

Message from Chairperson Miyakawa

Further strengthening our business foundation under a new order, and engaging in marketing-based management that incorporates the precepts of CSV to contribute to the realization of a sustainable society

Naohisa Miyakawa

Chairperson & Representative Director



sights set on further expanding profits. However, the onset of the global coronavirus pandemic forced us to postpone the publication of the next Medium-Term Business Plan 2022. Instead, we published matters such as management strategies and priority issues in Medium-Term Management Policy 2022, and are presently promoting the policy.

However, because the pandemic shows no signs of ending anytime soon, we now view fiscal 2022 and fiscal 2023 as a time to solidify our business foundation with an eye toward achieving Vision for 2025. This is why the decision was made to entrust the diligent strengthening of our standing over this two-year period and the transition into Phase 3—the last phase of Vision for 2025, starting in fiscal 2024—to a leader from the next generation; after receiving the report from the Nomination & Remuneration Committee, which comprises mainly Outside Directors, I passed the baton to President Nakatogawa.

In addition to impressive strength of spirit and decisiveness, President Nakatogawa is broad-minded and trustworthy, and I am confident that he will succeed me on the path to reform and drive the company forward with even more momentum.

My role as Chairperson in the new order is obviously to support President Nakatogawa at every turn, and I will leave all aspects of management to his strong leadership capabilities, thereby devoting my energy to solving problems to achieve the goals of Vision for 2025 that remain from my time as President. We will focus our efforts on those goals, which include digital transformation as well as themes related to sustainability throughout society, namely the drive to become carbon neutral.

Companies must be indispensable to society; they cannot survive unless they contribute to society. We will continue to engage in marketing-based management that incorporates the precepts of CSV, and will support people's livelihoods in different areas around the globe and press forward toward the achievement of a more sustainable world under our philosophy to continue to be a company that is indispensable to society.

I sincerely hope that each and every one of our stakeholders holds great expectations for our growth ahead and continues to endow us with their support.

In June 2021, I became the Chairperson & Representative Director of the company, and Minoru Nakatogawa assumed the position of President & Representative Director.

During my eight-year term as President that began with my appointment in June 2013, we retooled our philosophy in 2015, clarifying our vision for the company as follows: to continue to be a company that is indispensable to society. We also enacted the company's first long-term vision—Vision for 2025 “Furukawa Power & Passion 150”—which we have worked to achieve through efforts to innovate. We divided the time remaining until the 150th anniversary of the company's founding in 2025 into three phases, and backcasted to set interim goals. The performance indicators in Medium-Term Business Plan 2019, which outlined Phase 1, included consolidated operating income of 8.5 billion yen, a target we achieved in both fiscal 2019 and fiscal 2020. Phase 2 began in fiscal 2021, a year in which we had our

Interview with President Nakatogawa

Summoning our resolve to explore every last frontier and achieve sustainable improvement of corporate value in order to continue to be a company that is indispensable to society

Minoru Nakatogawa

President & Representative Director



Q. What are your ambitions as you assume the position of President?

I intend to channel my leadership skills into advancing our reforms with a greater sense of urgency en route to achieving Vision for 2025.

Since assuming the office of President & Representative Director in June 2021, I have decided anew to change the Furukawa Company Group while remaining fully aware of the weight of the responsibility of my position.

The world remains as full of upheaval as ever. Amid further increasing awareness of the importance of sustainability for resolving global environmental issues, and the growing severity of social issues such as depopulation in Japan, the forward march of digitalization and technological innovation continues at an unimaginable speed. Additionally, the persistence of the pandemic continues to cause the global economy to stagnate while the longer-term effects on social life remain immeasurable. We humans are confronting a wide range of issues; we have challenged our accepted beliefs and changed our values and lifestyles, and the world will continue to transform even faster in the future.

However, the task ahead remains unchanged. We still aim to achieve Vision for 2025 “Furukawa Power & Passion 150” established by the Group in 2015. Vision for 2025 depicts the ideal image of our company 150 years after our founding. Specifically, even as the world changes at a dizzying pace, we aim to embody

our philosophy to continue to be a company that is indispensable to society. I refuse to relax on the path we started traveling under Chairman Miyakawa, and intend to channel my leadership skills into advancing our reforms with a greater sense of urgency.

Q. What is Furukawa Company Group's significance to society?

The Group's role and mission in society is to utilize its amassed technologies—as well as the technologies advanced and developed by innovating and combining them—to resolve today's social issues.

Over the 146 years since the Group's founding as a mining company, we have aimed to transform, diversify, and otherwise reform our many businesses, manufacturing the machines used in tunneling, civil engineering and architecture, mining, factories, sewage treatment plants, and other worksites to establish the infrastructure of Japan and many other nations, and providing products, technologies, and services that include high-quality chemicals and materials such as copper and other electronic materials needed for developing into an advanced, information-oriented society.

Furukawa Co., Ltd. was established to engage in the business of copper mining, and throughout our history, we have continuously supported the modernization of Japan and achieved growth together with society while also earnestly tackling social issues. At the time of our founding in 1875, Japan was in the midst of industrial



development, and the copper mining business was a key industry that influenced Japan's growth. Amidst these circumstances, the company has continuously supported Japan's growth by instigating technological innovations through the introduction of rock drills and other mining machinery from overseas, and by building the Ashio Copper Mine into the nation's largest in terms of output.

Copper mine development was a national policy priority, but the manifestation of pollution problems forced us to the brink of a shutdown. Our precursors faced these issues head-on, and developed new pollution controls, by-product recycling technologies, and other technologies and methods, and worked together with local communities and other stakeholders toward resolutions of the problems.

I am proud that the inclination to make earnest efforts to resolve social issues remains a part of the Group's DNA. For example, battery-driven UNIC cranes conserve energy and make less noise, and have also helped improve work environments because they do not emit any exhaust. The fully automated drill jumbos we released last year have not only ensured worker safety by automating excavation work at mountain tunnel construction sites, but have also streamlined and increased the precision of perforation work, improving productivity and helping resolve issues such as the difficulty of securing skilled workers.

Accordingly, the Group's role and mission in society is to utilize its amassed technologies—as well as the technologies advanced and developed by innovating and combining them—to resolve today's social issues. These activities successfully contribute to the resolution of social issues, and are a practical example of marketing-based management that incorporates the precepts of CSV,* which the Group is pooling its efforts to promote. I hope to increase our corporate value by continuing to constantly interpret things from the customer's perspective, grasping the problems they are facing as well as invisible issues and needs, and leveraging the Group's strengths to provide value to society.

* Creating Shared Value (CSV) is a management framework that enables companies to simultaneously create social value and corporate value by tackling social, environmental, and other issues.

Q. What were the outcomes of CSR activities in fiscal 2021, and what are the upcoming challenges to promoting such activities?

We aim to incorporate the angle of sustainability into our corporate management, and establish a new order for a companywide response.

We are formulating our Ideal Image for CSR 2025 to accompany Furukawa Power & Passion 150, our Vision for 2025, the 150th anniversary of our founding. We have also formulated and are promoting activities toward CSR Medium-Term Goals (fiscal 2021–2023) based on backcasting.

Due to the pandemic, we were unable to make progress on some activities as planned in fiscal 2021, but committees, lead departments, and others were able to steadily implement activities under the direction and supervision of the CSR Promotion Meeting. Among the main outcomes of the activities are (1) the promotion of activities for quality assurance and product safety under the Group's new Quality Assurance Management Department, (2) the formulation of basic policy and guidelines for preventing bribery and corruption, (3) the revision of supplier CSR questionnaire survey items based on the results of surveys given to major suppliers, and (4) the revision of our personnel evaluation system.

However, we must take steps to resolve issues that require the efforts of the entire company, including responding to climate change-related risks and the drive to become carbon neutral, and due diligence for human rights. Toward that end, we are establishing an administrative system to comprehensively address risks to the Group. In light of changes to the business environment, we will incorporate the angle of sustainability into our corporate management, and establish a new order for a companywide response based on a sense of unity between corporate and operations departments in order to resolve issues that were difficult to take action on under our previous vertically oriented organizational structure and departments.

These reforms will keep us moving ahead on activities in Phase 2 (fiscal 2021–2023).

Q. How, specifically, are you addressing climate change-related risks?

We will identify the risks of climate change and their impact on business activities, and respond accordingly by incorporating them into our business strategies in order to create sustainable value for the Group.

In October 2020, the Japanese government made a Carbon Neutral Declaration in which it stated the goal to achieve virtually zero greenhouse gas emissions by 2050. We are rushing into an age of decarbonization, and we envision that the shift to a society that is conscious of the balance between the economy and the environment will accelerate even more.

In order to create such a society, we need both innovation

and research and development for achieving carbon neutrality. The Group already provides products that contribute to CO₂ reduction, but we will capitalize on our push for marketing-based management that incorporates the precepts of CSV to provide products, technologies, and services that substantially reduce greenhouse gas emissions, thereby contributing to the realization of a decarbonized world.

We are also aware that investors focus on business strategies and risk management capacity as it pertains to climate change, and that they demand that companies disclose climate-related information.

The Group views the risks brought on by climate change as major problems for business continuity, and sees responding to climate change as an urgent issue. For example, floods, typhoons, and other natural disasters caused by climate change inflict damage on the Group's production locations and suppliers, bringing many conceivable risks not only to our procurement and product delivery, but also to our distribution and other business activities. We must identify the risks of climate change and their impact on business activities, and respond accordingly by incorporating them into our business strategies in order to create sustainable value for the Group.

Toward that end, we will make efforts on all manner of measures including energy-saving and capital investment, and work to disclose information as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).^{*} Specifically, we are considering launching a new organization to consider and examine these matters. As the person responsible for managing the Furukawa Company Group, I will take the lead in driving these considerations forward with a sense of urgency.

^{*} TCFD: Task Force on Climate-related Financial Disclosures. Established by the Financial Stability Board (FSB) at the request of the G20 to consider the details of disclosing climate-related information and the response of financial institutions.

Q. What is your basic approach to human resources strategy?

I believe the ambition and pride that each and every employee has in their work connects to the concept of helping society, thereby creating a company that is indispensable to society.

For the Group to continue to grow sustainably, I believe it is essential to utilize our diverse human resources and promote a wider array of work styles to create motivating work environments that put us in a position to maximize each and every employee's capabilities and create new value. We are also making efforts to recruit and train talented people based on the Group's growth strategies.

This fiscal year, we conducted an employee engagement survey. The intent was to earnestly listen to employees' views and use them to undertake various reforms, but the underlying aim was to become a company where people feel inspired by their work. I believe this kind of company is a place where employees can immerse themselves in their work and gain a sense of fulfillment. It is also a place where they can voice their opinions to their colleagues and the rest of the company to create a sense

of solidarity and invigorate both the individuals and the company as a whole. We modified our personnel evaluation system in fiscal 2021 in order to bring this vision to fruition. We also shifted to a system that facilitates communication and gives superiors and their subordinates ample opportunities to talk to each other and exchange feedback, all in an effort to leave employees with a greater sense of acceptance from their evaluations.

Accordingly, the ambition and pride each and every employee has in their work is the source of the company's ability to improve operations and meet customers' expectations. When we have achieved those goals, we feel a sense of accomplishment for having helped customers and society, which helps the Group continue to be indispensable to society.

Q. If you would, please conclude with a message to the stakeholders.

To fulfill stakeholders' expectations, we aim to embody our philosophy of continuing to be a company that is indispensable to society.

To grow sustainably amid the upheaval of the business environment, we must have a shared vision and come together as a Group to advance our reforms. Toward that end, we will leverage the experience and technologies we have cultivated to date to press forward in pursuit of our Vision for 2025, with power and passion, and on the strength of the Group's distinct marketing-based management that incorporates the precepts of CSV. The most important thing is for every Group employee and officer to summon their resolve to explore every last frontier in order to achieve the vision. This is why I, too, will do my very best, drawing on my hopes for the future as well as my resolve to face whatever is ahead.

To continue to fulfill the expectations of each and every stakeholder, we aim to embody our philosophy of continuing to be a company that is indispensable to society.

