

Supplier Relations

Relevant SDGs



Ideal image for 2025

Pursue QCD based on CSR-oriented procurement aimed at sustainable manufacture and sales of products trusted by customers

PLAN & CHECK //

Fiscal 2021 targets and assessments	Achievement
1 Establish a PDCA ¹ cycle for the process from CSR surveys to follow-up for major suppliers	★★★★
2 Strengthen management (QCD ² + CSR) of major suppliers	★★★
3 Foster partnerships with suppliers	★★★
4 Continue Groupwide CSR-oriented procurement activities	★

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

¹ PDCA: Abbreviation for plan (P), do (D), check (C), and action (A)
² QCD: Abbreviation for quality (Q), cost (C), and delivery (D)

Fiscal 2022 targets

- 1 Launch the second CSR survey for major suppliers
- 2 Strengthen management (QCD + CSR) of major suppliers
- 3 Foster partnerships with suppliers
- 4 Continue Groupwide CSR-oriented procurement activities



DO //

Basic Approach

The Furukawa Company Group aims to build and maintain mutually beneficial and reciprocal trust-based relationships by exchanging information with suppliers and otherwise emphasizing communication. Here, we adhere to the principles of fairness and impartiality, comprehensive economic rationality, and the spirit of compliance with laws and confidentiality as set out in the Furukawa Company Group Basic Procurement Policies. At the same time, we encourage procurement activities that take CSR into consideration based on partnerships with our suppliers.

In addition, we are making efforts to procure copper ore from mines outside Japan in ways that consider the environmental impacts, labor problems, and other issues.

Promoting CSR Activities in the Supply Chain

The Group's Procurement Division began conducting surveys and explaining the aims of the Group's CSR procurement to both new and existing suppliers in 2016, and administered the first supplier CSR survey in fiscal 2020 based on the belief that cooperative relationships are essential not only within the Group, but also with suppliers and throughout the entire supply chain.

We reflected on points for improvement in the first survey, and made improvements to the wording to elicit a more accurate understanding of the content and enable proper evaluations. We will start administering the improved second supplier CSR survey in fiscal 2022.

We are also moving through the PDCA cycle for the process from the surveys to follow-up in an effort to promote, maintain, and improve CSR activities, which include the supply chain.

Summary of Initial Supplier CSR Surveys Administered to Major Suppliers of Group Operating Companies

The supplier CSR survey included questions about suppliers' monitoring of both environmental aspects and social problems,

and we received responses to the questions from each of the 154 major suppliers to which the survey was administered.

We administered additional surveys and conducted follow-up monitoring on-site at the roughly 20 suppliers identified by the survey as having low awareness of CSR, and discovered that the evaluations were not accurate because the suppliers interpreted some of the questions incorrectly or graded themselves too harshly. In response, we introduced and explained our efforts to help suppliers gain a proper understanding and evaluate themselves more accurately, and confirmed that there are no problems with those suppliers.

● 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

● Report of Supplier CSR Survey

	FY2017–FY2109	FY2020	FY2021
Number of suppliers to which the survey was administered	154 major suppliers (out of roughly 1,000)	100% response rate	-
Number of suppliers interviewed (Plan: 8 (only those for which it is necessary))		3 companies (no problems)	None*

*Delayed due to the pandemic

ACTION //

[Comment from the Responsible Department] Overview of Fiscal 2021

Naoki Ikeda
General Manager, Purchasing Department



Furthering Partnerships with Suppliers and Promoting CSR Activities in the Supply Chain

In fiscal 2021, we evaluated the initial supplier CSR surveys administered from fiscal 2017 to fiscal 2020 in total, and made improvements. In the course of evaluating the surveys, we held follow-up discussions with the suppliers who cooperated in taking the survey, and had them point out questions or multiple-choice responses with wording that was difficult to understand. Accordingly, we improved the wording to elicit proper interpretations and assessments. In fiscal 2022, we plan to start administering the improved second supplier CSR survey to core operating companies.

We intend to continue following up and otherwise staying in close communication with our suppliers to further our partnerships and encourage a better understanding of the Group's CSR procurement.

We are also committed to making contributions to society throughout the entire supply chain through CSR activities.

Training personnel responsible for procurement

The Purchasing Department of Furukawa Co., Ltd. is constantly striving to strengthen the procurement system by holding seminars for department members.

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

Strengthening Relations with Major Suppliers: Fostering Partnerships

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

Thus, in order to strengthen these partnerships, we intend to continue to use CSR initiatives to deepen mutual understanding and further foster trust-based relationships in fiscal 2022 as well.

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



Offering technical guidance to an affiliate in Japan

(Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa Unic Corporation) to offer guidance, recommendations, and other support to suppliers as necessary.

In fiscal 2021, the methods by which we provided technical guidance to suppliers were limited by the spread of the novel coronavirus. In particular, with our overseas affiliates, we held online meetings featuring videos to check and provide guidance on fabrication processes, material management, quality inspection systems, 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.

Materials Strategy Conferences

Each year, the company's Purchasing Department holds two Materials Strategy Conferences attended by the managers of Purchasing Department at core operating companies in the Machinery segment.

At these conferences, in an effort to promote procurement activities based on the Furukawa Company Group Basic Procurement Policies, participants confirm each operating company's progress on annual targets and exchange opinions toward issue resolution.

In fiscal 2021, participants examined in detail and exchanged opinions on CSR procurement in the Materials segment and strengthened supplier management geared toward fostering partnerships, core elements of Vision for 2025 for the Procurement segment.

More focused activities are carried out as opportunities to examine initiatives consistent with the policies of the Materials Strategy Conferences in more detail; these activities include scheduled monthly meetings at each operating company and meetings held for individual projects as needed.