

Furukawa Company Group

Sustainability Book 2023

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About the Furukawa Company Group Sustainability Book 2023

Editorial Policy

The Furukawa Company Group published its first Environmental Report in 2003, and since 2013 it has published a CSR Report (renamed the Sustainability Report in fiscal 2022) with enhanced information on corporate social responsibility (CSR).

From this fiscal year, we have decided to disclose non-financial information (such as sustainability-related policies and strategies and some numerical data) in our Integrated Report and disclose other sustainability-related information (such as activity reports and numerical data) in this Sustainability Book. We will strive to enhance the content of the report by presenting the Group's approach to sustainability and medium- to long-term growth potential from a non-financial perspective in an easy-to-understand manner.

In consideration of the environment, the Sustainability Book is published in PDF format only.

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 Chairman of the Sustainability Promotion Meeting.

Target Period

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

Report Scope

Reporting Content	Company Names
Overall (Excluding Environmental Data and Environmental Accounting)	Furukawa Co., Ltd., and its consolidated subsidiaries
Environmental Data	Manufacturing Division of Furukawa Industrial Machinery Systems Co., Ltd.; Takasaki Yoshii Works of Furukawa Rock Drill Co., Ltd.; Sakura 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 C&F Co., Ltd.; Ashio Rock Drill Co., Ltd.; and FRD Iwaki Co., Ltd.
Environmental Accounting	Manufacturing Division of Furukawa Industrial Machinery Systems Co., Ltd.; Takasaki Yoshii Works of Furukawa Rock Drill Co., Ltd.; Sakura 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 C&F Co., Ltd.; Ashio Rock Drill Co., Ltd.; FRD Iwaki Co., Ltd.; Advanced Technology Department and Material Research & Development Department of Furukawa Co., Ltd.; and Yamaishi Metal Co., Ltd.

Referenced Guidelines

- *Sustainability Reporting Standards*, Global Reporting Initiative (GRI)
- *Environmental Reporting Guidelines, 2018 Version*, Ministry of the Environment
- *Environmental Accounting Guidelines, 2005 Version*, Ministry of the Environment
- *JIS Z 26000:2012 Guidance on Social Responsibility (ISO 26000:2010)*, 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 operating companies: Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation, Furukawa Metals & Resources Co., Ltd., Furukawa Denshi Co., Ltd., and Furukawa Chemicals Co., Ltd.

Publication Period

December 2023 (Next: Scheduled for September 2024)

Change in Fiscal Year Notation

Starting with this year's Sustainability Book, we have changed the English notation of "fiscal year" to match the Japanese-language book. Accordingly, the period from April 2022 to March 2023 is now referred to as "fiscal 2022." Similarly, the period from April 2021 to March 2022 is now referred to as "fiscal 2021." Please note that this differs from the fiscal year notation in the previous year's Sustainability Report.

Targets and Results for Fiscal 2022

★★★Goal achieved ★★Partial goal achieved ★Goal not achieved

ESG	Organizations	Targets for FY2022	Results	Evaluation	
Environmental	Environmental & Safety Management Committee	Environment and safety	<ul style="list-style-type: none"> Continuously improve environmental performance (CO₂, water resources, waste, and chemical substances) <ul style="list-style-type: none"> Strengthen management of progress of Fourth Medium-Term Reduction Targets Promote activities to achieve carbon neutrality Promote activities to reduce hazardous chemicals (e.g., switching to alternative substances) Promote education that contributes to environmental protection activities 	<ul style="list-style-type: none"> Environment/Safety Promotion Meetings (Environment Meetings): Held discussions about achieving targets and decided on future actions Achieved FY2022 reduction targets for CO₂, water, and waste Introduced solar power generation equipment, electric forklifts, and highly energy-efficient production facilities and equipment; conducted research into energy-saving measures through optimal production processes, etc. Conducted research into non-PRTR alternatives for cleaning solvents Provided environmental protection training while maintaining ISO 14001-compliant operations 	★★★
			<ul style="list-style-type: none"> Enhance preventive measures to achieve accident- and disaster-free operations <ul style="list-style-type: none"> Aim for a continuous severity rate of 0.03 or lower Strengthen safety measures through environmental and safety audits Strengthen safety management activities by providing guidance and education based on the workstyle of each Group company Enhance hazard sensitivity and safety training for managers and supervisors 	<ul style="list-style-type: none"> Identified problems and provided education and guidance through environmental and safety audits and on-site inspections following accidents Provided education and guidance based on the workstyle of each Group company through environmental and safety audits, Environment/Safety Promotion Meetings, etc. Provided education and guidance for managers and supervisors to enhance near-miss responses and safety management activities Although severity of occupational accidents declined year on year, the number of occupational accidents (including non-lost-time injuries) has not decreased 	★
			<ul style="list-style-type: none"> Promote biodiversity protection activities <ul style="list-style-type: none"> Promote ongoing environmental protection activities, including greening initiatives and forest management Promote ecosystem restoration activities on Company-owned land, former mine sites, etc. 	<ul style="list-style-type: none"> Held discussions with local forest owners' cooperative regarding future cutting of timber and new planting Continued firefly rehabilitation activities at former Kune Mine; began rehabilitation activities at former Ashio Copper Mine (FY2021); fireflies confirmed to be active (FY2022); continued activities to regenerate other flora and fauna 	★★★
		Suspended or abandoned mines	<ul style="list-style-type: none"> Improve on-site capabilities by passing on knowledge and skills Maintain and manage mine run-off treatment facilities Improve final disposal sites and adits 	<ul style="list-style-type: none"> Held employee training to improve their knowledge and skills Engaged in various projects to strengthen resilience of wastewater treatment facilities during heavy rainfall (Ashio Mine and Kune Mine) Identified work that is hazardous to assure safety 	★★★
			1. Reduce number/cost of complaints (continued)	● Reduction target not achieved	★
			2. Continuously improve product safety (continued)	● Strengthened risk assessment and education for new products	★★★
Social	Quality Assurance Committee	3. Monitor and continuously improve quality assurance system	● Optimal use of digital technology in each process under consideration	★★	

★★★Goal achieved ★★Partial goal achieved ★Goal not achieved

ESG	Organizations	Targets for FY2022	Results	Evaluation	
Social	Human Resources & General Affairs Department	<ul style="list-style-type: none"> Develop talented human resources <ul style="list-style-type: none"> Ensure ample number of necessary personnel Strengthen recruitment activities Implement new training system 	<ul style="list-style-type: none"> Fell short of target despite continued recruitment of experienced workers Offered internships and held events to attract a group of potential candidates Reformed existing grade training and conducted training for first- and fifth-year employees, and grade-specific training 	★★	
		<ul style="list-style-type: none"> Promote health and productivity management <ul style="list-style-type: none"> Reduce total annual working hours Promote health management and reduce health risks 	<ul style="list-style-type: none"> Cut overtime and reduced total annual working hours to below 2,000 hours Continued studying measures to improve exercise habits; recommended follow-up examinations for those with health checkup anomalies and training for employees in high-stress workplaces 	★★	
		<ul style="list-style-type: none"> Promote diversity <ul style="list-style-type: none"> Increase ratio of female managers Increase ratio of employment of people with disabilities Promote activities of older workers 	<ul style="list-style-type: none"> Increased recruitment of female employees and took measures to improve retention rate Worked to maintain employment of people with disabilities Considered employment opportunities for older workers (aged 65 and over) 	★★★	
		<ul style="list-style-type: none"> Improve internal working environments <ul style="list-style-type: none"> Coordinate and maintain productive work environments 	<ul style="list-style-type: none"> Conducted research into and study of satellite offices 	★★★	
	Purchasing Department	<ul style="list-style-type: none"> Conducted 2nd CSR survey of major suppliers of other offices and provided follow-up 	<ul style="list-style-type: none"> Sent questionnaires to 40 major Group 2¹ suppliers In April 2023, visited two Group 1² companies surveyed and flagged for follow-up in FY2021 and confirmed that there were no problems. 	★★	
		<ul style="list-style-type: none"> Strengthened management (QCD + sustainability) of major suppliers 	Systematization underway to use vendor data for initial response in the event of a disaster	★★	
		<ul style="list-style-type: none"> Fostered partnerships with suppliers 	Engaged in close communication through visits and web conferences	★★★	
		<ul style="list-style-type: none"> Started Companywide campaign to promote sustainability-focused procurement 	Provided training for personnel in charge of purchasing at three machinery plants and Furukawa C&F Co., Ltd.	★★★	
	Governance	Risk Management Committee	<ul style="list-style-type: none"> Start using list of risks 	Conducted risk inventories at each division of Furukawa Co., Ltd., and each Group company; evaluation of materiality of inventory risks underway	★★
			<ul style="list-style-type: none"> Identify, review, and evaluate significant risks and report to the Board of Directors 	Identified, reviewed, and evaluated significant risks	★★
<ul style="list-style-type: none"> Establish environmental risk management system 			Established Environmental Risk Sectional Meeting	★★★★	
<ul style="list-style-type: none"> Establish human rights risk management system 			Established Human Rights Risk Sectional Meeting	★★★★	
Compliance Committee		<ul style="list-style-type: none"> Provide video-based compliance training 	Provided video-based compliance training for newly hired employees	★★	
		<ul style="list-style-type: none"> Take action to address results of compliance awareness survey 	Disclosed results of compliance awareness survey; provided compliance training for personnel in offices with relatively low scores	★★★★	
		<ul style="list-style-type: none"> Revise the Compliance Manual 	Revised the Compliance Manual and updated on internal portal	★★★★	
		<ul style="list-style-type: none"> Take measures to inform all Group companies about whistleblowing system 	Updated whistleblowing system information section of internal portal; created poster to inform all Group companies about the system and distributed it to them	★★★★	

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

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

Targets for Fiscal 2023

ESG	Organizations	Targets for FY2023		
Environmental	Environmental & Safety Management Committee	Environment and safety <ol style="list-style-type: none"> Promote continuous improvement of environmental performance (CO₂, water resources, waste, and chemical substances) <ul style="list-style-type: none"> Strengthen efforts to achieve Fourth Medium-Term Reduction Targets Promote preventive measures through analysis of environmental data Promote activities to reduce greenhouse gas emissions by 46% (vs FY2013) by 2030 and achieve carbon neutrality by 2050 Promote activities to reduce use of hazardous chemical substances (PRTR substances), including by reducing consumption, improving basic unit compared with previous fiscal year, and switching to alternative substances Promote education and other initiatives to improve environmental protection Strengthen efforts to achieve accident- and disaster-free operations <ul style="list-style-type: none"> * Aim for a continuous severity rate of 0.03 or lower Promote activities to achieve accident- and disaster-free operations (especially for inexperienced and older employees) Strengthen activities to eliminate unsafe conditions and behaviors Promote education and guidance to enhance hazard sensitivity according to the workstyle of each Group company Promote biodiversity protection activities <ul style="list-style-type: none"> Promote improvements to reduce impact of our business activities on the ecosystem Promote environmental protection and ecosystem restoration activities through continuous greening activities and forest management on Company-owned land and former mine sites (including greening of plant sites) 		
		Suspended or abandoned mines <ol style="list-style-type: none"> Improve on-site capabilities by passing on knowledge and skills Maintain and manage mine run-off treatment facilities Improve final disposal sites and adits 		
Social	Quality Assurance Committee	1. Strengthen activities to raise awareness about quality (Companywide)		
		2. Reduce number/cost of complaints (Machinery-related companies)		
		3. Establish and continuously improve quality assurance system [Take action in accordance with the quality roadmap] (Machinery-related companies)		
		4. Strengthen quality assurance system [Review existing methods and consider new ones] (Materials-related companies)		
Human Resources & General Affairs Department	Human Resources & General Affairs Department	<ol style="list-style-type: none"> Develop and retain talented human resources <ul style="list-style-type: none"> Introduce talent management system Establish category-specific education policies Activate job rotation Consider training young employees in specialized positions Improve internal working environments <ul style="list-style-type: none"> Reduce total annual working hours (2,000 hours or lower) Strive to earn certification as Health and Productivity Management Organization (White 500) Centralize common administrative tasks Promote diversity <ul style="list-style-type: none"> Increase ratio of female managers Actively hire foreign employees Increase employment of people with disabilities 		
		Purchasing Department	Purchasing Department	1. Follow up 2nd CSR survey of major suppliers of other offices (Group 2)
				2. Strengthen management (QCD + sustainability) of major suppliers
Governance	Risk Management Committee	3. Foster partnerships with suppliers		
		4. Start promoting Companywide sustainability-conscious procurement activities		
Governance	Compliance Committee	1. Practice Companywide risk management using list of risks		
		2. Environmental Risk Sectional Meeting: Discuss environmental risks and report to the Risk Management Committee		
Governance	Risk Management Committee	3. Human Rights Risk Sectional Meeting: Discuss human rights risks and report to the Risk Management Committee		
		4. Group BCP Sectional Meeting: Develop BCP manual and report to the Risk Management Committee		
Governance	Compliance Committee	5. Information Security Sectional Meeting: Develop information system and report to the Risk Management Committee		
		1. Revise manual on the Anti-Monopoly Act etc.		
Governance	Compliance Committee	2. Share information on compliance violation cases		
		3. Expand compliance training		
Governance	Compliance Committee	4. Revise the Privacy Policy		

Environmental Management

Basic Approach

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 global warming, we are promoting activities in line with our Fourth Medium-Term Reduction Targets, which are based on Vision for 2025, as well as various activities aimed at achieving carbon neutrality by 2050. To protect the environment, we are working to enhance our risk response capabilities, including by strengthening resilience against natural disasters and stepping up preventive activities through data visualization and quantification.

In addition, we will take measures to further reduce the impact of our business activities on the ecosystem. We will also systematically promote activities to protect and restore nature and ecosystems. These include ongoing greening activities and the development of management plans that include cutting trees in mountain forests and planting new ones.

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

Environmental & Safety Management Committee

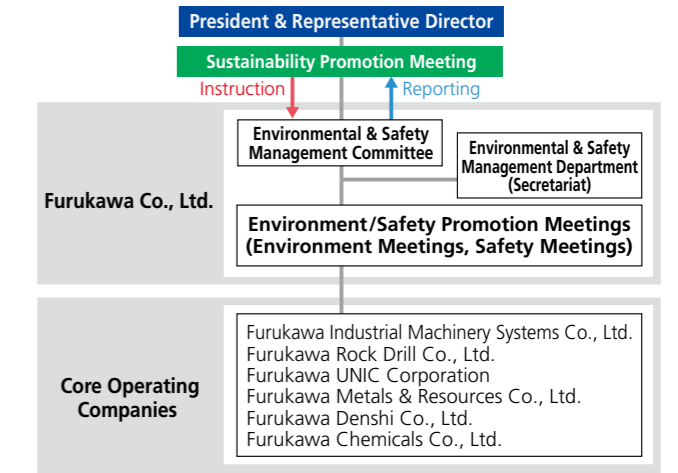
Important matters related to environmental protection and occupational health and safety of the Group are drafted and deliberated by the Environmental & Safety Management Committee, whose members include top management from each of our production centers. At its meeting held in April 2023, the Committee reported on priority environmental and safety activities and their results in fiscal 2022, the progress and future transition of the Fourth Medium-Term Reduction Targets, the status of efforts toward carbon neutrality, and biodiversity preservation activities. The Committee also disseminated information on revisions to laws and regulations related to environmental protection and occupational health and safety and received safety-related instructions from the Environmental & Safety Management Department to prevent recurrence of accidents and disasters that occurred in fiscal 2022.

In fiscal 2022, each office focused on “near-miss” scenarios and made certain progress, including a decrease in the number of serious accidents. However, the number of accidents and disasters remains high. Accordingly, we reported on and received approval for priority environmental and safety activity targets for fiscal 2023, including reinforcement of efforts to achieve accident- and disaster-free operations.



Environmental & Safety Management Committee

Environment & 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

Environmental and Safety Audits

The Furukawa Company Group is working to improve the quality of environmental protection and health and safety 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. Specifically, we conduct environmental and safety audits from May to June each year to help improve our on-site capabilities.

With respect to the environment, in fiscal 2023 we checked the status of compliance with laws and regulations and managed progress in CO₂ emissions, water consumption, waste, and other environmental performance indicators. We also confirmed that the results of the previous fiscal year’s management review of the ISO 14001 internal audit were appropriately addressed.

In terms of safety, we confirmed the status of education and risk assessments related to Japan’s Industrial Safety and Health Act, efforts to improve hazard sensitivity, and compliance with new chemical substance regulations.



Oyama Works, Furukawa Industrial Machinery Systems Co., Ltd.

Environment/Safety Promotion Meetings

Previously, the Environment/Safety Promotion Meetings were held annually with participation of personnel in charge of environmental and safety matters. The purpose was to take steps to improve environmental protection and occupational safety and health activities at each production center. However, the sessions are now divided into Environment Meetings and Safety Meetings, both held annually, with the aims of developing staff in charge of environmental and safety matters and further raising the level of activities at each site.

Safety Meetings

The fiscal 2022 Safety Meeting was held in July 2022 at the Ashio Office of Furukawa Co., Ltd. At that meeting, attendees received guidance on the use of protective equipment in accordance with revised laws and regulations, precautions to be taken during storage of such equipment, and how to manage chemical substances. Participants also actively discussed various topics, such as ways to prevent accidents and disasters and education to improve hazard sensitivity. At the meeting, it was decided to strengthen "near-miss" activities as a way to achieve accident- and disaster-free operations.



Fiscal 2022 Safety Meeting at the Matsuki loading yard of the Ashio Office

Environment Meetings

The fiscal 2022 Environment Meeting was held in November 2022 also at the Ashio Office. At that meeting, participants discussed environmental laws and regulations related to the operations of each site, as well as progress and measures to achieve the Fourth Medium-Term Reduction Targets, and received guidance for future activities. To prevent future environmental and equipment accidents, it was decided to enhance work procedure manuals, pre-work meetings, and workplace patrols.



Fiscal 2022 Environment Meeting at the Nakasai water purification plant of the Ashio Office

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

The Fourth Medium-Term Reduction Targets, which cover fiscal 2019 to fiscal 2028, deal with predicted upcoming increases in environmental performance factors (CO₂ 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 CO₂ emissions by 2%, water consumption by 2%, and total other emissions, including waste, by 3%, respectively, relative to the predicted figures for fiscal 2028.

In fiscal 2022, the fourth year of the Fourth Medium-Term Reduction Targets, we met our targets for CO₂ emissions, water consumption, and total other emissions, including waste.

In fiscal 2023, the fifth year of the Fourth Medium-Term Reduction Targets, we will accurately monitor progress at each site and continue working to achieve our reduction targets.

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

	FY2028		FY2022 (Fourth Year)	
	Reduction target*	Reduction target	Reduction result	
CO ₂ emissions	2%	0.8%	27.4%	
Water consumption	2%	0.8%	3.4%	
Total other emissions, including waste	3%	1.2%	8.1%	

* Reduction targets relative to predicted fiscal 2028 environmental performance value

ISO 14001 Certification Acquisition Status

The status (acquisition rate) of ISO 14001 certification, the international standard for environmental management systems, in the Furukawa Company Group is as follows.

Domestic	Core operating companies with domestic 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%), as well as the R&D Division
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%)

 [ISO 14001 Certification Acquisition Status](#)

Environmental Accounting

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 2022 was ¥193 million, mainly for measures to prevent pollution at suspended or abandoned mines. In making investments, we have increased our emphasis on preventive measures. As a result, pollution prevention costs accounted for approximately 62% of the total investment.

Total expenses in fiscal 2022 amounted to ¥1,247 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.

Economic Benefits Associated with Environmental Protection

In fiscal 2022, Furukawa Chemicals Co., Ltd., commissioned a steam turbine generator at its Osaka Works, resulting in a ¥65 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 ¥243 million.

Environmental Liabilities

In fiscal 2022, we recorded a liability of ¥58 million for PCB waste disposal costs. This was deemed a reasonable estimate of expected future environmental liabilities as of March 31, 2023.

Environmental Protection Costs (by Business Activity)

(Millions of yen)

Category	Principal Activity	Investment	Cost
(1) Business area costs		188	996
Breakdown	Pollution prevention cost	120	675
	Global environmental protection cost	69	68
	Resource circulation cost	0	253
(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.	0	68
(4) R&D cost	R&D to develop products that contribute to environmental preservation	4	163
(5) Social activity cost	Community cleanups and greening, etc.	0	11
(6) Environmental remediation cost	Recovery from environmental degradation caused by business activities	0	0
Total		193	1,247

Environmental Protection Benefits

Category	Environmental Performance Indicator (Unit)	FY2021	FY2022	Change
Benefits related to resources input into business activities	Total energy consumption (thousand GJ)	472	410	Down 62 thousand GJ
	Total water consumption (thousand m ³)	618	568	Down 50 thousand m ³
Benefits related to waste and environmental impact originating from business activities	CO ₂ emissions (t-CO ₂)	22,104	19,536	Down 2,568t-CO ₂
	Total other emissions, including waste (t)	6,347	6,459	Up 112t

Economic Benefits Associated with Environmental Protection (Material Benefits)

(Millions of yen)

Benefit	Amount
Resource circulation (including gains from sales of materials with value)	243
Energy-saving benefits	65
Total	309

Biodiversity Protection Activities

11th Ashio Cherry Tree-Planting Drive and Sixth Furukawa-no-mori Tree-Planting Drive Held

The Furukawa Company Group formed the Ashio Cherry Tree-Planting Drive, which aims to plant 1,000 cherry tree saplings on Company-owned land in Ashio-machi (Nikko City, Tochigi Prefecture) as part of its own greening activities. Since the first event in March 2009, we have held tree-planting drives every year. Due to COVID-19, the event had to be canceled for two years, from 2020 to 2022. In April 2023, however, we held our 11th tree-planting event, which was attended by 81 people, including the Group's employees and their families. This year, we planted 60 *Somei-Yoshino* cherry trees, bringing the total number of trees planted to date to 600. The amount of CO₂ absorbed by 600 cherry trees is approximately 30 t-CO₂/year, which is equivalent to that exhaled by roughly 80 people annually.

Also in April 2023, we held the sixth Furukawa-no-mori Tree-Planting Drive (organized by the Tochigi Furukawa Association*) on Company-owned land in the Matsuki area of Ashio-machi. A total of 69 members from 19 Tochigi Furukawa Association member companies participated, planting 40 *Somei-Yoshino* cherry trees.

We will continue hosting both events in the future.

* Organization of companies in Furukawa Group in Tochigi Prefecture



11th Ashio Cherry Tree-Planting Drive, held in April 2023



Ashio Cherry Tree-Planting Drive



Sixth Furukawa-no-mori Tree-Planting Drive, held in April 2023

Firefly Restoration Activities at Former Kune Mine and Ashio Mine Sites

Fireflies are organisms that reflect environmental conditions, with their presence considered a sign of a healthy water environment. It is said that *Genji-Botaru* (*Luciola cruciata*) used to dance wildly at the former Kune Mine (Shizuoka Prefecture), which, along with the Ashio Copper Mine once supported the copper-producing operations of Furukawa Co., Ltd. With the aim of restoring an environment where fireflies can live sustainably and leave it to the next generation, our Environmental & Safety Management Department has continued restoration activities at the former mine sites. As a result, the fireflies can now be seen dancing from late June to early July each year.

The Department also works with the Ashio Office to protect and restore other natural environment in the Ashio area, which is a habitat for such familiar creatures as fireflies, dragonflies, and beetles.

In fiscal 2021, we began firefly restoration activities at the former Ashio Copper Mine site (Nikko City, Tochigi Prefecture), and in fiscal 2022 we were able to confirm the existence of active fireflies. Since the beginning of fiscal 2023, moreover, we have seen many more fireflies in action.

We will continue striving to restore the rich ecosystem and focus on preserving and regenerating environments where fireflies can flourish throughout their lives.



Light-trails of fireflies swarming around the biotope (on Company-owned property in Nikko City)

Resource Circulation and Pollution Prevention

Waste Reduction and Resource Circulation Approach and Initiatives

Based on its Fourth Medium-Term Reduction Targets, the Furukawa Company Group has set a target of reducing total other emissions, including waste, by 3% compared with the level predicted for fiscal 2028. With this in mind, we are working to curb waste generation and promote recycling.

Our activities to reduce waste and resource circulation cover the entire product life cycle, from initial design to manufacturing and final disposal.

Specifically, we are developing products that take yield improvement into consideration at the design stage, improving yield when cutting steel at the manufacturing stage, reducing paint scraps by enhancing coating efficiency, simplifying various types of packaging and reusing packaging materials, and emphasizing the use of returnable shipping cartons when delivering parts.

In light of the Act on Promotion of Resource Circulation for Plastics, which went into effect in April 2022, we are working to further reduce the amount of plastic used by horizontally replicating successful efforts to reduce plastic usage at each Group company.

The final disposal rate (rate at which waste in the Group is disposed of as landfill) has generally remained in the 7–8% range over the past several years, and the rate in fiscal 2022 was 6.7%.

Water Resource and Prevention of Water Pollution: Approach and Initiatives

Based on its Fourth Medium-Term Reduction Targets, the Furukawa Company Group has set a target of reducing water consumption by 2% compared with the level predicted for fiscal 2028. With this in mind, we are working to improve water usage efficiency and promote water reuse.

To protect water resources, we conduct regular monitoring at our production sites, assess the risks at each site, and strive to conserve water. For business/production sites with high water consumption, we conduct surveys of current conditions, set reduction targets, and take measures to reduce consumption. In addition, we systematically maintain and manage Company-owned forests, which serve as water sources.

TOPICS

List of Our Products Giving Consideration to Humans and the Environment

To help realize a sustainable society, the Group actively develops and promotes environmentally friendly products that are conducive to environmental protection and carbon neutrality.

List of Our products Giving consideration to Humans and the Environment
As of Jul. 1st, 2023

Product name	Product photo	Concept of the considering topics for humans and environment												
		Safe to use	To improve the	Energy-saving	Reduction of CO ₂	Recycling	Low-carbon	Water-saving	Prevention of	Prevention of	Prevention of	Prevention of		
Berry Paper Berry transportation														
Berry Paper for Mail Berry Paper for Mail Large quantity transportation Large quantity transportation														
Recycle Paper Recycle Paper														
Environmentally friendly Environmentally friendly Environmentally friendly														
Environmentally friendly Environmentally friendly Environmentally friendly														
Pipe connectors Pipes connectors														
Large quantity transport Large quantity transport Large quantity transport														
Crushers Crushing equipment for waste, Crushing equipment for waste, Crushing equipment for waste,														
Berms Berms														
Belted Belted Belted														
Drilling machines Drilling machines Drilling machines														
Drives Drives Drives														
Hydraulic excavators Hydraulic excavators Hydraulic excavators														
Hydraulic excavators Hydraulic excavators Hydraulic excavators														
Hydraulic excavators Hydraulic excavators Hydraulic excavators														

List of Our Products Giving Consideration to Humans and the Environment

Management of Chemical Substances: Approach and Initiatives

While chemical substances are indispensable in our daily lives, they also present social issues with respect to safety. With this in mind, the Furukawa Company Group appropriately manages risks and works to reduce emissions of volatile organic compounds (VOCs) and other chemical substances in accordance with global laws, regulations, and trends.

In the Key Environmental and Safety Activity Targets formulated every year, the Group has set targets for reducing hazardous chemical substances by switching to alternatives. In fiscal 2022, we investigated ways to switch our cleaning solvents to substances not covered by the PRTR^{*1}. Based on the results of the investigation, in fiscal 2023 we are working to switch to alternative substances while also recycling solvents. In addition, we are analyzing data on the use of chemical substances in each work process and working to reduce the amount used.

*1 Pollutant Release and Transfer Register: Notification system for release and transfer of chemical substances

Emission and Transfer of Substances Required to Be Reported under the PRTR System

In fiscal 2022, the number of substances we used covered by the PRTR decreased by one, from 14 in the previous fiscal year to 13. During the year, we worked to reduce chemical substance emissions by improving production processes, installing more detoxification equipment, and conducting proper management. Nevertheless, we reported an increase in emissions of ethylbenzene, xylene, dioxins, and toluene, as well as arsenic and its inorganic compounds, into the atmosphere. Transfers of ethylbenzene, cadmium and its compounds, xylene, 1,2,4-trimethylbenzene, and toluene to off-site locations also increased.

Numbers in blue: Year-on-year increase Numbers in red: Year-on-year decrease Unit: kg/year (mg-TEQ/year for dioxins only)

Substance Number	Chemical Substance	Emissions						Volume Transferred					
		Atmosphere		Public waters		Soil		Landfill at works		Transfer to sewage		Outside of works	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
53	Ethylbenzene	26,127	27,540	0	0	0	0	0	0	0	0	1,840	2,199
75	Cadmium and its compounds	0	0	0	0	0	0	0	0	0	0	5	2,665
80	Xylene	36,285	36,896	0	0	0	0	0	0	0	0	3,982	5,743
87	Chromium and chromium (III) compounds	1	0	0	0	0	0	0	0	0	0	27	10
243	Dioxins	8.3	14.2	0	0	0	0	0	0	0	0	0.19	0.07
272	Copper salts (water-soluble, except complex salts)	0	0	0	0	0	0	0	0	7	5	0	0
296	1,2,4-trimethylbenzene	3,548	3,192	0	0	0	0	0	0	0	0	408	431
300	Toluene	36,293	37,653	0	0	0	0	0	0	0	0	1,029	1,132
308	Nickel	0	0	0	0	0	0	0	0	0	0	1	0
332	Arsenic and its inorganic compounds	4	11	0	0	0	0	0	0	0	0	3,991	3,007
374	Hydrogen fluoride and its water-soluble salts	0	0	6	6	0	0	0	0	0	0	2,090	1,383
412	Manganese and its compounds	16	12	0	0	0	0	0	0	0	0	148	88
453	Molybdenum and its compounds	0	0	0	0	0	0	0	0	0	0	2	0
FY2022 total (excluding dioxins)		102,275	105,304	6	6	0	0	0	0	7	5	13,523	16,658

Community Relations

Basic Approach to Social Contribution Activities

The Furukawa Company Group has a policy of actively participating in society and contributing to its development as set forth in its Charter of Corporate Conduct and its Code of Conduct for Officers and Employees.

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

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

Areas of Focus in Social Contribution Activities

Activities that are closely connected with local communities include participation in local volunteer cleanup drives and inviting children and students to social studies field trips. Through these activities, we focus on harmonious coexistence with local communities and contribute to their development.

We also engage in activities to promote the attractiveness of local communities, including operation and management of the Furukawa Kakemizu Club and the Furukawa Ashio Museum of History (Nikko City, Tochigi Prefecture). In these ways, we help maintain and develop local culture.

Social Contribution Activities: Areas of Focus

Activity Field	Main Activity
Education	Organization of social studies field trips for children and students
Culture and arts	Operation/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 campaigns
Environmental conservation	Tree-planting

Examples of Social Contribution Activities

Hirose River Volunteer Cleanup Drive

Each company in the Group participates in volunteer cleanup activities as part of its contribution to local communities. In April 2023, a total of nine employees and family members from the Tohoku Branch of Furukawa Industrial Machinery Systems Co., Ltd., having taken measures against COVID-19, participated in the 33rd Hirose River Cleanup Campaign (part of the Hirose River 10,000 People Project) in Sendai City, Miyagi Prefecture.



Hirose River 10,000 People Project

Field Trip for Ashio Elementary and Junior High School Students

Ashio Rock Drill Co., Ltd., regularly hosts social studies field trips for local elementary school students. In June 2023, it invited three second- and third-grade students from Ashio Elementary and Junior High School and their teacher for a company tour.

On the day of the tour, the children were briefed on products manufactured by the company and the fields in which those products are used, then visited the pneumatic and hydraulic small breaker manufacturing line. They also experienced for themselves the power of rock drills at a section of the works dedicated to providing hands-on experience with pneumatic rock drills. The children voiced various impressions, such as their surprise at how advanced current rock drills are compared with the old ones and how powerful it was to see drills in action for the first time. The company will continue hosting such field trips in the future.



Scenes of social studies field trip

Employee Diversity

Item	Unit		Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees	Total	Persons	Consolidated	2,757	2,755	2,752	2,804	2,831
	Male	Persons		2,342	2,344	2,339	2,367	2,369
	Female	Persons		415	411	413	437	462
Average age	Total	Years	Full-time employees working in Japan	42.3	42.2	42.5	44.4	43.4
	Male	Years		42.8	42.6	42.9	44.9	43.8
	Female	Years		38.3	38.8	39.1	40.9	40.7
Years of continuous employment	Total	Years	Full-time employees working in Japan	17	16.7	16.9	16.7	16.7
	Male	Years		17.7	17.3	17.5	17.3	17.3
	Female	Years		11.7	12.1	12.5	12.2	13.0
Number of managers	Total	Persons	Consolidated	636	647	665	672	690
	Male	Persons		627	634	651	654	669
	Female	Persons		9	13	14	18	21
Percentage of female managers	—	%	Consolidated	1.42	2.01	2.11	2.68	3.33
Percentage of new hires with experience in management / planning	—	%	Employees of Furukawa Co., Ltd.	—	—	—	—	43.75
Number of foreign national employees	—	%	Consolidated	590	585	567	547	540
Percentage of employees with disabilities	—	%	Consolidated*1	3.48	2.89	2.18	1.86	2.49
Number of employees aged 60 and over	Total	Persons	Domestic employees	219	223	223	267	300
	Male	Persons		202	212	214	250	280
	Female	Persons		17	11	9	17	20
Number of new graduate hires (in Japan)	Total	Persons	Employees of Furukawa Co., Ltd.	62	61	58	70	48
	Male	Persons		53	56	46	54	41
	Female	Persons		9	5	12	16	7
	Foreign national	Persons		3	6	4	4	0
Percentage of women among new graduate hires	—	%	Employees of Furukawa Co., Ltd., in corporate planning positions	—	—	—	—	14.5
Number of employees leaving employment (excluding those retiring)	Total	Persons	Employees of Furukawa Co., Ltd.	25	34	33	48	33
	Male	Persons		24	31	26	44	30
	Female	Persons		1	3	7	4	3
Job turnover rate	—	%	Employees of Furukawa Co., Ltd.	1.45	1.93	1.84	2.62	1.76
Wage gap between male and female employees	—	%	Employees of Furukawa Co., Ltd.	—	—	—	—	69.4

*1 Consolidated companies subject to Japan's employment system for persons with disabilities

Developing Diverse Human Resources

Employment Grade-Specific Training (Conducted by the Human Resources & General Affairs Department)

Item	Unit		Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Average training hours per person	Hours	Persons	Employees of Furukawa Co., Ltd. (corporate planning and management positions)	—	—	—	—	24.9

Note: Training hours (total): 8,950.9 hours; Number of participants (total): 359 persons

Total Training Hours (All Training, Including Training at Business Sites)

Item	Unit		Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Annual training hours	Hours	Persons	Employees of Furukawa Co., Ltd.	—	—	—	—	843.6
Number for trainees	Persons	Persons	Employees of Furukawa Co., Ltd.	—	—	—	—	2,506

Work-Life Balance

Item	Unit		Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees taking parental leave	Total	Persons	Employees of Furukawa Co., Ltd.	39	37	44	50	32
	Male	Persons		33	28	34	38	24
	Female	Persons		6	9	10	12	8
Percentage of employees taking parental leave	Total	%	Employees of Furukawa Co., Ltd.	88.6	97.4	91.7	83.3	78.0
	Male	%		86.8	96.6	89.5	79.2	72.2
	Female	%		100	100	100	100	100
Average number of days taken for parental leave	Male	Days	Employees of Furukawa Co., Ltd.	21.4	6	18.6	9.6	40.3
	Female	Days		499.0	320.3	430.5	386.5	498.1
Percentage of employees returning to work after having taken parental leave	—	%	Employees of Furukawa Co., Ltd.	100	100	100	100	87.5
Number of employees taking caregiver leave	—	Persons	Employees of Furukawa Co., Ltd.	1	0	0	0	0
Prescribed working hours	—	Hours	—	1,891	1,891	1,891	1,891	1,891
Extra working hours	—	Hours	Non-managerial employees of Furukawa Co., Ltd.	305	268	183	226	200
Hours of annual paid leave taken	—	Hours		79	76	85	92	103
Total actual working hours	—	Hours		2,117	2,083	1,952	1,986	1,943
Overtime hours (monthly average)	—	Hours		25.40	22.36	15.22	18.80	16.64
Percentage of paid annual leave taken	—	%	Employees of Furukawa Co., Ltd.	51.0	53.2	61.6	66.5	74.0
Percentage of employees taking annual health checkups	—	%	Employees of Furukawa Co., Ltd.	—	—	—	—	99.96
Percentage of anomalies found (aged 40 or older)	—	%	Employees of Furukawa Co., Ltd.	—	—	—	—	61.20
Percentage of anomalies found (aged under 40)	—	%	Employees of Furukawa Co., Ltd.	—	—	—	—	45.40

Occupational Safety and Health

Safety Performance

Item	Unit		Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Number of industrial accidents requiring leave of absence*1	Cases	Persons	Consolidated (Japan)	2	1	1	5	0
Industrial accident frequency*2	—	—	Consolidated (Japan)	0.43	0.21	0.22	1.03	0.00
	Comparison reference: All industries*4	—	—	1.83	1.80	1.95	2.09	2.06
	Comparison reference: Manufacturing industry*5	—	—	1.20	1.20	1.21	1.31	1.25
Industrial accident severity*3	—	—	Consolidated (Japan)	0.04	0.06	0.01	0.05	0.01
	Comparison reference: All industries*6	—	—	0.09	0.09	0.09	0.09	0.09
	Comparison reference: Manufacturing industry*7	—	—	0.10	0.10	0.07	0.06	0.08

*1 Refers to accidents requiring leaves of absence of at least four days

*2 Refers to frequency of accidents with casualties per 1 million total working hours

*3 Refers to number of working days lost per 1,000 total working hours

*4 *5 *6 *7 Source: Survey on Industrial Accidents (conducted by the Ministry of Health, Labour and Welfare)

Safety Guidance at Overseas Business Locations

We check and provide guidance to overseas business locations of the Furukawa Company Group on various matters. These include the status of regular statutory inspections of facilities, acquisition of official qualifications required for operations, maintenance of work instructions and manuals, results of work environment measurements, implementation of safety education, emergency communication systems, and operation of the Safety and Health Committee. In addition to compliance with local laws and regulations, we provide guidance and advice on how to improve the work environment and management standards so that employees can work safely and comfortably, taking into account local climate and customs.

In the event of an accident or disaster, we take corrective and preventive measures after rigorous discussions with the person in charge of the site regarding the cause of the accident or disaster and measures to prevent recurrence. The following offices have acquired ISO 45001 certification, the international standard for occupational health and safety management systems, and are promoting health and safety activities.

ISO 45001 Certification Acquisition Status

Company Name	Acquisition Date	Certification Organization
Taian Furukawa UNIC Crane Co., Ltd.	April 29, 2021	China United Certification Center (Beijing) Co., Ltd.
FURUKAWA UNIC (THAILAND) CO., LTD.	January 25, 2023	Perry Johnson Registrars, Inc.

Product Quality Management

ISO 9001 Certification Acquisition Status

Company Name	Acquisition Date	Certification Organization
Furukawa UNIC Corporation	June 6, 1997	Japan Quality Assurance Organization (JQA)
Furukawa Rock Drill Co., Ltd.	October 17, 1997	TÜV Rheinland Japan Ltd.
Furukawa Industrial Machinery Systems Co., Ltd.	June 22, 1999	Nippon Kaiji Kyokai (ClassNK)
Furukawa Denshi Co., Ltd.	December 4, 1998	Japan Quality Assurance Organization (JQA)
Yamaishi Metal Co., Ltd.	November 28, 2000	Bureau Veritas Japan Co., Ltd.
Furukawa Chemicals Co., Ltd.	July 24, 2003	JIC Quality Assurance Ltd. (JICQA)
Tsukuba Site, Technology Division, Furukawa Co., Ltd. (Material Research & Development Dept. / Advanced Technology Dept.)	January 14, 2004	JSA Solutions Co., Ltd.
FURUKAWA UNIC (THAILAND) CO., LTD.	May 14, 2009	Perry Johnson Registrars, Inc.
Taian Furukawa UNIC Crane Co., Ltd.	November 8, 2010	Shanghai Audit Centre of Quality System
FD Coil Philippines, Inc.	March 24, 2021	United Registrar of Systems Ltd.

Governance Data

Officers

Item	Unit	Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Number of directors under the Articles of Incorporation	Persons	Non-consolidated	Up to 12	Up to 12	Up to 12	Up to 12	Up to 12
Number of directors* ¹	Total	Non-consolidated	9	9	9	9	9
	Outside directors (included)		3	3	3	3	3
	Independent outside directors (included)		2	3	3	3	3
	Female directors (included)		0	1	1	1	1
Number of executive officers* ²	Total	Non-consolidated	18	16	16	15	13
	Female executive officers (included)		0	0	0	0	0

*1 As of September 30, 2023:
Number of directors: 9
Outside directors: 3
Independent outside directors: 3
Female directors: 1

*2 As of September 30, 2023:
Number of executive officers: 9
Female executive officers: 0

Audit System

Audit System Personnel

Item	Unit	Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Audit & Supervisory Board Members under the Articles of Incorporation	Persons	Non-consolidated	Up to 5 persons	Up to 5 persons	Up to 5 persons	Up to 5 persons	Up to 5 persons
Number of Audit & Supervisory Board Members	Total	Non-consolidated	4	4	4	4	4
	Outside members (included)		2	2	2	2	2
	Independent outside members (included)		1	1	1	1	1
Certified public accountants who conducted account auditing services	Designated limited partners and employees conducting auditing operations	Consolidated	2	2	2	2	2
	Certified public accountants other than above		7	6	5	6	8
	Other assistants		11	11	17	15	29
Number of Internal Audit Department personnel	Persons	Non-consolidated	5	5	5	5	5

Internal Audit Performance

Item	Unit	Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Number of companies conducting internal audits	Total	Consolidated	16	6	2	5	4
	Overseas consolidated subsidiaries (included)		9	2	0	0	0
Number of companies conducting follow-up audits	Total	Consolidated	8	7	6	2	2
	Overseas consolidated subsidiaries (included)		2	4	2	0	0

Compliance

Political Donations

Item	Unit	Scope of Coverage	FY2018	FY2019	FY2020	FY2021	FY2022
Total political donations	Japanese yen	Non-consolidated	—	—	2,000,000	1,000,000	1,920,000

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