 t-CO ₂	
	Total water withdrawal		Clean water	97 thousand m ³	Industrial water	521 thousand m ³	Groundwater		0 thousand m ³	Wastewater volume	417 thousand m ³
							Total emissions including waste, etc.		6,347 t		

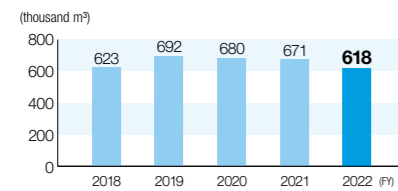
INPUT

Energy consumption



We endeavored to reduce energy use by introducing "top runner" equipment and machinery at each works, increasing the efficiency of production processes, and other such measures. At the same time, however, production increases at each works resulted in a year-on-year increase of 11%.

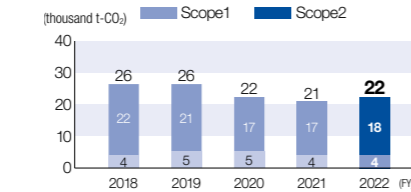
Total water withdrawal



We promoted increased efficiency in use of water resources, reuse, increased efficiency in production processes, and other such measures. We also took measures against water leakage at some sites. As a result, we achieved a year-on-year reduction of 8%.

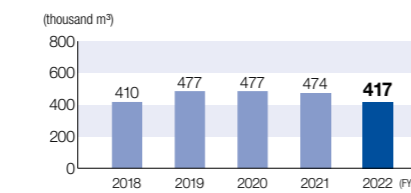
OUTPUT

CO₂ emissions



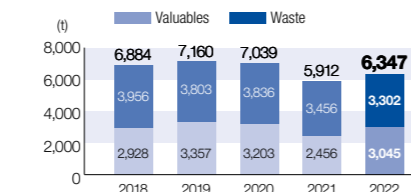
There was an increase of 6% year on year due to a year-on-year increase of 11% in energy usage and the influence of the CO₂ emissions factor.

Wastewater volume



Water resource usage decreased 8% year on year. This had the effect of reducing wastewater volume 12% year on year.

Total emissions including waste, etc.



We promoted suppression of waste generation, recycling, and other such measures. At the same time, however, production increases at each works caused total emissions including waste to rise 7% year on year. Of the total amount of waste generated, 48% was valuable resources.

[Furukawa Company Group ESG Data 2022, Environmental Data](#)

Status of Compliance with Environmental Laws and Regulations

The Group sets values for voluntary control standards at each works. Periodic measurements are made of the quality of water discharged by the works, the gas emissions, noise, and vibrations from each type of equipment, and so on. Trend values are then analyzed and we proactively endeavor to refrain from exceeding the control standard values.

The environmental conservation activities at each works are checked annually in the environmental and safety audits conducted by the Environmental & Safety Management Department. By these and other means, we are providing guidance to prevent infringement of statutory controls.

No cases of violation of environmental laws and regulations occurred throughout fiscal 2022.

TOPICS

List of Our products Giving consideration to Humans and the Environment

The Group is actively undertaking initiatives to develop and popularize environmentally conscious products with consideration for environmental conservation and carbon neutrality to contribute to the realization of a sustainable society.



[List of Our products Giving consideration to Humans and the Environment](#)

Responding to Climate Change

Awareness of Climate Changes

Due to factors including the consumption of energy by human beings since the Industrial Revolution, the concentration of greenhouse gases in the atmosphere has risen and global warming is progressing rapidly. The Group recognizes the risks and opportunities due to climate change as an important management issue, and we have been taking measures to reduce emissions of CO₂ and other greenhouse gases. In addition, we are presently going forward with preparations to disclose information based on the framework of TCFD recommendations (including equivalent frameworks).

The physical risks accompanying climate change are predicted to grow greater. In light of the government targets for "46% reduction in CO₂ emissions by fiscal 2031 relative to fiscal 2014" and "achievement of carbon neutrality by 2050," it appears that the risks and opportunities involved in the coming transition to a low-carbon economy will grow even greater. In order for the Group to realize sustainable growth even amid changes like these, we consider it necessary to grasp the risks and opportunities and go on strengthening our initiatives

addressing climate change. To that end, we are scheduled to create a roadmap of how the Group will proceed toward carbon neutrality until fiscal 2026. As we proceed toward realization of a carbon-free society, we consider it the social mission of the Group to make every effort to provide products, technology, and services that are highly effective in reducing emissions of greenhouse gases, and to reduce the emissions of greenhouse gases that are associated with our business activities.

Initiative to Realize Carbon Neutrality

The Group has been taking steps toward the achievement of carbon neutrality since fiscal 2022.

Specifically, the plan for Group production centers to follow in moving toward achievement of the government targets mentioned above calls for us to introduce equipment and devices for the purpose of decarbonization, to propose optimal production processes, to study the future schedule for moving toward decarbonization, and to implement practical CO₂ reduction measures.

TOPICS

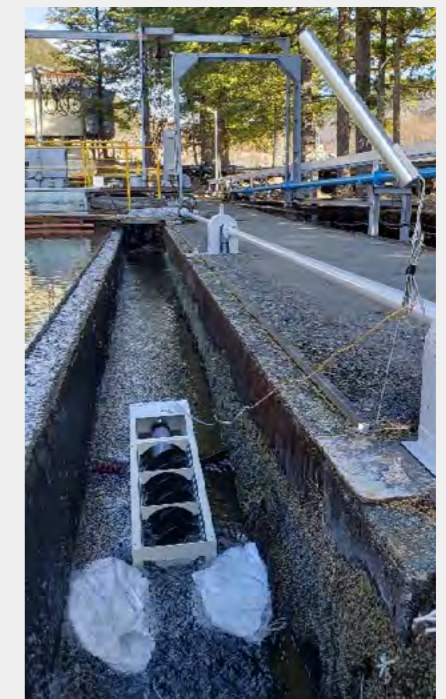
Making Use of Small-Scale Hydropower

As part of the activities our Ashio Office conducts toward realization of carbon neutrality, we have installed a small-scale hydropower generator in the sluiceway of the Nakasai Water Treatment Plant. The Nakasai Water Treatment Plant processes acidic wastewater from the Ashio Copper Mine's adits and final disposal sites that contains heavy metals and other such substances. The mine wastewater volume is strongly influenced by heavy rains, typhoons, and other such natural phenomena, so the treatment plant is kept operating on a 24-hour, 365-day basis in order to assure safety.

The electricity produced by the small-scale hydropower generator that has been installed there is used to power the electric lights for night-time inspection work at the Nakasai Water Treatment Plant.



Small-scale hydropower generator (interior of Nakasai Water Treatment Plant at our Ashio Office)



Promoting Resource Circulation/Preventing Pollution

Approach and Initiatives for Waste Reduction and Resource Circulation

Based on the Fourth Medium-Term Reduction Targets, the Furukawa Company Group has set a target for total emissions including waste, etc. that calls for a 3% reduction from the volume of waste predicted for fiscal 2029. We are engaged in promoting recycling and suppression of waste generation. Activities for waste reduction and resource circulation cover the entire product life cycle from design to manufacturing and disposal. Specifically, we are carrying out product development that considers yield improvement at the design stage, yield improvement during steel cutting at the manufacturing stage, reduction of paint scraps due to improved coating efficiency, simplification of packaging of all kinds, promotion of reusable shipping cartons during parts delivery, and so on.

In addition, the Act on the Promotion of Resource Circulation for Plastics was enacted in April 2022, and based on this law, we will conduct surveys to more accurately ascertain the emissions status within the Group of industrial waste and other such refuse from products using plastic. Based on the results, we will take steps to further reduce this kind of waste. The rate at which waste in the Group is disposed of as landfill has generally remained at around 10% over the past several years, with the rate of waste disposal as landfill for fiscal 2022 at 7.4%.

Approach and Initiatives for Management of Chemical Substances

The Environmental & Safety Activity Targets created annually by the Group includes targets for reduction in the amount of harmful chemical substances handled. The aim for fiscal 2022 was a 1% reduction year on year, but with production increases, the result was a 6.5% increase. In fiscal 2023, we are aiming to achieve reductions by improving coating efficiency and promoting the use of alternative substances that are not covered by the PRTR*1.

Group companies Furukawa Denshi Co., Ltd. and Furukawa Chemicals Co., Ltd. use large amounts of poisonous materials as raw material for products. According to chemical substance control regulations, appropriate protective equipment is to be worn when handling these materials, they are to be stored under lock and key, transfers in and out are to be logged, and so on. We are making every effort to give employees comprehensive training in these matters so that we prevent accidents involving chemical substances and operate in safety.

*1 PRTR: Pollutant Release and Transfer Register



Wearing protective equipment (Osaka Works of Furukawa Chemicals Co., Ltd.)

Hazardous Substance Storage Locker (Iwaki Works of Furukawa Denshi Co., Ltd.)

Awareness and Initiatives for Water Resources and Water Pollution Prevention

Based on the Fourth Medium-Term Reduction Targets, the Group has set a target for volume of water resources used that is 2% less than the expected usage volume in fiscal 2029. We are taking measures to promote improved efficiency of water resource usage and reuse of water. When water leaks occur because of aging underground pipes, we are making every effort at prompt detection.

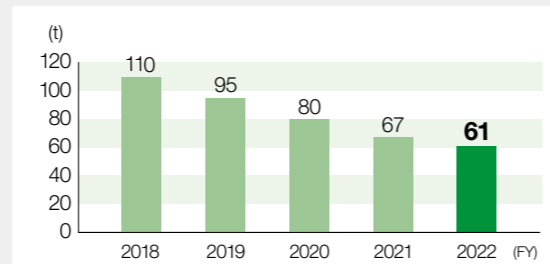
We also make comprehensive use of oil and water separation tanks for everyday control so that the oil contained in sewage discharged by the works and oils and fats contained in rainwater drainage will not be discharged externally where they could cause water pollution.

TOPICS

Initiatives to Reduce VOC

In fiscal 2019, the Sakura Works of Furukawa UNIC Corporation introduced cationic electrodeposition coating equipment, making it possible to switch to water soluble coatings that do not contain any volatile organic compounds (VOC) for coating some products. As a result, we successfully achieved a significant reduction in annual VOC emissions, which went from 110 tons (in fiscal 2018), before the new equipment was introduced, to 61 tons (in fiscal 2022), a 45% reduction.

● VOC emissions volumes over time (Sakura Works of Furukawa UNIC Corporation)



[Furukawa Company Group ESG Data 2022, Environmental Data](#)
[PRTR Substance Release and Transfer Volumes](#)



Cationic electrodeposition coating equipment (Sakura Works of Furukawa UNIC Corporation)

Consideration for the Ecosystem

Approach to Biodiversity

Based on the Biodiversity Action Guidelines established in 2012, the Group has been promoting activities for the preservation and restoration of biodiversity. These include continuous greening activities and sound development of mountains and forests.

Rather than using introduced species, we select native species of local origin for our greening activities.

In the Matsuki Valley (Ashio-machi, Nikko City, Tochigi Prefecture), the formerly abundant nature is coming back. The ecological pyramid with birds of prey, is being reshaped. The Ashio area, which includes the Matsuki Valley, is inhabited by large wild animals such as Asian black bears and species designated as special natural monuments such as the serow, sika deer, Japanese macaque, foxes, and others.

Going forward, we will carry on with greening efforts not only in the Ashio area, but at company-owned properties throughout Japan, furthering activities for the restoration and recovery of abundant ecosystems.

[Biodiversity Action Guidelines](#)



The Matsuki Valley

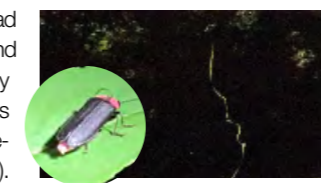
Promoting Biodiversity Protection Activities

Firefly Rehabilitation Project at the Sites of the Former Kune Mine and the Former Ashio Copper Mine

Fireflies are organisms that reflect that state of the environment, with their presence considered a sign of a healthy water environment. Out of a desire to restore an environment that provides those fireflies with a sustainable habitat that can be passed on to the next generation, our Environmental & Safety Management Department has engaged in a continuing rehabilitation project for the genji-botaru firefly (*Luciola cruciata*) at the site of the former Kune Mine (in Tenryu Ward, Hamamatsu City, Shizuoka Prefecture), where these fireflies are said to have swarmed. As a result, it has become possible to view the fireflies in flight every year from late June to early July.

In fiscal 2022, a firefly rehabilitation project was started on company-owned property at the site of the former Ashio Copper Mine (in Ashio-machi, Nikko City, Tochigi Prefecture). Utilizing the concept of the biotope (a biological habitat), the channel revetments have been protected with gabions and planted with Japanese alder and willow trees that thrive near water, to recreate an environment favored by fireflies.

In fiscal 2023, a newly created firefly pond was stocked with *Semislucospira* freshwater snails to serve as a food source. Once it was confirmed that the water snails had established themselves, the pond was stocked with approximately 400 larvae of genji-botaru fireflies (*Luciola cruciata*) and heike-botaru fireflies (*Aquatica lateralis*). In late June, fireflies were seen flying there, and visitors happily watched the fireflies flying about.



Light-trails of fireflies swarming around the biotope (On company-owned property, Ashio-machi, Nikko City)

Cancelation of the Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive

The Ashio Cherry Tree-Planting Drive has been aiming to plant 1,000 cherry saplings on company-owned land in Ashio-machi, Nikko City, Tochigi Prefecture, while the Furukawa-no-Mori

Tree-Planting Drive (organized by the Tochigi Furukawa Association*) has been planting trees on company-owned land in the Matsuki area of Ashio-machi. These greening activities are unique to the Group, and both drives have been canceled for three years since 2020 as a measure against COVID-19 pandemic. Going forward, however, these greening activities will be continuing.



Cherry trees planted in the Matsuki area (March 2018)

* Tochigi Furukawa Association: An assembly of Furukawa Group companies in Tochigi Prefecture

Continuous Mountain and Forest Management (Regarding Company-Owned Mountain Forestland)

Mountain forestland owned by the Company, totaling approximately 2,200 hectares nationwide, contributes to CO₂ absorption, protection of biodiversity, securing water resources, and so on.

We carry out mountain and forest management in collaboration with local forest owners' cooperatives, systematically thinning, clearing undergrowth, trimming branches, and so on, for the sound development of the mountain forestland. At the Kune Forest in Tenryu-ku, Hamamatsu City, Shizuoka Prefecture, the FSC*1 has awarded us Forest Management*2 (FM) certification.

We have also collaborated with the local forest owners' cooperative on the Onuma Mountain Forest in Toyone-mura, Kitashitara-gun, Aichi Prefecture. Based on site surveys conducted over three years, we reorganized the forestry sections within this forestland. New management plans were formulated that have scheduled the thinning and other activities in the Onuma Mountain Forest for the 55-year period from fiscal 2022 to fiscal 2076, during which we will continue to implement sound mountain and forest development.



Onuma Mountain Forest (Toyone-mura, Kitashitara-gun, Aichi Prefecture)

*1 The Forest Stewardship Council (FSC) operates an international system for certifying appropriate forestry management.
 *2 Forest Management (FM) certification is one of the FSC certifications.

TOPICS

The Great Japanese Horse Chestnut Tree in the Onuma Mountain Forest

In the Onuma Mountain Forest (within company-owned land) in Toyone-mura, Kitashitara-gun, Aichi Prefecture, there is an enormous Japanese horse chestnut tree (root circumference 15.3 m; diameter at breast height 7.48 m; diameter at eye level 7.45 m; height 32.5 m; branch length 46 m; estimated age several centuries) that we have been carefully safeguarding for many years. This tree has been an object of local worship as a sacred tree inhabited by the protector god of the mountain. One of the largest trees in Japan, it has a powerful presence that overwhelms the Japanese cedars around it.

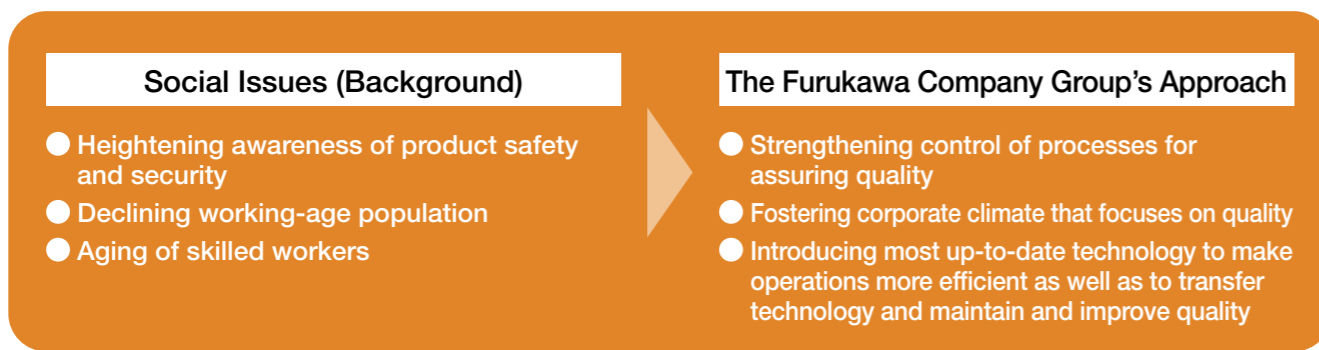
It flowers every year from May to June, and the horse chestnuts it bears are transformed into horse chestnut rice cakes and other sweets with the help of local residents.

In April 2008, the tree was designated a natural monument of Toyone-mura, Aichi Prefecture, and in July 2022, it was newly selected to be a designated cultural property (natural monument) of Aichi Prefecture. The Company will continue its ongoing activities to protect the tree with great care.



Great Japanese horse chestnut tree in the Onuma Mountain Forest

Quality Assurance



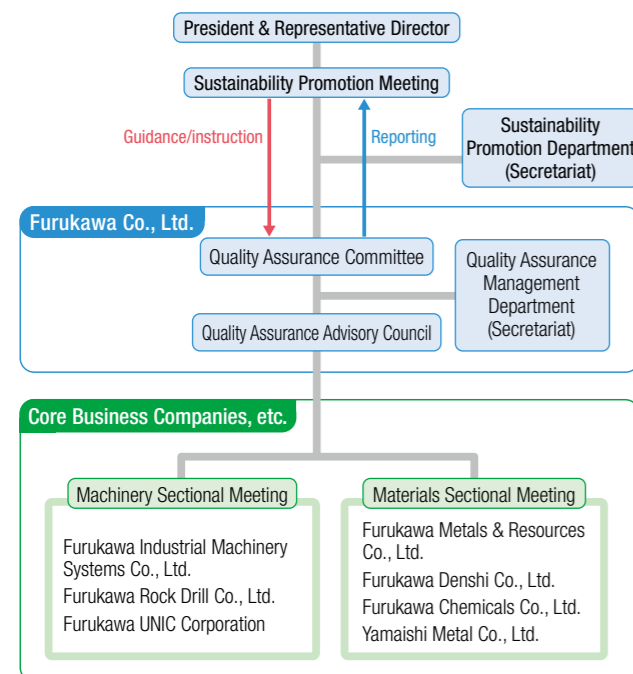
Quality Assurance Approach and Management Framework

Quality assurance in the Furukawa Company Group is based on the Quality Assurance Basic Policy and the Quality Assurance Action Guidelines. These set our basic policy as gaining the trust of our customers, providing products and services of quality that satisfy them, and contributing to society.

The organization that engages in comprehensive deliberations on important matters relevant to quality assurance in the Group is the Quality Assurance Committee, which was established at the headquarters of Furukawa Co., Ltd. In addition, the Quality Assurance Management Department has been established in the company's Technology Division to manage the Group's quality assurance framework and promote activities for quality assurance and product safety. Each organization takes steps for coordination while engaging the entire Group in our ongoing effort to provide manufacturing and service that will satisfy our customers and gain their trust.

[Quality Assurance Basic Policy & Quality Assurance Action Guidelines](#)

Quality Assurance Management Framework Chart



Quality Assurance Committee

Top managers from the production departments of the Core Business Companies consist of the Quality Assurance Committee. This body has organized the Quality Assurance Advisory Council that brings together those responsible for quality assurance in the Core Business Companies and elsewhere. It also has organized sectional meetings with the Advisory Council members pursuing activities separately in the Machinery and Materials segments. Seeking to achieve solutions to the key issues defined each fiscal year, we are sharing information on measures to analyze and reduce complaints at each site and seeking horizontal deployment of methods. We are also promoting compliance with laws and regulations relating to manufacturing, quality assurance, and product safety, and promoting the manufacture of products that customers can use in safety and with a sense of security. Based on the understanding that product safety is included in quality assurance, we are also continuously promoting risk assessment and other such activities to heighten product safety levels.

Strengthening Quality Assurance Framework

Activity Report of Machinery Sectional Meeting

With respect to the Core Machinery-related Business Companies that consist of the Machinery Sectional Meeting, Furukawa UNIC Corporation in January 2022 and then Furukawa Industrial Machinery Systems Co., Ltd. in April 2022 changed their organizational structures from the Quality Control Department to the Quality Assurance Department, respectively, completing their unification into the Quality Assurance Division. In order to supply customers with satisfying products, we are comprehensively promoting information sharing among the sites together with monitoring of key processes aimed at reducing the number of complaints. Change point control is positioned as a key item for verification as a preventive measure. We are also strengthening the active monitoring of design review, initial flow management, risk assessment during development, and other such activities. Onsite, we periodically implement quality patrols by workplace and theme.

Since quality is created by each department, all Group officers and employees, and cooperating suppliers, and provided to customers, the ideal is to assure the results of a consecutive flow of processes that are completed at each area of assignment. To this end, we are promoting quality education to bring each process closer to the completion in the assignments and to realize quality improvement from the bottom up. As to the Small-group manufacturing improvement activities that are conducted periodically at every site,

we have also been upgrading the activity content as an opportunity to think about how to handle one's independent processes.

Recent years have brought dizzying advances in such digital information environments and tools as digital transformation (DX), extended reality (XR), and so on. The Machinery segment Core Business Companies have these in operation or trial use, for example in the use of work navigation systems, the application of sensing and information analysis software, and so on. While carefully studying the validity of these systems, we will continue promoting their introduction to raise production efficiency, improve quality, and help improve the environment.

Activity Report of Materials Sectional Meeting

Participants in the Materials Sectional Meeting are the Core Business Companies that provide materials widely used in electronic and other such equipment. In October 2021, the Yamaishi Metal Co., Ltd. became a company subsidiary and was included in the Materials Sectional Meeting. Based on our customer-focused approach, the meeting has targeted zero complaints and is engaged in improving its quality assurance system, extending to the goods procured overseas.

In the Materials segment Core Business Companies, risk assessment involves the use of safety data sheets and other means to provide risk information. The release of defective products is also considered a major risk, and we have promoted its prevention by implementing failure mode and effects analysis (FMEA*), which focuses on change point control, to achieve highly reliable design and automation of inspection. At this sectional meeting, such information is shared and, together with activities to upgrade the skills of each company, the reduction of defects within processes is also being addressed.

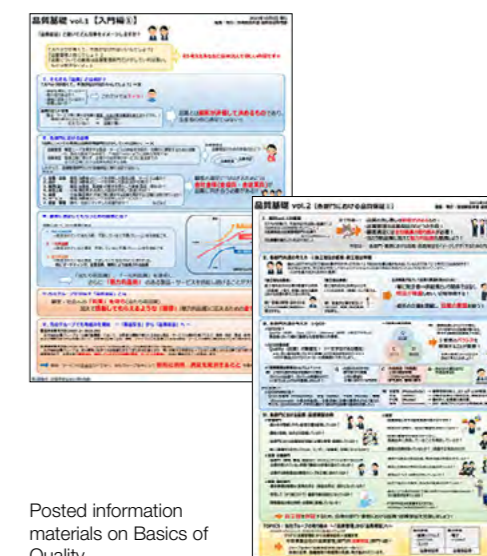
The target of zero complaints was declared again in fiscal 2023, with continuous implementation of highly reliable design, prevention of defective product releases, and improvement of the quality assurance framework, extending to goods procured overseas. Every company in the Materials Sectional Meeting will be engaging in activities to further upgrade their skills.

*1 Failure Mode and Effects Analysis (FMEA): Systematic method of analysis to prevent problems by predicting their causes at the design and process planning stages.

Cultivation of Human Resources that Support Quality Assurance

As a program of Basics of Quality education for all officers and employees, the Quality Assurance Management Department in the Technology Division has created information materials that present an organized view of fundamental matters, starting from "What is Quality?" These are being communicated through Group portal sites and works bulletin boards. Occasions for thinking about quality are being increased to make all officers and employees aware of Group quality assurance policies and conscious of their involvement in quality assurance as part of their everyday work.

Surveys are conducted in conjunction with the distribution of these information materials. From their results, we are obtaining indications of the degree of understanding in each operating department, occupational category, and position, and of the issues, demands, and other such matters relating to quality assurance in each operation. We are making active use of these findings in activities to strengthen future training content as well as quality assurance systems in each operating department.

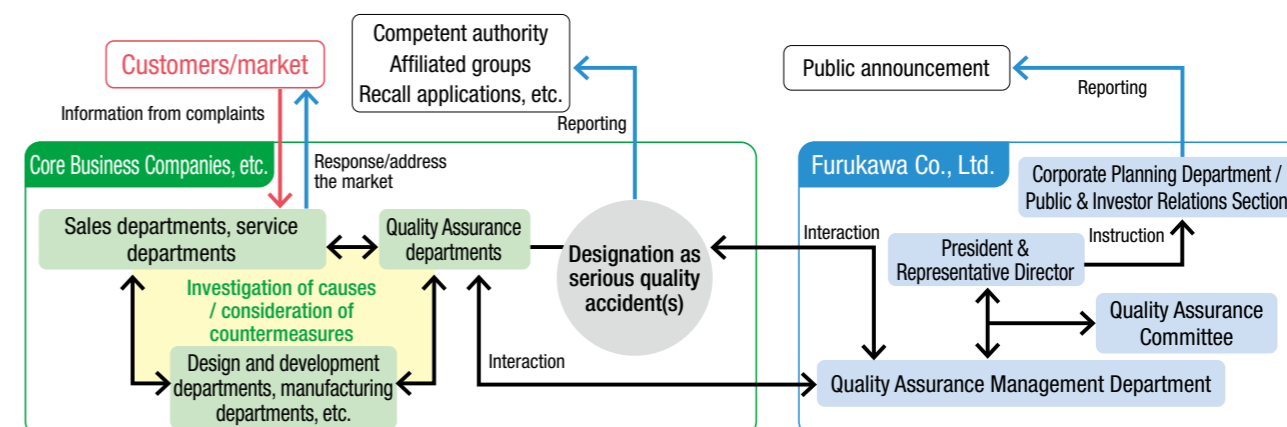


Posted information materials on Basics of Quality

Responding to complaints

When complaints are made, the Quality Assurance Departments of Core Business Companies take the lead in immediately checking the facts, and analyzing and verifying the causes. When problems with quality are deemed to be particularly serious, the departments make reports to the competent authorities

according to laws and regulations, disclose information to customers through websites and other means, and promptly report the circumstances to management; accordingly, the Group comes together and takes swift, proper measures under the system in place.



Innovation Management

Social Issues (Background)	The Furukawa Company Group's Approach
<ul style="list-style-type: none"> Reducing CO₂ emissions Reducing the amount of exhaustible resources used Declining working age population, aging of skilled workers 	<ul style="list-style-type: none"> Developing machinery products and new materials that contribute to achieving carbon neutrality, saving of resources, etc. Developing machinery products that contribute to saving manpower, saving labor, etc. Strengthening management of intellectual property for efficient research and development activities, and promotion of its utilization

Research and Development

Basic Policy for Research and Development Activities

At the Furukawa Company Group, the Technology Division was established within the headquarters of Furukawa Co., Ltd. as an organization to strengthen the Group's comprehensive technological capabilities by leading advanced technologies and engaging in basic research in order to support product development in our Core Business Companies.

The basic policy for research and development activity put forth by the Technology Division is to view all stakeholders within and outside the Company as customers, and to accurately grasp the need for solutions to customer issues to engage themes that contribute to the customer not only over the medium to long term, but also in the short term, with speed to produce results. To enable us to combine the development and production capabilities that are essential to our growth as manufacturers and bring them to bear as the comprehensive technical capability of the Group as a whole, we accept the responsibility for leading the way in matters from drafting technological strategy for the Group as a whole, to evaluating and managing development themes, and to pursuing advanced technology development. We also engage proactively in open innovation, such as by accepting technologies from outside the Company, and by transmitting our technologies to outside parties, in order to expedite the development for our business expansion.

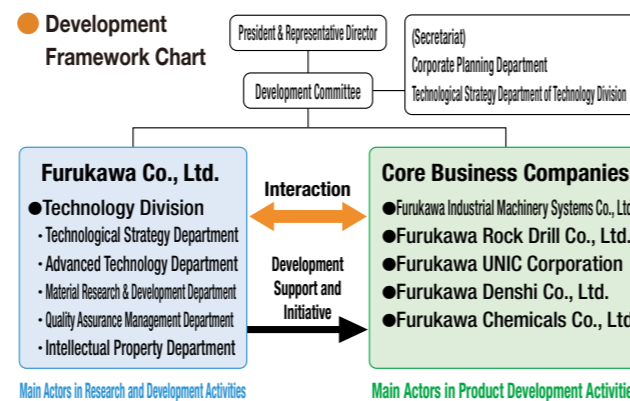
The strategy for realizing our activities is centered on machinery products, including not simply equipping products with control/information/communication technologies that are expected to be highly developed, such as IoT and AI, but also applying these technologies to production facilities, production control systems, service operations, and so on. Meanwhile, in connection with materials, we are promoting development that concentrates on battery materials that will contribute to the movement toward carbon neutrality, which is expected to accelerate in the times ahead, metal materials that will contribute to the machinery business, and so on.

Development Framework

The Company has established a Development Committee to deliberate on new technology and new product development in the Group. This Committee is chaired by the President & Representative Director, and the Company's Corporate Planning Department and the Technological Strategy Department of the Technology Division serve as the secretariat. Meeting twice per year as a rule, various issues are deliberated, including the selection of research and development and product development themes, confirmation of the status of progress on research and

development and creation of business plans, and so on.

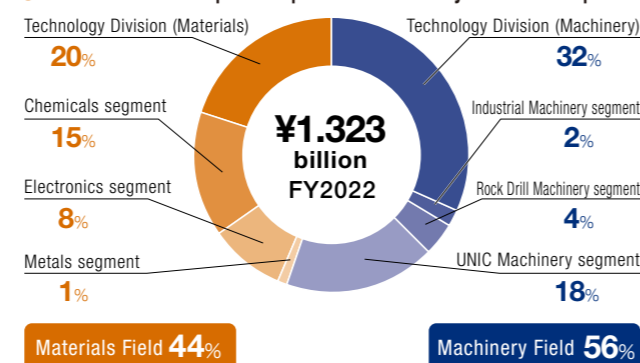
The Technology Division stands at the center of the development frameworks that function to strengthen the Group's comprehensive technological capabilities. The Division consists of five departments: the Technological Strategy Department, the Advanced Technology Department, the Material Research & Development Department, the Quality Assurance Management Department, and the Intellectual Property Department, and it proceeds with research and development while coordinating closely with the Group companies that are the main actors in product development in fields ranging from materials to machinery and equipment.



Status of Research and Development Investment

Research and development expenses in fiscal 2022 increased 13.6% over the previous fiscal year to ¥1.323 billion. The Core Business Companies and the Technology Division promoted the development of new products and new technologies for the resolution of social issues, including contributions toward saving manpower, saving labor, and carbon neutrality.

Research and Development Expenses and Ratios by Business Companies



Intellectual Property

Addressing the Corporate Governance Code

Acting in accordance with the revised Corporate Governance Code of June 2021, the Group will move ahead with adoption of IP landscaping*1 and invest proactively in intellectual property activities. Our aim is to enhance our intellectual property portfolio. *1 IP landscaping: A method for performing integrated analysis of intellectual property within and outside the company, and markets, for use in formulating management strategies and intellectual property strategies.

Basic Policy for Intellectual Property Activities

The Group's intellectual property activities are based on the Company's proprietary technologies, and it constantly strives to acquire more broad and powerful rights. The Group's intellectual property is registered in the Licensable Patent Information Database and made available to the public for a fee in order to make effective use of its rights, including the licensing of intellectual property already acquired by the Company.

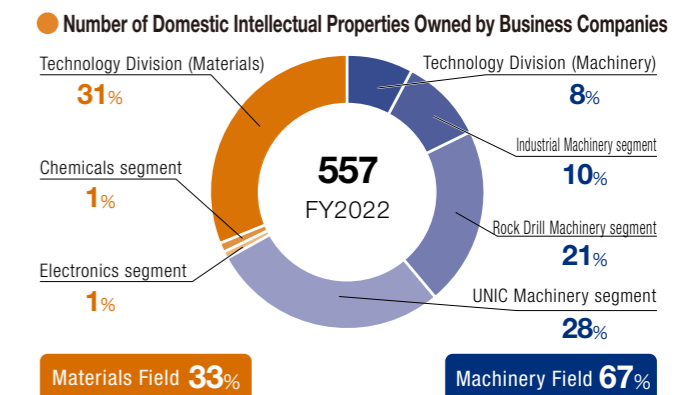
Among industrial property rights, the most powerful rights are patent rights, which is why our basic policy is their acquisition. We are also promoting comprehensive rights acquisition that includes the design and trademark systems.

Intellectual Property Management Framework

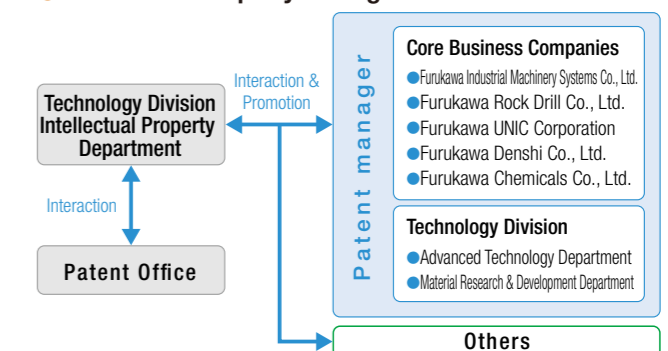
The Intellectual Property Department has been part of the Technology Division as the core organization for management of the Group's intellectual property. There is also a patent manager at each research center and business site (including Core Business Companies) to organize the intellectual property activities for each department and to serve as coordinator between inventors and the Intellectual Property Department. The Intellectual Property Department and the patent managers in each department coordinate closely as they act together with the Company as a whole to promote intellectual property activities.

Intellectual Property Portfolio

In fiscal 2022, we owned 557 items of intellectual property in Japan. In the machinery business, the Core Business Companies are the main actors in development, and they own the intellectual property relating to products. In the materials business, a larger percentage is owned by the Technology Division, which is the division for basic research oriented toward commercialization of new material development with an eye to the future.



Intellectual Property Management Framework Chart

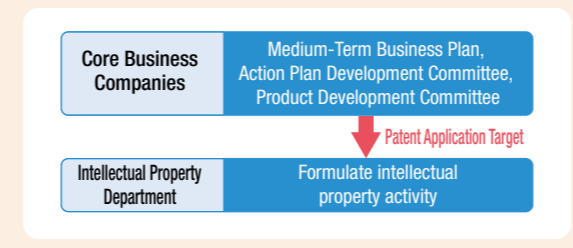


Intellectual Property Strategy

Current Situation

The Intellectual Property Department supports the acquisition of rights on the basis of business strategies formulated by the Core Business Companies.

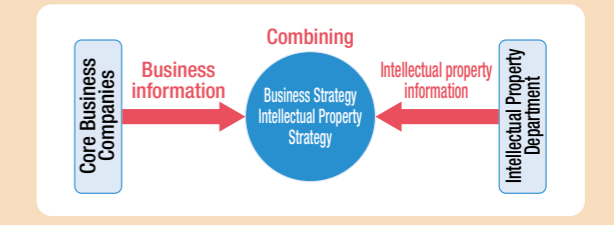
In the Core Business Companies, patent application targets are determined in development plans formulated on the basis of medium-term business plans and action plans. The Intellectual Property Department seeks to achieve these patent application targets by prioritizing the placement of human capital in key fields while broadly supporting the Group as a whole.



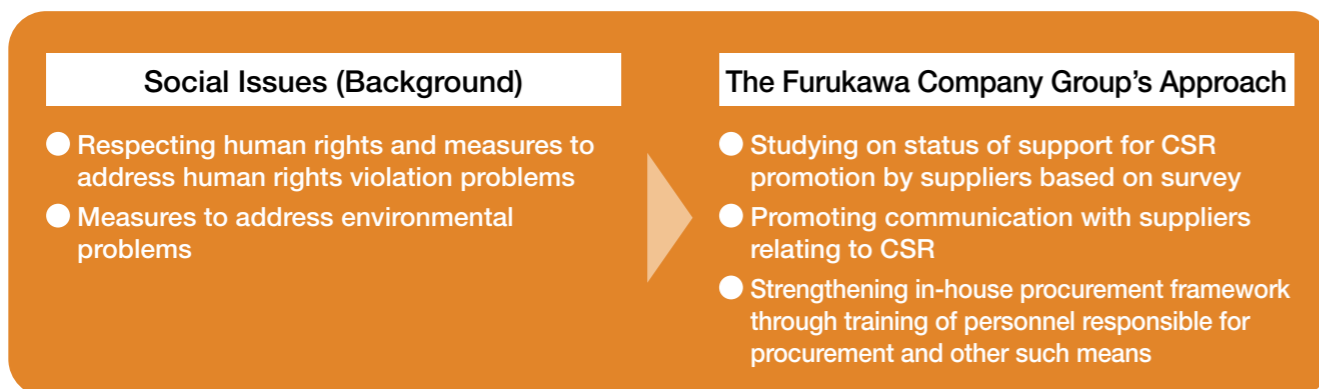
The Ideal State

We seek to unify business strategy and intellectual property strategy by incorporating intellectual property information as an important element in the formulation of business strategy. The Core Business Companies and the Intellectual Property Department also treat business analysis and intellectual property analysis as an inseparable whole, and share the results of analysis with each other.

In other words, from the current state, in which intellectual property strategy is led by the Core Business Companies, we will transition toward a strategy that combines business strategy and intellectual property strategy through the cooperative efforts of the Core Business Companies and the Intellectual Property Department.



Supply Chain Management



Basic Approach

The Basic Procurement Policies of the Furukawa Company Group have the four pillars of the principles of fairness and impartiality, mutual prosperity, compliance and confidentiality, and promotion of procurement activities that are considerate of CSR. In accordance with these policies, and on the assumption of cooperative relationships with suppliers, CSR Promotion Guidelines have been formulated that call for respect for human rights and the environment.

[Basic Procurement Policies](#)

[CSR Promotion Guidelines](#)

Promoting CSR Activities in the Supply Chain

The Group's procurement departments consider it essential to have cooperative relationships not only within the Group, but also with suppliers and others throughout the supply chain. In fiscal 2017, therefore, we began providing suppliers, including new suppliers, with an explanation of the purpose of the Group's CSR procurement and giving them the supplier CSR survey to complete. In fiscal 2020, we visited three suppliers and exchanged views in order to promote understanding of our CSR activities.

Considering the points for reflection yielded by the initial survey, a second round of supplier CSR surveys has been conducted from fiscal 2022. In order to promote these CSR activities that extend to the supply chain, and to maintain and improve them, we have been moving through the PDCA*1 cycle for the process from conducting supplier CSR surveys to following up on them. Starting in fiscal 2023, we will be promoting procurement activities with awareness of sustainability in addition to CSR activities.

*1 PDCA: Plan, Do, Check, Action (Improvement)

Supplier Risk Evaluation

In fiscal 2022, the second round of the supplier CSR surveys was conducted with the 101 major Group 1*2 suppliers, achieving a response rate of 100%. We identified suppliers that were considered high-risk by analyzing and evaluating the total number of scores allocated according to the importance of each question from the results of the questionnaire.

In fiscal 2023, follow-up (monitoring activities, including on-site studies, and guidance to reduce risks) based on the risk evaluations is to be conducted with the Group 1 suppliers. CSR surveys of major Group 2*3 suppliers are also scheduled to begin.

*2 Group 1: Furukawa Industrial Machinery Systems Co., Ltd.; Furukawa Rock Drill Co., Ltd.; Furukawa UNIC Corporation; Furukawa Denshi Co., Ltd.

*3 Group 2: Furukawa Chemicals Co., Ltd.; Furukawa Castec Co., Ltd.; Ashio Rock Drill Co., Ltd.; FRD Iwaki Co., Ltd.

Questions on the Supplier CSR Survey (Human Rights, Environment, etc.)

[Survey questions about respecting human rights and preventing human rights violations]

- Prohibition of child labor, forced labor, unfairly low wages, etc.
- Creating work environments free of discrimination and harassment of employees
- Compliance with labor laws and regulations, improving work environments

[Survey questions about environmental conservation]

- Compliance with international standards, laws, regulations, agreements, etc. related to environmental conservation
- Energy-saving considerations, using resources effectively, reducing waste
- Proper control of chemical substances in products and chemical substances discharged into the external environment during manufacturing processes

Report of Supplier CSR Survey

	FY2017–FY2019	FY2020	FY2021	FY2022
Number of suppliers to which the survey was administered	1st round 154 major suppliers (out of roughly 1,000)	100% collected	—	2nd round 101 major suppliers (out of roughly 1,000 of the Group 1) 100% collected and analyzed
Number of Suppliers Followed Up (Our Selection of Eight Companies)	—	3 companies (no problems)	None	Follow-up on Group 1 begins in fiscal 2023, when the second round of Group 2 surveys is also scheduled to be conducted

Strengthening Relations with Major Suppliers: Fostering Partnerships

The Group considers suppliers to be important partners in aiming for mutual development.

In fiscal 2022, in order to further strengthen our partnerships even during the COVID-19 pandemic, we took steps to engage in communication with suppliers inside and outside the country using web conferencing.

Work on deepening mutual understanding by means of CSR initiatives is continuing in fiscal 2023, and we hope to foster further relationships of trust.

Training personnel responsible for procurement

Our Purchasing Department is constantly striving to strengthen the procurement system by holding seminars for the department members.

Themes of training include the human rights, environment, quality, and more, and the information is shared on a regular basis.

Providing Technical Guidance to Suppliers

In order to continue to maintain trust in the Group's products, we must maintain trust not only in the company itself, but also in the level of procured goods. Therefore, it is vital to survey, instruct, and manage suppliers—our partners—as to the quality of their products in addition to human rights, environmental issues, safety, and other aspects. Our Purchasing Department is cooperating with Core Business Companies in the Machinery segment (Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation) to offer guidance and recommendations support to suppliers as necessary.

In fiscal 2022, the methods by which we provided technical guidance to our suppliers were limited due to the impact of the COVID-19 pandemic. In particular, with our overseas affiliates, we held online meetings featuring videos to check and provide guidance on fabrication processes, material management, quality inspection frameworks, environmental and safety measures, and more.

For cooperating affiliates in Japan, we gained their understanding of the necessity of visits, and then performed the checks and provided guidance in small groups over short periods of time.



Giving guidance to a supplier

Purchasing Strategy Conferences

Our Purchasing Department holds Purchasing Strategy Conferences twice a year, which consist of responsible personnel from Purchasing Departments of Machinery segment Core Business Companies.

At these conferences, each business company's progress toward annual targets is checked and exchanges of views are held for the resolution of issues, with the overall purpose of promoting procurement activities based on the Furukawa Company Group Basic Procurement Policies.

For fiscal 2022, the core issue for the Purchasing Departments in Vision for 2025 was the fostering of partnerships. Toward that end, steps were taken to strengthen supplier management, conduct specific examinations relating to CSR procurement in the Purchasing Departments, and engage in exchanges of views.

Regular monthly meetings are also held separately at each business company to provide occasions for more specific examination of initiatives in accordance with the policies of the Purchasing Strategy Conference. In addition, meetings are held on individual projects as the occasion arises and activities more closely tailored to circumstances are carried out.

Consideration in the Procurement of Copper Ore

As raw material for the copper ingots that are the main product of Furukawa Metals & Resources Co., Ltd., as well as for the gold and silver bullion that are its by-products, that company procures copper concentrate from mines in Chile, Peru, Canada, the United States, Australia, Indonesia, Papua New Guinea, and other places.

The company ascertains the actual circumstances at these supplier mines with regard to environmental protection, human rights, employment and labor problems and so on, and notes if sustainable development and appropriate mine operation are being carried out, thereby contributing to mitigation of environmental impact on a global scale.

Regarding conflict minerals, the company also has the policy of not procuring minerals produced in areas where procurement would risk furthering conflict by serving as a source of funds for armed groups and human rights violations.



Gibraltar Mine

Employee Health and Safety

Social Issues (Background)

- Human resource shortages accompanying declining birthrate and aging population
- Management of occupational safety and health in light of changes in social environment and other such factors
- Improvement of workplace environment by maintaining employee health and safety

The Furukawa Company Group's Approach

- Reducing by one-half the rate of diagnostic findings from results of periodic health checkups
- Reducing by one-half the number of employee absences due to injury or illness
- Reducing the number of employees whose ability is diminished due to injury or illness

Health Declaration

The Furukawa Company Group issued a Health Declaration dated January 1, 2021, and we have further strengthened our efforts to promote health management.

Furukawa Company Group Health Declaration

Furukawa Company Group was the first in Japan to adopt the principle of SAFETY FIRST as "Anzen Sen'ichi." As a pioneer of the industrial safety movement, we have been engaging in efforts to maintain and improve employee safety and health. The spirit lives on in our Management Philosophy of "remaining indispensable to society by always embracing the spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development."

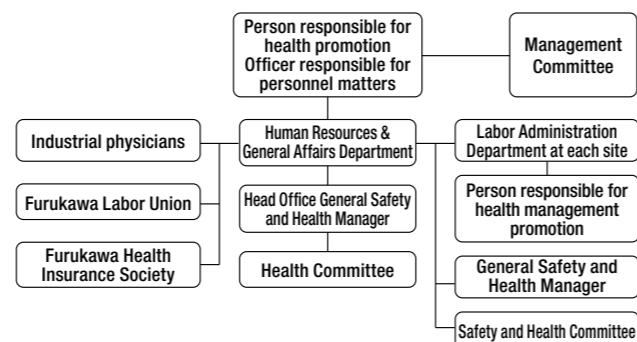
We consider the creation of a workplace environment that makes work satisfying and where every employee can take on the challenge every day of vibrantly realizing their capabilities and creating new value in good mental and physical health, to be an essential management issue. Going forward, we are committed to even more proactive efforts in promoting measures to maintain and improve the health of our employees.

Health Management Promotion Framework

The officer of the Group responsible for personnel matters also has responsibility for health promotion and takes the lead in drafting and implementing various plans centered mainly in the Human Resources & General Affairs Department. The person responsible for health promotion also presents periodic reports on the status of employee health to the Management Committee and makes decisions on policy relating to matters such as the implementation of health management promotion.

The Human Resources & General Affairs Department coordinates health checkup data from the Health Insurance Society and the employee database to identify health issues, and plans and drafts appropriate measures while incorporating guidance from industrial physicians as well as opinions and requests from the labor union. Implementation of measures takes place through those in charge of health management promotion in each department, who communicate the measures to the employees. After implementation, information is shared with the Safety and Health Committee in each department, with its effectiveness also verified and used as feedback in review of the measures taken.

Health Management Promotion Framework Chart



Employee Health Management

In the Group's health management divisions, employee health is managed by periodic health checkups, special health examinations for employees with designated duties, and so on. They also provide health guidance based on health checkup results and give support for promoting employee health. We are also taking steps to arrange separate in-house smoking areas based on the intent of the Health Promotion Act, and we are making every effort to prevent second-hand smoking.

System and Measures

The Group recognizes that the presence of some employees with health checkup results suggesting follow-up checks, and the occurrence of employees who leave the workplace due to injury or illness, or who work while injured or ill so that their ability is diminished, are management risks. Therefore, we are working to achieve 100% participation in periodic health checkups, improvement of the percentage receiving complete examination and participating in health programs, increased awareness of stress in the workplace, and reduction of smoking.

Occupational Safety and Health Approach and Promotion Framework

The Group is implementing measures on the basis of the Basic Principles of Occupational Safety and Health and the Occupational Safety and Health Policies to prevent industrial accidents and to create a safe and healthy workplace environment.

The Sustainability Promotion Meeting (chaired by the President & Representative Director), which is held annually, and the Environmental & Safety Management Committee (chaired by the General Manager, Environmental & Safety Management Department) hear reports and engage in deliberation on the results of the previous fiscal year's occupational safety and health activities, this fiscal year's Occupational Safety and Health Activity Targets, and other such matters.

[Environment and Safety Promotion Framework Chart \(P19\)](#)

[Basic Principles of Occupational Safety and Health & Occupational Safety and Health Policies](#)

Initiatives to Prevent Industrial Accidents

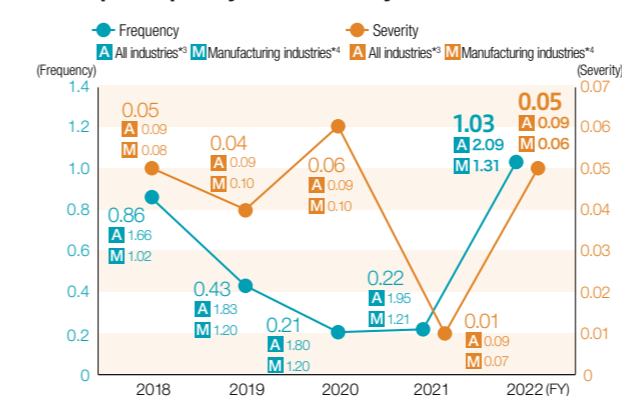
To prevent industrial accidents, the Group regularly holds Safety and Health Committee meetings and carries out safety patrols at its respective works and business sites. We also implement systematic training and training tailored to our employees.

Regarding education, we are systematically implementing training for all employees, including managers and supervisors, to improve hazards sensitivity. We are doing this based on our grasp of the characteristics of each workplace so as to further heighten training effectiveness. In order to correct unsafe conditions and actions at work, we are also having managers and supervisors intensify their inspection tours of the worksites.

In fiscal 2022, industrial accidents showed an increase year on year both in frequency of occurrence and severity. We are thus taking steps to further strengthen training to improve hazards sensitivity, and to communicate with each workplace and site to determine the content of corrective and preventive measures.

In the last five years (fiscal 2018 to 2022), there have been no fatal industrial accidents involving Group employees or employees of cooperating companies sited on our grounds.

Occupational Safety Record of the Furukawa Company Group: Frequency*1 and Severity*2 of Accidents



Number of Incidents Requiring Leave of Absence in the Furukawa Company Group*5

Number of absences from work	FY2018	FY2019	FY2020	FY2021	FY2022
	4	2	1	1	5

Notes: 1. Accident frequency refers to the rate of occupational accidents with casualties per one million total working hours.
 2. Accident severity refers to the number of working days lost per 1,000 total work hours.
 3, 4. Figures for all industries and for manufacturing industries are the Survey on Industrial Accidents conducted by Ministry of Health, Labor and Welfare.
 5. Frequency and severity are calculated on the basis of incidents requiring leaves of absence of at least four days.

[Furukawa Company Group ESG Data 2022, Social Data](#)

Instruction on Safety at Overseas Business Locations

As part of its safety guidance to overseas business locations, the Group conducts legally mandated annual inspections of facilities, safety training, emergency contact systems, acquisition of official certifications, and implementation of Safety and Health Committee and safety patrols, and more. Based on the survey results, we are also providing guidance and advice, taking into consideration not only local compliance with laws and regulations, but also local climate, customs, and so on, so that steps can be taken to upgrade the workplace environment and management levels to enable employees to work safely and comfortably.

TOPICS

Heatstroke Countermeasures

We are acting to prevent heatstroke by conscientious management of the workplace environment and implementation of measures to secure employee safety.

1. Managing the workplace environment

We take steps to establish daily communication and alert people to be aware of heatstroke.

Specifically, this includes (1) observing appropriate temperature and humidity settings, and not allowing employees to endure excessive heat; (2) constantly encouraging employees in summer to replenish their water and salt before starting work; and (3) providing cool rest areas with room temperature set at 24-26°C.

2. Securing employee safety

We take measures suited to the work location in order to secure the safety of employees.

For outdoor work, we use tents and eaves to ensure shade from the sun and provide cool, well-ventilated areas for breaks. We place a heat index meter (WBGT index meter) at the work location and encourage people to work shorter hours and replenish their water and salt. For indoor work as well, we install curtains, blinds and so on to block direct sunlight on seats by windows, and take measures to prevent heating.

3. Providing conscientious health management

In order to avoid heatstroke, we hold in-house study groups to inform employees about heatstroke and preventive measures and to give them training and guidance.

We also check the state of employee health and according to the results of health checkups, we provide for interviews with specialist physicians.

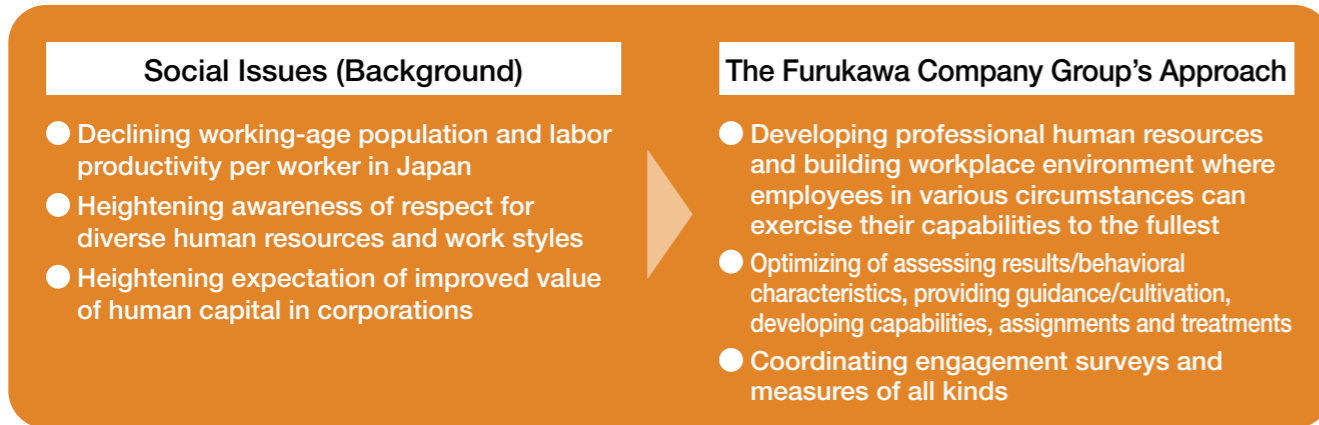
TOPICS

Selected as a 2022 Health & Productivity Stock Selection

Furukawa Co., Ltd. has been selected for the "2022 Health and Productivity Stock Selection" jointly conducted by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange (TSE) as a company with particularly outstanding health management initiatives that strategically implement employee health management from a management perspective among companies listed on the TSE.



Cultivating and Securing Human Resources and Building a Workplace Environment that Makes Work Satisfying



Cultivating and Securing Human Resources

Basic Approach to Human Resource Management

Premised on its fundamental policy of "what supports limitless development of a company is people," the Furukawa Company Group employs talented individuals who will actively take on all challenges, while striving to recognize the diverse values of individuals and accordingly creating a rewarding corporate culture absent of human rights violations and discrimination, where individuals are evaluated fairly.

Human Resource Development

The Group is aiming to optimize its business framework and heighten its corporate value by developing professional human resources through human resource cultivation systems of all kinds and by building a workplace environment where they can exercise their capabilities to the fullest.

[Relationships with Employees](#)

List of Education and Training Activities

	Newly hired employees	Grades 1-4 (regular employees)	Grades 5-9 (managerial employees)
Employment Grade-specific Training	Introductory training for newly hired employees		Grade 5 training
		Follow-up training	Grade 6 training
		Fifth-year training for corporate planning staff	Grade 8 training
Special Training	Pre-hiring training	Mental health training	Diversity training
	Safety and health training		Life plan training
	Conversational English education		"Line care" training (for line managers to better manage their lines)
	Human rights training		
Training by specialty/function		Compliance training	
		TOEIC testing	
	Engineer training		
Workplace Education	Health and safety education	Job-specific training	
	OJT	Participation in specialized subject seminars (including those furthering acquisition of public qualifications)	
Language Training		Dispatch to outside educational and research institutions and academic societies	
		Language training for employees dispatched overseas	
		Language training (foreign language training at sites)	
Self-development		Short-term overseas language study	
		Correspondence courses of all types	
		Introduction of instructional materials, publications, etc.	
Personnel System and Measures		Training in the form of open applications (e-learning)	
	Coaching system		Personnel evaluator training
	Self-assessment and interviews based on personnel evaluation system		Interviews relating to goal management
		Rotation and secondment to affiliates in Japan and overseas	

Personnel Evaluation System

Based on the system of assigning grades by function that is used in the Group, grades are set according to the magnitude of the role the employee is expected to fulfill. By assessing personnel results and behavioral characteristics in accordance with the personnel evaluation system, we are endeavoring to provide employee guidance and cultivation, develop their capabilities, and optimize their assignments. At the same time, this serves to provide fair and equitable treatment in terms of wages, bonuses, retirement benefits, and so on, and in establishing an environment wherein motivated employees can participate proactively with a sense of security.

Communication to Facilitate Training of Subordinates

Interviews are conducted between immediate supervisors and their subordinates on a twice-yearly basis, in addition to the daily communication that takes place between managers and their employees. In the interviews, managers provide feedback to employees regarding their work, achievements, points for reflection, and findings of performance evaluations, as well as advice based on their self-reports, and confirm and share the goals they have set. Meanwhile, supervisors also provide their assessments with respect to the self-analysis. The process of undergoing straightforward performance assessments by their supervisors enables employees to scrutinize themselves on a regular basis, thereby helps fuel their motivation for proactive career development.

Realizing Rewarding Workplace

Basic Approach

The Group employs talented individuals who will proactively take on all challenges, while striving to recognize the diverse values of individuals, accordingly creating a rewarding corporate culture wherein human rights violations and discrimination do not occur and where individuals are evaluated fairly.

Realizing Rewarding Work Environments

Issues and Considerations for Realizing Rewarding Work Environments

Developing human resources and using them properly	Developing diverse human resources in response to factors such as their length of service, position, job description, and abilities; putting the most capable employees in the right positions regardless of what track they are on; establishing challenging individual targets; and proper evaluation
Work-style reforms to increase productivity	Improving working environments such as automating and computerizing operations, shortening meetings, effectively managing meetings; aptly applying various working conditions (flextime systems, teleworking, discretionary work systems); and reforming of mindsets toward improving operational efficiency
Establishing healthy workplaces	Reducing annual total working hours, improving the percentage of paid annual leave taken, improving the percentage of scheduled medical examinations received, actively implementing health promotion activities

Diversity and Inclusion

The Group does not engage in any discrimination regarding human rights, beliefs, gender, disabilities, and so on in employment, and we endeavor to provide equal opportunities for all. Because Group businesses extend into a variety of fields, we are taking measures to stabilize our employment by formulating staffing and personnel plans with a clear view to business expansion and productivity increases, including in Group companies.

TOPICS

Introduction of Free-address System in the New Head Office as a Move toward Realizing an Easy-to-Work-in Workplace Environment

Aiming to realize a workplace environment that is easier to work in, the Company took the head office move on July 26, 2021 as an opportunity to do away with fixed individual desk assignments and introduce free-addresses system to allow employees to freely choose their desk.

Transition from fixed landline phones to mobile phones
In conjunction with the transition to free-address offices, in-house telephones, including departmental representative telephones, were changed from the former fixed landline phones to smartphones. Since this enables internal calls even when outside the Company, it is also a step toward smoother communication when working from home.



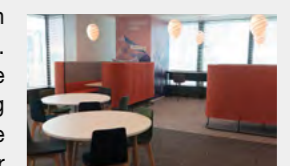
An office after introduction of free-address system

Promotion of digitization of documents and paperless operation

There is a limit to the storage capacity of individual lockers and cabinets shared within the various departments. We have therefore been promoting the digitization of documents and paperless operation since before the move of offices and are making effective use of office space. Digitization also enables viewing of documents when away from the office and when working from home, and combined with the promotion of on-line review and approvals and so on, this has contributed to increased efficiency of operations.

Establishing refreshment areas

Refreshment areas have been established in the new offices. These can be used for simple meetings as well as during break periods, and they are proving useful as places for a refreshing change of scene.



Refreshment area

Empowering the Female Workforce

The Company is continuing to actively hire and involve women. We created the Action Plan for Promoting Support for Female Employees on April 1, 2016, and we are gradually upgrading various systems that are designed to support active participation by women. We are also upgrading systems for the support of employees raising children by classifying a portion of childcare leave as paid leave.

Action Plan for Promoting Support for Female Employees (Planned period: April 1, 2021 to March 31, 2026)

Target 1	Ensure that women account for at least 20% of all new graduate recruits
Target 2	Appoint at least 10 female managers
Target 3	The rate of resignation for personal reasons within five years of joining the Company among women in planning group positions 10% or below
Target 4	Encourage employees to take paid annual leave at an average rate of 12 days per person per year

* This applies to employees of Furukawa Co., Ltd.

Support for Employees Raising Children

As part of measures to support rearing of the next generation, we have formulated and implemented a General Business Owner Action Plan. At the same time, we are promoting improvement of the workplace environment to make it easier for people to take part in childcare and home care.

Hiring People with Disabilities

The Furukawa Company Group promotes hiring people with disabilities in various workplaces and for various types of work, thereby promoting their independence and participation in society.

Hiring Foreign Nationals

Given its active pursuit of overseas expansion, the Group does not base its recruiting decisions on nationality. Moreover, we strive to deepen partnerships that transcend nationality as we promote a spirit of mutual respect for individual differences.

Extending the Mandatory Retirement Age

The mandatory retirement age was raised from 60 years to 65 years on April 1, 2020, in order to stabilize the employment of elderly people and expand their opportunities for work.

Going forward, we anticipate that these people, by passing on the technical knowhow they have acquired over many years, will proactively participate in cultivating mid-level and younger employees as well as in other ways.

Implementing Engagement Surveys

We are implementing organizational diagnostic surveys of the Group as a whole and of each workplace systematically composed to cover morale, corporate climate, and so on. We are collecting and evaluating information on the degree of penetration by the Management Philosophy and vision, on employee awareness, and on on-site views, and putting it to practical use in planning and drafting policies of every kind.

[Relationships with Employees](#)

[Furukawa Company Group ESG Data 2022, Social Data](#)

Main Related SDGs

Community Relations

Social Issues (Background)

- Harmonious coexistence with local communities
- Contribution to local communities by creation of employment, etc.
- Consideration for the environment

The Furukawa Company Group's Approach

- Implementing volunteer cleanup activities
- Hosting social studies field trips
- Tree-planting activities

Basic Approach to Social Contribution Activities and Fields for Concentration

The Group takes an active part in society, and its policy of contributing to the development of society is stated in the Charter of Corporate Conduct and the Code of Conduct for Officers and Employees.

Activities that are closely connected with local communities include participation in local volunteer cleanup activities and inviting children and students for social studies field trips. By implementing these activities, we are channeling our efforts into activities for harmonious coexistence with local communities that contribute to their development.

We also engage in activities to promote the attractions of local communities. As one part of this, we operate and manage the Furukawa Kakemizu Club and the Furukawa Ashio Museum of History in Ashio-machi, Nikko City, Tochigi Prefecture, thereby contributing to the maintenance and development of local culture.

[Furukawa Company Group's Charter of Corporate Conduct](#)

[Furukawa Company Group's Code of Conduct for Officers and Employees](#)

Fields for Concentration in Social Contribution Activities

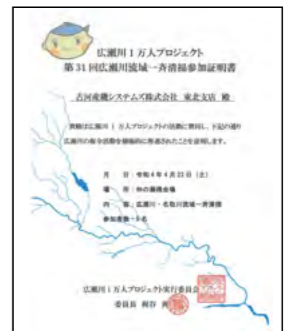
Field of activity	Main content of activity
Education	Organization of social studies field trips for children and students
Culture and arts	Operation and management of Furukawa Kakemizu Club and Furukawa Ashio Museum of History, maintenance management and utilization of historic sites
Harmonious coexistence with local communities	Participation in local volunteer cleanup activities
Environmental conservation	Tree-planting activities

Examples of Social Contribution Activities

Hirose River Volunteer Cleanup Activity

Each company in the Group participates in volunteer cleanup activities as part of efforts to contribute to their local communities. In April of fiscal 2022, five members from the Tohoku Branch

of Furukawa Industrial Machinery Systems Co., Ltd., having implemented measures against COVID-19 pandemic, participated in the "31st Hirose River Basin Total Cleanup of the Hirose River 10,000 People Project" held in Sendai City, Miyagi Prefecture.



Certificate of Participation in the Hirose River 10,000 People Project

Hosting Field Trip for Ashio Elementary & Junior High School

Ashio Rock Drill Co., Ltd. regularly offers social studies field trips for children from Ashio Elementary & Junior High School, which is located in the area. In fiscal 2023, Ashio Rock Drill invited five third-grade children and their teacher in June.

On the day of the trip, visitors first heard explanations of the products the company manufactures, the sites where those products are active, and other such matters. They then visited the manufacturing line for pneumatic and hydraulic small breakers and also actually experienced for themselves the power of rock drills at the hand-held pneumatic rock drill hands-on experience corner located in the works. The children voiced various impressions, such as their surprise at learning that robots are in operation 24 hours a day, and how their interest was stimulated to learn more about hydraulic machinery. The company will continue implementing this field trip program into the future.



Scenes of social studies field trip

Respect for Human Rights

Main Related SDGs

Social Issues (Background)

- Internationally recognized respect for human rights
- Consideration regarding human rights issues that exist at every level and in every unit of activity throughout the company

The Furukawa Company Group's Approach

- Implementing human rights training
- Strict response to harassment and discriminatory behavior
- Consideration for implementing human rights due diligence

Basic Approach

In the "Furukawa Company Group's Charter of Corporate Conduct" and the "Furukawa Company Group's Code of Conduct for Officers and Employees," the Group states that the human rights of all people are to be respected, that child labor and forced labor are forbidden, and that discriminatory treatment, behavior, and speech are not to be engaged in with regard to nationality, race, gender, age, faith, religion, social status, disability, and so on.

[Furukawa Company Group's Charter of Corporate Conduct](#)

[Furukawa Company Group's Code of Conduct for Officers and Employees](#)

Initiative to Prevent Human Rights Violations

The Group prohibits all forms of harassment and discrimination, premised on our commitment to recognizing the diverse values of individuals and accordingly creating a rewarding corporate culture absent of human rights violations and discrimination, where individuals are evaluated fairly. Moreover, we resolutely take action against harassment and discrimination based on our internal rules.

Training on Human Rights

The Group has established a code of behavior calling for our officers and employees to respect basic human rights and refrain from using discriminatory language, and accordingly has all of its new employees take part in human rights training. Additionally, employees who take part in our employment grade-specific training undergo in-house training pertaining to workplace harassment and other efforts to create pleasant work environments and learn from specific case studies that lead to respect for human rights.



Scene of human rights training session

Risk Management



Social Issues (Background)

- Diversification of risks as society changes
- Responding to risks that emerge due to environmental changes

The Furukawa Company Group's Approach

- Rediscovering diversified risks and assessing their impact on the Group
- Strengthening measures against risks that are predicted to emerge and have a significant impact on the Group
- Identifying and assessing risks and confirming, evaluating, and improving measures to deal with risks in order to respond to changes in their impact on the Group

Basic Approach

The Furukawa Company Group will strengthen and expand the enterprise risk management system in order to improve the management foundation with a view to growth. The Group will also take steps to improve corporate value by business operation practices that show consideration for the Group's CSR and ESG issues.

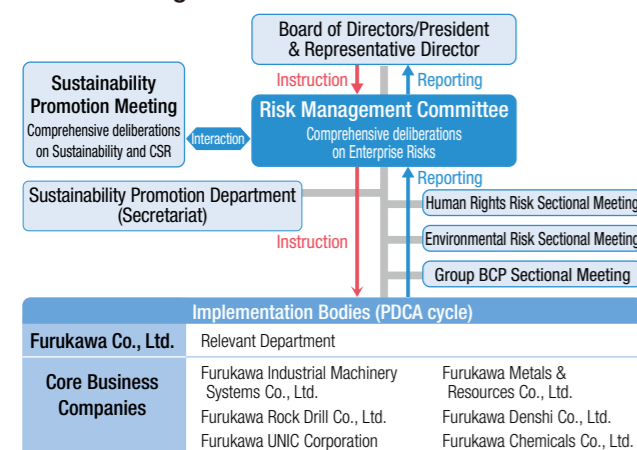
When risks emerge that appear capable of interfering with the Group's business activities, the new Risk Management Committee established at Furukawa Co., Ltd. takes measures to protect life and property and to minimize its damage and losses.

Risk Management Framework

The previous Risk Management Committee that up to now had dealt with accidents, natural disasters, rampaging epidemics, and other such risks has been disbanded, and a new Risk Management Committee has been established to manage all the risks surrounding the Group.

The new Risk Management Committee evaluates risks in every Group company and department and conducts examination and evaluation of measures to address risks. As a result, when a risk is judged to pose a danger of seriously affecting Group management, the Committee promotes effective management of that risk by reporting its evaluation results and the pros and cons of response measures to the Board of Directors.

● Risk Management Framework Chart



The Committee also has the Human Rights Risk Sectional Meeting, Environmental Risk Sectional Meeting, and Group BCP Sectional Meeting under it. These meetings address issues relating to human rights, issues relating to carbon neutrality and other matters concerning climate change, and issues relating to business continuity when crises occur, and take measures to resolve them, respectively.

Business Continuity Plans (BCP) / Business Continuity Management (BCM)

Potential Risks of the Group in Natural Disasters

The potential risks of natural disasters faced by primary business sites are brought to light and a BCP is formulated for those that present high risk of an impact on business.

● Natural disaster risks by site

	Head office	Oyama Tochigi Works	Takasaki Yoshii Works	Sakura Works	Osaka Works	Iwaki Works
Earthquake	◎	○	○	○	◎	◎
Flood	△	○	○	×	○	×
Landslide	×	△	×	×	×	×
Tsunami	×	×	×	×	◎	×
Typhoon	○	○	○	○	○	○

Degree of potential risk: ◎ High ○ Medium △ Low × Significantly low

BCP Operation

In order to enable prompt confirmation of the safety of officers and employees and the damage status of every site when emergencies occur, we conduct periodic personnel safety confirmation training using the personnel safety confirmation system and disaster reporting training using transceivers placed at primary business sites for use in emergencies. We also carry out reviews of the content and management methods of stockpiled food, beverages, and other supplies.

Because the head office was moved in fiscal 2022, BCP training involved setting up the location for an emergency response headquarters, confirming the equipment that can be used during disasters, checking evacuation routes, and so on.

BCM Operation

Going forward, we will concentrate on BCM operation and on confirming and reviewing Group companies' BCPs, centering this work mainly within the Group BCP Sectional Meeting.

Compliance



Social Issues (Background)

- Fostering a corporate climate that values compliance
- Promoting corporate activities that are based on a strong ethical sense
- Preventing compliance violations and responding promptly when they occur

The Furukawa Company Group's Approach

- Continuing implementation of compliance education
- Developing and improving guidelines and manuals of every kind
- Reporting compliance violations in a timely and appropriate manner and implementing comprehensive measures for correction and prevention of recurrence
- Responding to results of compliance awareness surveys and formulating related measures

Basic Approach

In addition to complying with laws and regulations, the Group believes it has a corporate obligation to take serious and responsible action in terms of social and ethical aspects.

To fulfill this obligation, the Group established the Furukawa Company Group's Charter of Corporate Conduct and the Furukawa Company Group's Code of Conduct for Officers and Employees, and the Group is taking steps to foster comprehensive awareness to enable all Group officers and employees to engage in operations in awareness of the importance of compliance.

Compliance Framework

The Group's chief executive for compliance is the Company's President. Personnel responsible for compliance are also present in every company department and in the Group companies as well. There is also a Compliance Committee that promotes Group compliance activities, deliberating on important matters relating to compliance, developing the compliance framework, and taking steps to strengthen awareness. Content deliberated in the Committee is additionally reported to the Sustainability Promotion Meeting as required, and steps are taken to share information related to compliance with the Group as a whole.

Compliance Education

The Group is engaged in fostering a corporate climate that places value on compliance. This includes publication of the Compliance News as provision of information regarding compliance to all Group officers and employees. On occasion, top management also explains the importance of compliance and the priority assigned to it.

In light of the impact of the COVID-19 pandemic, trainings on specific topics were conducted in fiscal 2022 using online systems such as web conferencing systems and video streaming.

[Charter of Corporate Conduct/Code of Conduct for Officers and Employees /Basic Policy for Preventing Bribery and Corruption](#)

● Training conducted in fiscal 2022

Training	Number of trainees (number of sessions)
Compliance training	135 people (4 times)
Training on buying and selling and subcontracting	54 people (1 time)
Training on the Subcontract Act	Approx. 190 people (2 times)

Basic Policy and Basic Guidelines for Preventing Bribery and Corruption

The Group reported to the Board of Directors and enacted the Basic Policy for Preventing Bribery and Corruption and the Basic Guidelines for Preventing Bribery and Corruption in January 2021. This explicitly stated externally the Group's stance regarding prevention of bribery and corruption. It also clarified specific procedures for preventing bribery and corruption in business activities. We are following up with comprehensive compliance with this policy and guidelines and taking steps for the prevention of bribery and corruption.

Internal Reporting System

The Group has adopted an internal reporting system to facilitate early detection and correction of compliance violations.

This has involved developing a framework that enables an extensive range of reporting and consultation requests by establishing the Internal Reporting Desk inside and outside (law office) the Group. When reports and requests for consultation are received, the Compliance Committee investigates and takes measures as necessary. Personal information about whistleblowers who make reports and information that may lead to identification of whistleblowers who make reports are held under strict control at the Internal Reporting Desk. In addition, it is forbidden for Group officers and employees to seek out whistleblowers or, taking the fact of having made an internal report as the reason, to treat the whistleblowers in a disadvantageous manner.

The Group also facilitates awareness of the internal reporting system by posting such content to its in-house portal site and distributing brochures to its officers and employees.