

Supply Chain Management

Policies and Strategies

The Basic Procurement Policies of the Furukawa Company Group are underpinned by four pillars: Fairness and impartiality, mutual prosperity, compliance and confidentiality, and sustainability-oriented procurement activities. Based on these policies, and in cooperation with our suppliers, we formulated our Sustainable Procurement Guidelines, which emphasize respect for human rights and the environment.

[Furukawa Company Group Basic Procurement Policies](#)

[The Furukawa Company Group Sustainable Procurement Guidelines](#)

Governance Framework

Our Purchasing Department holds Purchasing Strategy Conferences twice a year, which consist of responsible personnel from Purchasing Departments of Machinery segment core operating companies. At these conferences, each operating 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.

In fiscal 2024, we positioned the fostering of partnerships as the central issue for the purchasing departments in realizing our Vision for 2025. To this end, we held concrete discussions and exchanged opinions on strengthening supplier management and sustainability-oriented procurement in the purchasing departments.

Regular monthly meetings are also held separately at each operating 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.

Risk Management

The Furukawa Company Group's purchasing 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 2016, therefore, we began providing suppliers, including new ones, with an explanation of the purpose of the Group's sustainability-oriented procurement and giving them the supplier CSR survey to complete. In fiscal 2019, we started visiting suppliers and exchanging views to promote understanding of our sustainability promotion activities.

Based on lessons learned from the initial survey, we have been conducting the second CSR survey since fiscal 2021. To promote, maintain, and enhance sustainability, including within our supply chain, we are advancing the PDCA cycle from survey implementation to follow-up.

By the end of fiscal 2024, we conducted the second CSR survey of 141 key suppliers in Group 1*¹ and Group 2*², achieving a 100% response rate. We compiled, analyzed, and evaluated the survey results by assigning points based on the importance of each question. This process identified three high-risk business partners (two from Group 1 and one from Group 2), whom we subsequently visited to exchange opinions. For these business partners, we also conducted follow-up activities based on risk assessments, including on-site inspections and other monitoring activities, as well as guidance for risk reduction.

Additionally, we conducted a CSR survey for overseas suppliers of our overseas subsidiaries*³ and completed the analysis.

In fiscal 2025, we initiated follow-up activities (including on-site inspections and guidance for risk reduction) for overseas suppliers selected based on risk assessments. We also plan to extend the same survey to the overseas suppliers of our domestic subsidiaries.

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

*2 Group 2: Furukawa Chemicals Co., Ltd., Furukawa C&F Co., Ltd., Ashio Rock Drill Co., Ltd., and FRD Iwaki Co., Ltd.

*3 TAIAN FURUKAWA UNIC CRANE CO., LTD. and FURUKAWA UNIC (THAILAND) CO., LTD.

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

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

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

[Survey questions about environmental conservation]

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

Moving forward, we will further enhance the questionnaire content related to human rights and the environment to promote activities that are more aligned with the SDGs.

Targets and Metrics

FY2024 Targets:

- Conduct CSR survey for overseas suppliers
- Conduct sustainability education focusing on human rights for personnel in the Purchasing Department
- Strengthen management of key suppliers (QCD + sustainability)
- Foster partnerships with suppliers
- Launch Companywide activities to promote sustainability-conscious procurement

FY2024 Results:

- Conducted and analyzed results of CSR survey for overseas suppliers
- Provided sustainability training focused on human rights for procurement staff and other relevant personnel
- Conducted survey of procured goods and suppliers in consideration of the SDGs
- Held production briefings for major domestic suppliers
- Revised the Partnership Building Declaration (November 2024 edition)

Initiatives

With regard to human rights in the supply chain, we conduct CSR surveys of key suppliers and engage in dialogue and verification through on-site visits to some suppliers.

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 human rights, the 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 operating companies in the Machinery segment (Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., and Furukawa UNIC Corporation) to offer guidance and recommendations for supporting suppliers as necessary.

In fiscal 2024, we continued visiting domestic and overseas suppliers to verify and provide technical guidance on processing procedures, materials management, quality inspection systems, and environmental and safety measures.



Giving guidance to a supplier

Strengthening Relationships with Key Suppliers: Fostering Partnerships

We view our suppliers as valuable partners with whom we aim for mutual growth.

In fiscal 2024, we engaged in communication with both domestic and overseas suppliers through site visits and production briefings.

In fiscal 2025, we will continue deepening mutual understanding through CSR initiatives and work to foster even stronger trust-based relationships.



Production briefing, Furukawa UNIC Corporation

Declaration of Partnership Building

In December 2023, the Company and its core operating companies (Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation, Furukawa Metal Resources Co., Ltd., Furukawa Denshi Co., Ltd., and Furukawa Chemicals Co., Ltd.) endorsed the objectives of the Council for Promoting Partnership Building for the Future, whose members include the chairmen of Keidanren (Japan Business Federation) and the Japan Chamber of Commerce and Industry, the president of RENGO (Japanese Trade Union Confederation), and related ministers from the Cabinet Office, Ministry of Economy, Trade and Industry, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, and Ministry of Land, Infrastructure, Transport and Tourism. In line with this, we issued our own Partnership Building Declaration. In April 2025, we released the revised November 2024 edition of the declaration.

Going forward, we will build new partnerships by promoting cooperation, coexistence, and co-prosperity with our supply chain partners and businesses that create value.

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, the United States, Australia, 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.