Environmental Management

Policies and Strategies

To help realize a sustainable society, the Furukawa Company Group engages continuously in environmental protection activities to address issues related to the global environment and biodiversity. These include activities aimed at realizing a decarbonized society in accordance with the Charter of Corporate Conduct and the Basic Environmental Management Principle.

To address climate change, we are promoting activities in line with our Fourth Medium-Term Reduction Targets, which are aligned with our Vision for 2025. Based on the CO_2 reduction targets announced in July 2024, we formulated the revised Fourth Medium-Term Reduction Targets and are promoting specific initiatives accordingly.

To protect the environment, we are working to enhance our crisis management capabilities, including by strengthening resilience against natural disasters and conducting preventive activities through data visualization and quantification. We are also assessing the impact of our business activities on ecosystems and implementing measures to minimize that impact.

At suspended or abandoned mines, we perform mine drainage treatment and tailing pond maintenance operations based on the Mine Safety Act. In addition, we are systematically implementing activities aimed at preserving and restoring ecosystems. These include ongoing greening initiatives, efforts to revive flora and fauna, and the formulation of management plans to ensure the healthy growth of forests.

Basic Environmental Management Principle & Environmental Conservation Activity Policies

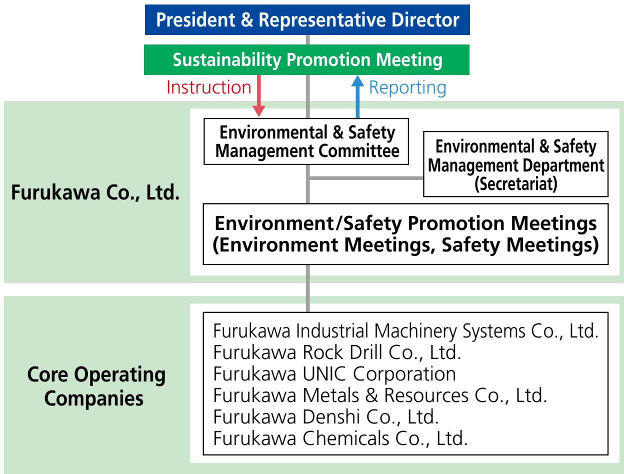
Governance Framework

Environmental & Safety Management Committee

Important matters related to environmental protection and occupational safety and health of the Group are drafted and deliberated by the Safety & Environmental Management Committee, whose members include top management from each of our production centers. At its meeting held in April 2025, the Committee reported on the results of environmental protection and safety and health activities in fiscal 2024, the progress and future measures of the Fourth Medium-Term Reduction Targets, the status of efforts toward carbon neutrality, environmental performance results, and biodiversity protection activities, as well as the management status of suspended or abandoned mines. The Committee also disseminated information on revisions to laws and regulations related to environmental protection and occupational safety and health, and instructed safety-related instructions from the Environmental & Safety Management Department to prevent recurrence of accidents and disasters that occurred in fiscal 2023.

In fiscal 2024, as serious occupational accidents continued to occur within the Group, we discussed and decided on key environmental and safety action targets for fiscal 2025. These included strengthening workplace patrols, promoting occupational accident prevention, and enhancing safety and health activities.

Environmental & Safety Promotion System



[Environmental & Safety Management Committee]
Chairman: General Manager, Environmental & Safety Management Department
Committee members: General managers of relevant divisions and plant managers of each core operating company (or general manager of the Administration Department if there is no plant manager)
Secretariat: Environmental & Safety Management Department
Location: Head office
Frequency: Once a year

[Environment/Safety Promotion Meeting (Environment Meetings, Safety Meetings)]
Attendees: General manager and staff of the Environmental & Safety Management Department; persons responsible for the environment and safety at each core operating company and others
Secretariat: Environmental & Safety Management Department

Environment/Safety Promotion Meetings

Our Environment/Safety Promotion Meetings are held annually with participation of personnel in charge of environmental and safety matters. These sessions are divided into Environment Meetings and Safety Meetings, with the aim of enhancing environmental protection and occupational safety activities at each site.

Safety Meetings

The fiscal 2024 Safety Meeting was held in June 2024 at the Sakura Works of Furukawa UNIC Corporation. At the meeting, participants held discussions on sharing improvement points and best practices based on reports from each site on the implementation status of accident and disaster prevention activities. Furthermore, based on the analysis of accident and disaster trends within the Group, participants discussed accident and disaster prevention measures. As strategies to achieve accident- and disaster-free operations, they decided on initiatives to be implemented across all sites going forward. These include increasing opportunities to gather information and identify issues through dialogue and ensuring thorough corrective actions for points raised during environmental and safety audits.

Safety Meeting held at the Sakura Works of Furukawa UNIC Corporation

Environment Meetings

The fiscal 2024 Environment Meeting was held in August 2024 at the Oyama Works of Furukawa Industrial Machinery Systems Co., Ltd. At that meeting, participants explained the Group's CO_2 emission reduction targets, and each site reported on initiatives to improve environmental performance and activities toward achieving carbon neutrality. Additionally, to prevent environmental and facility accidents, they discussed recurrence prevention measures using actual accident cases that occurred within the Group. After providing training on environmental laws and regulations necessary for daily operations, participants also verified their understanding to confirm the effectiveness of the training.

Environment Meeting held at the Oyama Works of Furukawa Industrial Machinery Systems Co., Ltd.

ISO 14001 Certification Acquisition Status

The status (acquisition rate) of ISO 14001 certification is shown below.

Japan	Core operating companies with production facilities (Furukawa Industrial Machinery Systems Co., Ltd.; Furukawa Rock Drill Co., Ltd.; Furukawa UNIC Corporation; Furukawa Denshi Co., Ltd.; and Furukawa Chemicals Co., Ltd.) Certification received by 5 out of 5 companies (100%)
	R&D Division and affiliated companies (Gunma Kankyo Recycle Center Co., Ltd., and Yamaishi Metal Co., Ltd.) also received certification
Overseas	Overseas Group companies with production facilities FURUKAWA UNIC (THAILAND) CO., LTD.; TAIAN FURUKAWA UNIC CRANE CO., LTD.; and FD Coil Philippines, Inc.) Certification received by 2 out of 3 companies (67%)

Company Name	Acquisition Date	Certification Organization
Furukawa UNIC Corporation (Sakura Works)	November 30, 2001	Japan Quality Assurance Organization (JQA)
Furukawa Industrial Machinery Systems Co., Ltd. (Oyama Tochigi Works)	October 22, 2002	Nippon Kaiji Kyokai (ClassNK)
Furukawa Co., Ltd. (Technology Division)	January 14, 2004	JSA Solutions Co., Ltd.
Furukawa Rock Drill Co., Ltd. (Takasaki Yoshii Works)	April 28, 2004	TÜV Rheinland Japan Ltd.
Furukawa Chemicals Co., Ltd. (Osaka Works)	January 27, 2005	JIC Quality Assurance Ltd. (JICQA)
Furukawa Denshi Co., Ltd. (Iwaki Works)	March 4, 2005	Japan Quality Assurance Organization (JQA)
Yamaishi Metal Co., Ltd.	August 31, 2009	Bureau Veritas Japan Co., Ltd.
Gunma Kankyo Recycle Center Co., Ltd.	January 26, 2010	Management System Assessment Center
TAIAN FURUKAWA UNIC CRANE CO., LTD.	June 15, 2018	Shanghai Audit Centre of Quality System
FURUKAWA UNIC (THAILAND) CO., LTD.	May 26, 2019	Perry Johnson Registrars, Inc.

* Tochigi Works acquired an integrated certification with the Oyama Works on June 19, 2009.

Risk Management

Environmental and Safety Audits

The Furukawa Company Group is working to improve the quality of environmental protection and safety and health activities at each site by shifting its emphasis from corrective to preventive measures. In this way, we support the efforts of each site to achieve accident- and disaster-free operations. As part of these efforts, we conduct annual environmental and safety audits.

In fiscal 2024, we reviewed the status of compliance with environmental laws and regulations, the operation of the environmental management system, and the implementation of environmental education. On the safety front, to prevent occupational accidents, we provided education and guidance on implementing safety and health activities, including occupational safety and health training, risk assessments, and the utilization of "near-miss" reports.

Training at the Oyama Works of Furukawa Industrial Machinery Systems Co., Ltd.

Metrics and Targets

Environmental Protection Costs

The Furukawa Company Group uses the Environmental Accounting Guidelines from the Ministry of the Environment as a reference in understanding costs and works hard to protect the environment and improve its environmental efficiency.

The total investment for fiscal 2024 was ¥1,142 million, mainly for preventive measures at suspended or abandoned mines and renewal of production machinery and air conditioning equipment in our plants.

Total expenses in fiscal 2024 amounted to ¥1,687 million. This was mainly allocated to environmental protection activities, such as maintenance and management of pollution prevention facilities, forest preservation, and nature restoration and recovery. Our environmental remediation costs included expenses for restoration work around a limestone mine and special district payments made to neighboring communities.

Economic Benefits Associated with Environmental Protection

In fiscal 2024, Furukawa Chemicals Co., Ltd., commissioned a steam turbine generator at its Osaka Works, resulting in a ¥58 million year-on-year reduction in purchased electricity costs.
For the year, the economic benefits associated with resource circulation, including proceeds from sales of materials with value, amounted to ¥100 million.

Environmental Liabilities

In fiscal 2024, we recorded a liability of ¥189 million. This was deemed a reasonable estimate of expected future environmental liabilities as of March 31, 2025, to cover the disposal costs of PCB waste and remediation expenses for residual lead contamination in residential areas surrounding former overseas smelting sites.

● Environmental Protection Costs (by Business Activity)

(Millions of yen)

Category		Principal Activity	Investment	Cost
(1) Business area costs			1,120	1,345
Breakdown	Pollution prevention cost	Air and water pollution prevention	999	950
	Global environmental protection cost	Energy conservation and maintenance/management of Company-owned forests	120	125
	Resource circulation cost	Recycling, waste disposal, and effective use of water	1	270
(2) Upstream/downstream costs		Recycling, recovery, and re-commercialization of products on the market	0	9
(3) Administration cost		ISO 14001 operation, environmental education, cleanup/greening of business sites, etc.	10	104
(4) R&D cost		R&D to develop products that contribute to environmental preservation	12	197
(5) Social activity cost		Community cleanups and greening, etc.	0	24
(6) Environmental remediation cost		Recovery from environmental degradation caused by business activities	0	8
		Total	**1,142**	**1,687**

● Environmental Protection Benefits

Category	Environmental Performance Indicator (Unit)	FY2023	FY2024
Benefits related to resources input into business activities	Total energy consumption (thousand GJ)	737	**732**
	Total water consumption (thousand m³)	727	**783**
Benefits related to waste and environmental impact originating from business activities	Greenhouse gas emissions (t-CO_2)	56,826	**59,031**
	Total other emissions, including waste (t)	8,256	**7,918**

● Economic Benefits Associated with Environmental Protection (Material Benefits) (Millions of yen)

Benefit		Amount
Resource circulation (including gains from sales of materials with value)	Gains on sales of stainless steel, iron, etc.	100
Energy-saving benefits	Reduction in purchased electricity costs through steam turbine operation	58
	Total	**158**

● Breakdown of Environmental Protection Costs

Global environmental protection	10.5%
Pollution prevention	87.5%
R&D	1.1%
Administration	0.9%

● Furukawa Company Group's Material Flow (Fiscal 2024)

INPUT

	Type	Volume Used in FY2023	Type	Volume Used in FY2023	Type	Volume Used in FY2023
Total energy input	Volatile oil (gasoline)	390 kℓ	Liquefied petroleum gas (LPG)	425 t	Cold water	633 GJ
	Kerosene	244 kℓ	Liquefied natural gas (LNG)	289 t	Biogas (non-fossil fuel)	0 m³
	Diesel oil	1,970 kℓ	City gas	813 thousand m³	Power consumption	65,557 thousand kWh
	Fuel oil A	264 kℓ	Warm water	241 GJ	Renewable energy (portion of power consumption)	9,636 thousand kWh
Total water consumption	Clean water	135 thousand m³	Industrial water	461 thousand m³	Groundwater	187 thousand m³

OUTPUT

CO_2 emissions	Scope 1 (energy-related)	11,137 t-CO_2
	(non-energy-related)	25,252 t-CO_2
	Scope 2	22,642 t-CO_2
	Scope 1 + 2 total	59,031 t-CO_2
	Scope 3 total*1	2,685,293 t-CO_2
Wastewater	473 thousand m³	
Total other emissions, including waste*2	7,918 t	

*1 Sum total of Categories 1–13.

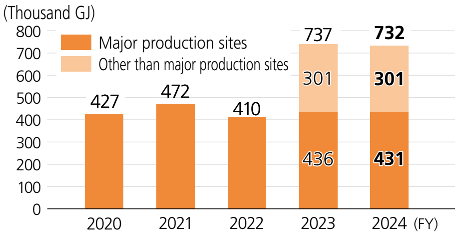
*2 The following waste generated by affiliated companies is not included: cinders, soot, waste soil, neutralized sediment, etc.

Material Flow

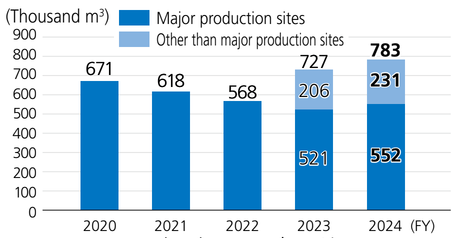
* The scope of calculations is based on the figures for major production bases until fiscal 2022, and on a consolidated basis (control basis) from fiscal 2023 onward.

INPUT

Total energy consumption



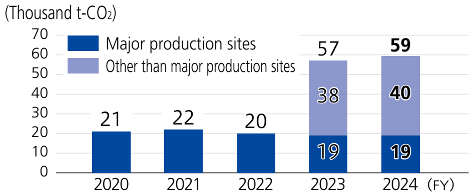
During the fiscal year, we introduced equipment and machinery that meet the standards of Japan's Top Runner program at each plant while enhancing the efficiency of production processes and lowering production volume at some sites. As a result, total energy consumption declined 0.7% year on year.



Energy consumption increased 7.7% year on year due to higher output at some facilities.

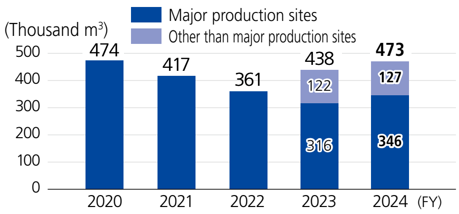
OUTPUT

CO_2 emissions



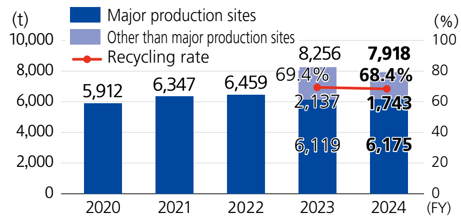
CO_2 emissions increased 3.5% year on year, mainly due to higher non-energy-related emissions from increased industrial waste incineration at some facilities.

Wastewater



As a result of the 7.7% increase in total water consumption, wastewater rose 8.0% from the previous fiscal year.

Total other emissions, including waste



Due to efforts to promote waste reduction and recycling, as well as lower production volumes at some business sites, total other emissions, including waste, declined 4.1% year on year. Among total other emissions, including waste, the recycling rate of materials with value was 68.4%.

Initiatives

Fourth Medium-Term Reduction Targets and Results for Fiscal 2024

The Fourth Medium-Term Reduction Targets, which cover fiscal 2019 to fiscal 2028, deal with predicted upcoming increases in environmental performance factors (CO_2 emissions, water consumption, and total other emissions, including waste) under the production plan based on Vision for 2025. Following discussion with each core operating company, we set targets to reduce CO_2 emissions by 2%, water consumption by 2%, and total other emissions, including waste, by 3%, respectively, relative to the predicted figures for fiscal 2028 (at major production sites).

In fiscal 2024, the sixth year of the Fourth Medium-Term Reduction Targets, we significantly exceeded our targets for CO_2 emissions, water consumption, and total other emissions, including waste.

Fourth Medium-Term Reduction Targets: Fiscal 2025 Targets

Following the announcement of the Furukawa Company Group's CO_2 emissions reduction targets for achieving carbon neutrality in July 2024, we formulated the revised Fourth Medium-Term Reduction Targets, which expands these targets to encompass the entire Group. Under the revised targets, we have adopted a per-unit (intensity) target for water consumption, and the plan newly includes reduction targets for plastic waste emissions, as well as release and transfer of PRTR[*3] substances. Using fiscal 2023 results as the benchmark, the plan covers a three-year reduction period from fiscal 2025 through fiscal 2027. For fiscal 2025, we set reduction targets of 1.5% for CO_2 emissions and 0.67% each for water consumption (per unit), total other emissions, including waste, plastic waste emissions, and the release and transfer of PRTR substances. To help realize a sustainable society, we are committed to environmentally conscious business activities across our entire Group.

*3 PRTR(Pollutant Release and Transfer Register): Notification system for release and transfer of chemical substances

Revised Fourth Medium-Term Reduction Targets[*4]

	Reduction Rate Targets		
	FY2025 targets	FY2026 targets	FY2027 targets
CO_2 emissions (energy-related)	1.5%	3.0%	4.5%
Water consumption (per unit)	0.67%	1.3%	2.0%
Total other emissions, including waste	0.67%	1.3%	2.0%
Plastic waste emissions	0.67%	1.3%	2.0%
Release and transfer of PRTR substances	0.67%	1.3%	2.0%

*4 The above reduction targets use the Group's FY2023 environmental performance results as the benchmark.

Compliance with Environmental Laws and Regulations

To comply with various environmental laws and regulations, each plant and office within the Group sets its own management standards and conducts regular monitoring, including water quality analysis of plant effluent and periodic measurement of noise and vibration at site boundaries. By providing feedback on measurement results to our production sites, we work to prevent regulatory violations before they occur and minimize the environmental impact of our business activities.

Furthermore, the Environment/Safety Promotion Meeting—held annually by the Environmental & Safety Management Department and attended by environmental managers from all plants and offices—provides training and guidance on the latest environmental technologies and relevant laws, with follow-up to confirm participants' understanding.

No cases of violation of environmental laws and regulations occurred in fiscal 2024.