

Furukawa Company Group

Sustainability Book 2024

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About the Furukawa Company Group Sustainability Book 2024

Editorial Policy

From the fiscal 2023 edition, the Furukawa Company Group publishes an Integrated Report and a Sustainability Book.

In addition to sustainability-related information contained in the Integrated Report, this Sustainability Book covers more detailed data and activity reports and comprehensively discloses information on sustainability. 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 2023 (April 1, 2023–March 31, 2024), but also includes some initiatives in fiscal 2024.

Target Organizations

In principle, this report applies to Furukawa Co., Ltd., and its Group companies.

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
- *SASB Standards, Sustainability Accounting Standards Board*
- *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures, TCFD*

Company Names

Furukawa Co., Ltd.: The operating holding company of the Group

Furukawa Company Group: 31 consolidated subsidiaries and three 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 2024

Policies and Strategies

The Furukawa Company Group Basic Policy on Sustainability Initiatives (effective December 1, 2021)

The Furukawa Company Group has positioned efforts toward sustainability as one of its most important management issues. In addition to contributing to help realize a sustainable society, the Group is committed to achieving sustainable growth and increasing medium- to long-term corporate value by establishing a robust corporate foundation for growth and resolving social issues through its business.

The initiatives to realize this basic policy are as follows.

1. Defensive sustainability: Establishing a robust corporate foundation for growth

In order to establish a robust corporate foundation for growth, the Group will strengthen and expand its enterprise risk management system and increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group.

2. Aggressive sustainability: Resolving social issues through business

In addition to increasing the value of the Furukawa brand through “marketing-based management”^{*1} that incorporates CSV^{*2} perspectives, the Group will create corporate value and contribute to the creation of social value by developing infrastructure and providing products, technologies, and services that help to resolve social issues.

*1 “Marketing-based management”

This means incorporating marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to identify and resolve issues and problems faced by customers, with the aims of deepening ties with customers, achieving sustainable growth, and increasing corporate value.

*2 CSV (creating shared value)

This is a management framework that enables companies to co-create “social value” and “corporate value” by tackling social, environmental, and other issues.

Ideal Image for Sustainability 2025

In 2016, the Furukawa Company Group formulated “Ideal Image for CSR 2025” in order to think about what sort of CSR activities should be conducted once Vision for 2025 “FURUKAWA Power & Passion 150” has been achieved. In May 2023, we changed the name to “Ideal Image for Sustainability 2025.” We are promoting activities to achieve the ideal image so we can remain a company that is indispensable to and trusted by society.

Ideal Image for Sustainability 2025 (Updated May 2024)

Promote environmental and safety activities

Achieve accident- and disaster-free operations, reduce environmental impact, promote environmental protection and biodiversity preservation, publicly disclose results of environmental and safety activities, promote preventive maintenance and management of mine run-off treatment facilities and loading docks at suspended or abandoned mines, and improve the on-site capabilities through knowledge and technology transfers

Improve the brand strengths of Furukawa products and achieve top ranking in product categories

Expand and strengthen human resources

Build a rewarding company by providing comfortable work environments in which individual employees can maximize their abilities and create new value

Leverage sustainability activities to pursue QCD^{*3} and sustainably make and sell products that are trusted by customers

Promote sustainability initiatives

Expand and enhance enterprise risk management system, disclose information on activities related to sustainability and climate change, monitor and manage measures and targets for material issues related to sustainability initiatives, implement environmental and human rights due diligence measures, and promote GHG^{*4} reduction plan related to carbon neutrality

Ensure that all officers and employees are keenly aware of compliance as it applies to the international community

*3 QCD: Quality, cost, and delivery

*4 GHG: Greenhouse gas

Governance Framework

Sustainability Promotion Framework

In December 2021, the Group reorganized its CSR Promotion Meeting, established in Furukawa Co., Ltd., to promote CSR initiatives, and renamed it the Sustainability Promotion Meeting to strengthen its sustainability initiatives. Since then, the Group has worked actively to resolve issues related to sustainability by clarifying its responsibilities to stakeholders and identifying priority issues that need to be addressed to realize “The Furukawa Company Group Basic Policy on Sustainability Initiatives.”

The Sustainability Promotion Meeting convenes annually, in principle, with the President & Representative Director serving as Chairperson and the Sustainability Promotion Department as Secretariat. The Meeting deliberates on a variety of sustainability and CSR issues, including formulation of basic policy and action plans for the Group’s sustainability and CSR activities, establishment of a promotion framework, verification and evaluation of the status of activities, and education and public information measures.

Other serving members of the Sustainability Promotion Meeting are the Company’s directors and the presidents of core operating companies, as well as the chairperson of the Compliance Committee, the Environmental & Safety Management Committee, and the Quality Assurance Committee. The Meeting also includes the Sustainability Promotion Department, Human Resources & General Affairs Department, and Purchasing Department. Based on deliberations and suggestions made at the Meeting, we will develop a PDCA cycle of planning, execution, evaluation, and improvement in cooperation with relevant Group companies and business divisions that serve as executive departments for sustainability and CSR activities.

In cooperation with the Risk Management Committee, which is engaged in Groupwide risk management, we will develop a system to reduce risks and maximize opportunities related to the Group’s business.

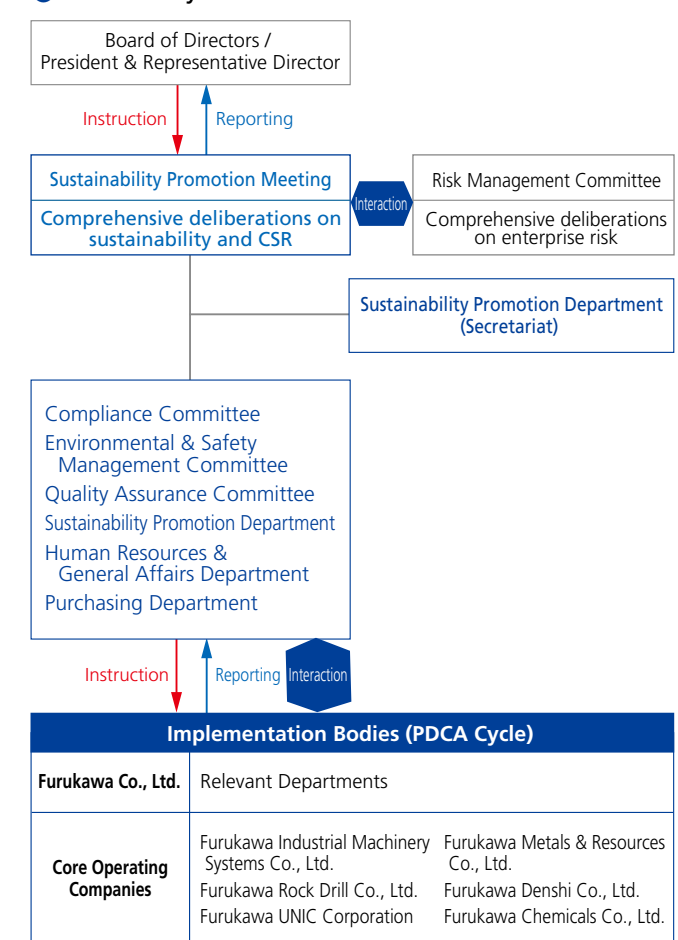
Initiatives

Relationships with Stakeholders

In the course of strengthening our sustainability initiatives and implementing our Management Philosophy, we have identified our stakeholders as follows: customers, business partners, shareholders and other investors, employees, local communities, and the global environment. Moreover, we aim to build relationships of trust and accordingly maximize corporate value by engaging in appropriate communications that involve clearly conveying our responsibilities to each group of stakeholders.

Stakeholder	Responsibilities	Opportunities and Means for Communication
Customers	We shall provide customers with safe, high-quality products and services in order to increase satisfaction levels.	Service activities, sales activities, websites, exhibitions, meetings to exchange views with distributors and agencies, etc.
Business partners	We shall build and maintain mutually beneficial relationships conducive to harmonious coexistence through stable procurement activities based on the principles of fairness and economic rationality.	Procurement activities and information exchanges, CSR promotion guideline, CSR surveys, technical guidance, production briefings, etc.
Shareholders and other investors	We shall work to maximize corporate value through communications focusing on timely and appropriate information disclosure and IR activities.	Results briefings, shareholders’ meetings, IR meetings with institutional investors and analysts, factory tours, integrated reports and other such IR tools, information disclosure on the website, distribution of IR news, etc.
Employees	We shall create safe, healthy, and motivating workplaces in which our diversified human resources can excel while adopting appropriate evaluation standards and fair treatment.	Employment grade-specific training, personnel performance evaluation and target evaluation system, self-assessment system, discussions between management and labor unions, employee surveys, internal reporting system, etc.
Local communities	We shall build and maintain favorable relationships of trust by pursuing social contribution activities aimed at harmonious coexistence with local communities.	Contributions to local communities through business, participation in volunteer activities, etc.
Global environment	We shall protect biodiversity by developing environmentally friendly technologies and products while cutting CO ₂ emissions and minimizing the environmental impact of our activities through savings of energy and resources and reduction of waste.	Cooperation with groups and NPOs that engage in tree planting activities, ecosystem restoration and recovery activities with local residents, disclosure of integrated reports and sustainability books that include environmental data, etc.

Sustainability Promotion Structure



Process for Identifying Materialities (Key Issues)

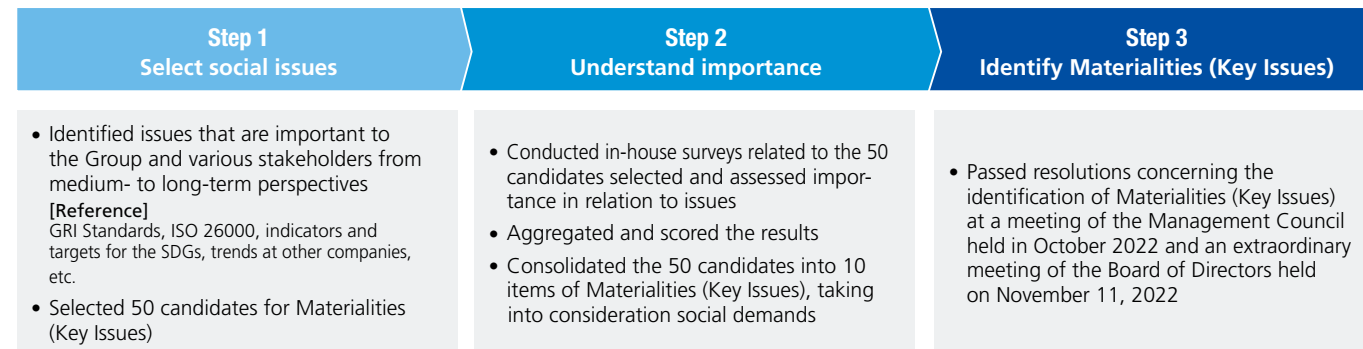
To further endeavor to make its Management Philosophy a reality and resolve social issues, the Furukawa Company Group reviewed CSR priority issues identified in 2013. Then, at a meeting held in November 2022, the Board of Directors resolved to identify 10 items of Materialities (Key Issues) based on "The Furukawa Company Group Basic Policy on Sustainability Initiatives" established in December 2021, as follows.

We are also considering targets and other measures to address those items. By steadily implementing the PDCA cycle in relation to any measures determined, we will work hard to "increase the value of the Furukawa brand through 'marketing-based management' that incorporates CSV perspectives" and "increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group," as is clearly stated in Vision for 2025. In the process, we will aim to achieve sustainable growth for society and the Group and increase corporate value over the medium to long term.








Background

In 2013, when it launched a framework for promoting CSR, the Group identified CSR priority issues, established related targets, and worked to achieve those targets. In recent years, however, measures to address climate change and achieve the Sustainable Development Goals (SDGs) have come to be viewed as increasingly important. Accordingly, the Group decided to review its existing understanding of the issues and work harder to make its Management Philosophy a reality and resolve social issues. To this end, we formulated "The Furukawa Company Group Basic Policy on Sustainability Initiatives" on December 1, 2021, and reorganized our CSR promotion framework into a sustainability promotion framework. In addition, we reviewed our existing CSR priorities and identified sustainability-related Materialities (Key Issues) that we should focus on as a matter of priority.

Process for Identifying Materialities (Key Issues)



Materialities (Key Issues) on Sustainability Initiatives

Proactive: CSV Issues Materialities (Key Issues) on resolving "social issues" through our business	Main Related SDGs  
<ul style="list-style-type: none"> Provide environmentally friendly products, technologies, and services Contribute to the resolution of customer issues Contribute to the creation of a safe and comfortable society, including infrastructure development 	
Defensive: CSR/ESG Issues Materialities (Key Issues) on establishing a robust corporate foundation for growth	Main Related SDGs  
E (Environmental) <ul style="list-style-type: none"> Promote climate change countermeasures in business activities Promote biodiversity preservation activities 	
S (Social) <ul style="list-style-type: none"> Develop safe and rewarding work environments that take health into consideration Recruit and develop diverse human resources Promote management that respects human rights 	  
G (Governance) <ul style="list-style-type: none"> Develop an enterprise risk management system Ensure thorough compliance 	 

Resolving Social Issues through Business

The Group will generate "corporate value" by providing infrastructure, products, technologies, and services that help resolve social issues, while at the same time striving to create "social value." Of the 17 SDGs, we are focusing particular attention on achieving Goal 11 ("Make cities and human settlements inclusive, safe, resilient and sustainable") and Goal 9 ("Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"). We will also strive to create "social value" by building social infrastructure as stated in "The Furukawa Company Group's Value Creation Process" (please see Integrated Report pages 9-10), while realizing a safe, environmentally friendly, and prosperous society.

Materialities (Key Issues)	Goals	Initiatives	Segment
Proactive: CSV Issues Materialities (Key Issues) on resolving "social issues" through our business	Provide products that help customers reduce CO ₂ emissions, save energy, and improve efficiency	<ul style="list-style-type: none"> Generate demand and promote sales of enclosed hanging belt conveyors (SICON®) that help reduce CO₂ emissions Introduce high-efficiency slurry pumps (LK3) 	Industrial Machinery
		<ul style="list-style-type: none"> Promote sales of fuel-efficient hydraulic crawler drills Propose solutions to improve work efficiency and reduce workloads through Life Cycle Support (LCS) 	Rock Drill Machinery
		<ul style="list-style-type: none"> Promote sales of energy-saving, low-noise eco-cranes Expand sales of high-value-added mini-crawler cranes (battery-operated models, disassembled models, etc.) Adapt UNIC cranes and UNIC carriers to vehicle electrification 	UNIC Machinery
	Provide automated machinery products utilizing ICT/AI technologies	<ul style="list-style-type: none"> Promote sales of materials (high-purity metallic arsenic, crystal products, core coils, aluminum nitride ceramics, etc.) to support fuel-efficient automobiles and other energy-efficient products 	Electronics
		<ul style="list-style-type: none"> Step up sales of autonomous and labor-saving products (fully automatic drill jumbos, rock bolting machines, etc.) Strengthen sales of hydraulic crawler drills with semi-automatic drilling function Improve customer productivity through the sale of support program products utilizing DX 	Rock Drill Machinery
		<ul style="list-style-type: none"> Promote sales of cupric oxide, which contributes to miniaturization, weight reduction, and enhanced functionality of semiconductor components 	Chemicals
	Provide products and participate in projects to improve infrastructure and renew aging facilities	<ul style="list-style-type: none"> Stabilize orders for steel bridges and expand sales of steel structural products Expand orders for large-scale projects, particularly in the social infrastructure business Promote sales of crushers, which facilitate the supply of aggregate for disaster recovery 	Industrial Machinery
		<ul style="list-style-type: none"> Step up sales of large and super-large hydraulic breakers for the demolition market Concentrate on sales of small hydraulic crushers (for road general contractors and aggregate recycling) 	Rock Drill Machinery
		<ul style="list-style-type: none"> Mini-crawler cranes: Narrow target customers (electric power companies, general contractors, etc.) to focus on and cultivate new markets Launch cranes for residential construction on small lots 	UNIC Machinery
<ul style="list-style-type: none"> Develop and sell various sensors and materials (high-purity metallic arsenic, crystal products, core coils, aluminum nitride ceramics, optical components, etc.) to support infrastructure development 		Electronics	
		<ul style="list-style-type: none"> Promote sales of products that help conserve water 	Chemicals

Establishing a Robust Corporate Foundation for Growth

To establish a robust corporate foundation for growth, the Furukawa Company Group is working to enhance corporate value by engaging in business practices that take into consideration CSR/ESG issues, as shown below.

Materialities (Key Issues)		Goals	
Defensive: CSR/ESG Issues Materialities (Key Issues) on establishing a robust corporate foundation for growth	E: Environmental	<ul style="list-style-type: none"> Reduce CO₂ emissions (Scope 1 and 2) Develop and publish roadmap by FY2025 	
		<ul style="list-style-type: none"> Reduce water consumption (Reduction rate: -2% vs BAU* in FY2028) * BAU (business as usual): No action taken 	
		<ul style="list-style-type: none"> Reduce total waste generation (Reduction rate: -3% vs BAU in FY2028) 	
		<ul style="list-style-type: none"> Promote continuous forest management 	
		<ul style="list-style-type: none"> Promote ecosystem restoration activities on Company-owned land, former mine sites, etc. 	
		<ul style="list-style-type: none"> Reduce use of hazardous chemicals (% reduction in use of hazardous chemicals) 	
	S: Social	<ul style="list-style-type: none"> Develop safe and rewarding work environments that take health into consideration (occupational safety and health) <ul style="list-style-type: none"> Achieve accident- and disaster-free operations (industrial accident severity/frequency) 	
		<ul style="list-style-type: none"> Develop safe and rewarding work environments that take health into consideration (health and satisfaction) <ul style="list-style-type: none"> Earn certification as Health and Productivity Management Outstanding Organization (White 500) Reduce health checkup anomaly ratio (By FY2031: 30% or less for those under 40, 50% or less for those 40 and over) 	
		<ul style="list-style-type: none"> Recruit and develop diverse human resources (diversity) <ul style="list-style-type: none"> Increase female employee ratio Increase ratio of female managers (consolidated): 3% Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 20% Increase hires of people with experience Percentage of new hires with experience in management/corporate planning: 40% Increase hires of people with disabilities (achieve statutory employment rate) Actively hire foreign nationals 	
		<ul style="list-style-type: none"> Recruit and develop diverse human resources (HR development) <ul style="list-style-type: none"> Develop human resources Annual training hours: 1,500 Increase number of trainees: 3,600 	
		<ul style="list-style-type: none"> Promote management that respects human rights <ul style="list-style-type: none"> Establish a human rights policy and promote education Increase human rights risk assessment implementation rate among suppliers and conduct follow-up 	
		G: Governance	<ul style="list-style-type: none"> Develop an enterprise risk management system <ul style="list-style-type: none"> Periodically verify business continuity plan (BCP) and promote business continuity management (BCM) Conduct risk assessments and improve response measures Periodically review high-risk items Strengthen cybersecurity system
			<ul style="list-style-type: none"> Ensure thorough compliance <ul style="list-style-type: none"> Step up measures to prevent compliance violations

FY2023	
Numerical Results	Main Initiatives
<ul style="list-style-type: none"> FY2023 (consolidated): 26,037 t-CO₂ 	<ul style="list-style-type: none"> Roadmap developed and published (July 30, 2024)
<ul style="list-style-type: none"> FY2023 reduction (vs BAU): -12.7% 	<ul style="list-style-type: none"> To improve the environmental performance of each plant and business location, the Environmental & Safety Management Department holds a Monthly Environmental Protection Data Reporting Meeting and provides guidance to each location.
<ul style="list-style-type: none"> FY2023 reduction (vs BAU): -17.4% 	
—	<ul style="list-style-type: none"> Held discussions about forest management with local forest owners' cooperatives
—	<ul style="list-style-type: none"> Held Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive Continued firefly restoration activities in the Kune and Ashio areas Took steps to have property certified as a "Nationally Certified Sustainability Managed Natural Site" by the 30by30 Alliance
<ul style="list-style-type: none"> Year-on-year change: -13.0% 	<ul style="list-style-type: none"> To improve the environmental performance of each plant and business location, the Environmental & Safety Management Department holds a Monthly Environmental Protection Data Reporting Meeting and provides guidance to each location.
<ul style="list-style-type: none"> Industrial accident severity: 1.58 Industrial accident frequency: 1.25 	<ul style="list-style-type: none"> To prevent accidents of each plant and business location, the Environmental & Safety Management Department holds a Monthly Accident Prevention Data Reporting Meeting and provides guidance to each location. Discussed measures to prevent recurrence of industrial accidents
<ul style="list-style-type: none"> Under 40 years: 39.6%; 40 and over: 61.5% 	<ul style="list-style-type: none"> Certified as a 2024 Health and Productivity Management Outstanding Organization Planned, held, and evaluated health promotion events, seminars, etc.
<ul style="list-style-type: none"> Ratio of female managers (consolidated): 3.7% Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 6.7% 	<ul style="list-style-type: none"> Stepped up recruitment of women among employees with experience Strengthened recruiting skills
<ul style="list-style-type: none"> Percentage of new hires with experience in management/corporate planning: 60% 	<ul style="list-style-type: none"> Engaged in referral recruiting and direct recruiting
<ul style="list-style-type: none"> Ratio of employees with disabilities (consolidated): 2.2% (statutory employment rate: 2.3%) 	<ul style="list-style-type: none"> Visited organizations that support employment of persons with disabilities Provided information on employment promotion to each operating company
<ul style="list-style-type: none"> Number of new employees who are foreign nationals: 1 	<ul style="list-style-type: none"> Direct recruiting
<ul style="list-style-type: none"> Annual training hours: 887 Number of trainees: 2,632 	<ul style="list-style-type: none"> Held hierarchical training, engineer training, and on-site manager training Held planning and educational training at each business location
<ul style="list-style-type: none"> Number of human rights training sessions: 6 	<ul style="list-style-type: none"> Developed a human rights policy Identified and assessed human rights risks
<ul style="list-style-type: none"> Rate of implementation of human rights risk assessment (CSR survey) by suppliers: 0% increase in FY2023 (vs FY2022) Surveys, interviews, and training sessions related to human rights held (number of companies): +3 companies in FY2023 (vs FY2022) 	<ul style="list-style-type: none"> Analyzed results of FY2022 CSR survey, selected interviewees, and conducted interviews Created English, Chinese, and Thai versions of the CSR survey Considered and planned supplier surveys for overseas subsidiaries
<ul style="list-style-type: none"> Periodic BCP verification: 1 time 	<ul style="list-style-type: none"> Revised the Furukawa Company Group BCP Held Group BCP Sectional Meetings (2 times in FY2023)
<ul style="list-style-type: none"> Risk response improvements (reviews): 1 	<ul style="list-style-type: none"> Conducted interviews at target business locations
<ul style="list-style-type: none"> Number of targeted-attack email training sessions: 1 Number of security seminars for Furukawa Company Group executives and employees: 1 	<ul style="list-style-type: none"> Developed the Incident Response Manual
<ul style="list-style-type: none"> Number of compliance training sessions: 8 	<ul style="list-style-type: none"> Held compliance training for new employees and other ranks (including Group managers and directors) Held training on individual laws, such as Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors Revised manual (general provisions) on the Antimonopoly Act

Sustainability Activities: Targets and Results

Targets and Results for Fiscal 2023

★★★Targets achieved ★★Targets partially achieved ★ Targets not achieved

ESG	Organizations	Targets for FY2023	Results	Evaluation	
Environmental	Environmental & Safety Management Committee	Environment and safety	1. Continuously improve environmental performance (CO ₂ , water resources, waste, and chemical substances) <ul style="list-style-type: none"> Strengthen management of progress of Fourth Medium-Term Reduction Targets Promote preventive measures through analysis of environmental data Promote activities to reduce greenhouse gas emissions by 46% by FY2030 (vs FY2013) and achieve carbon neutrality by FY2050 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 	<ul style="list-style-type: none"> Achieved FY2023 reduction targets for CO₂, water, and waste Expanded scope of environmental performance data compilation to consolidated basis Environment/Safety Promotion Meetings (Environment Meetings): Held discussions about achieving targets and decided on future actions Worked to introduce energy-saving measures, including solar power generation equipment, electric forklifts, highly efficient production equipment and machinery, and optimal production processes Achieved year-on-year reduction in volume of hazardous chemicals handled Provided environmental protection training while maintaining ISO 14001-compliant operations 	★★★★
			2. Strengthen measures to achieve accident- and disaster-free operations (aim for a continuous industrial accident severity of 0.03 or lower) <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Serious accidents occurred, resulting in an industrial accident severity of 1.58 (wellshort of the target); number of accidents and injuries not decreasing Provided education and training on accident prevention for inexperienced and older employees Instilled policies and provided training for risk assessment and enhanced safety management activities for managers and supervisors Provided education and guidance based on the workstyle of each Group company through environmental and safety audits, Environment/Safety Promotion Meetings, etc. 	★
			3. 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) 	<ul style="list-style-type: none"> Continued monitoring environmental data affecting ecosystems Held Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive Formulated operational plan with local forest owners' cooperatives regarding future cutting of timber and new planting as part of ongoing management of Company-owned forests Continued firefly restoration activities at former Kune Mine and former Ashio Copper Mine Continued ecosystem restoration activities on Company-owned land Began working to have our property at the site of the former Ashio Copper Mine certified as a "Natural Symbiosis Site" by the 30by30 Alliance 	★★★★
		Suspended or abandoned mines	1. Improve on-site capabilities by passing on knowledge and skills 2. Maintain and manage mine run-off treatment facilities 3. 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 	★★★★
Social	Quality Assurance Committee	1. Strengthen activities to raise awareness about quality (Companywide)	<ul style="list-style-type: none"> Distributed quality-related education materials to all executives and employees (4 times) 	★★★★	
		2. Reduce number/cost of complaints (Machinery-related companies)	<ul style="list-style-type: none"> Achieved reduction target but further reduction required 	★★	
		3. Establish and continuously improve quality assurance system [Take action in accordance with the quality roadmap] (Machinery-related companies)	<ul style="list-style-type: none"> Actions in accordance with the quality roadmap progressing mostly as planned 	★★	
		4. Strengthen quality assurance system [Review existing methods and consider new ones] (Materials-related companies)	<ul style="list-style-type: none"> Promoted use of FMEA (conducted workshops, reviewed documents, etc.) 	★★★★	

★★★Targets achieved ★★Targets partially achieved ★ Targets not achieved

ESG	Organizations	Targets for FY2023	Results	Evaluation
Social	Human Resources & General Affairs Department	1. 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 	<ul style="list-style-type: none"> Introduced talent management system Decided general framework for categories for category-specific education Completed selection and implementation study for job rotation Implementation study completed for study training program for young employees in specialized roles 	★★
		2. Improve internal working environments <ul style="list-style-type: none"> Reduce total annual working hours (less than 2,000 hours) Take steps to acquire certification as a Health and Productivity Management Outstanding Organization (White 500) Centralize common administrative tasks 	<ul style="list-style-type: none"> Total annual working hours: 1,935.4 hours Introduced health promotion smartphone app, conducted health seminars, and encouraged employees with anomalies to undergo reexamination Standardized management of rental Company housing 	★★
		3. Promote diversity <ul style="list-style-type: none"> Increase ratio of female managers Actively hire foreign nationals Increase employment of people with disabilities 	<ul style="list-style-type: none"> Ratio of female managers (consolidated): 3.7% Foreign nationals recruited: 1 (Furukawa Co., Ltd.) Ratio of employees with disabilities (consolidated): 2.2% 	★★
	Purchasing Department	1. Conduct follow-up 2nd CSR survey of major suppliers of other business locations (Group 2*)	Conducted follow-up visits	★★★★
		2. Strengthen management (QCD + sustainability) of major suppliers	Conducted supplier evaluation using evaluation forms	★★★★
		3. Foster partnerships with suppliers	Conducted production-related briefing sessions and technical guidance visits	★★★★
		4. Start promoting Companywide sustainability-conscious procurement activities	Provided sustainability-related training to personnel in all purchasing departments	★★★★
	Governance	Risk Management Committee	1. Practice Companywide risk management using list of risks	Conducted risk analysis and reported to the Board of Directors on high-impact risks
2. Environmental Risk Sectional Meeting: Discuss environmental risks and report to the Risk Management Committee			Discussed climate-related risks and reported to the Risk Management Committee	★★★★
3. Human Rights Risk Sectional Meeting: Discuss human rights risks and report to the Risk Management Committee			Discussed human rights risks and reported to the Risk Management Committee	★★
4. Group BCP Sectional Meeting: Develop BCP manual and report to the Risk Management Committee			Reviewed BCP and reported to the Risk Management Committee	★★★★
5. Information Security Sectional Meeting: Develop information system and report to the Risk Management Committee			Created incident response manual and established incident response system	★★★★
Compliance Committee	1. Revise manual on Antimonopoly Act, etc.	Revised manual on Antimonopoly Act	★★★★	
	2. Share information on compliance violation cases	Established and began operating information-sharing mechanism using internal portal	★★★★	
	3. Expand compliance training	Conducted face-to-face training sessions (8 times); considered implementation method for video-based training	★★	
	4. Revise the Privacy Policy	Revised Privacy Policy and basic guidelines for handling personal information	★★★★	

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













Targets for Fiscal 2024

ESG	Organizations	Targets for FY2024	
Environmental	Environmental & Safety Management Committee	<ol style="list-style-type: none"> Strengthen measures to achieve accident- and disaster-free operations <ul style="list-style-type: none"> Step up activities to eliminate accidents <ol style="list-style-type: none"> Top management and safety managers: Personally conduct site inspections and provide corrective measures and guidance Step up activities to eliminate unsafe conditions and behaviors <ol style="list-style-type: none"> Prepare work procedure manual, provide training, and verify understanding level Ensure thorough compliance with regulations and promote "5S" activities Promote education to enhance hazard sensitivity according to the workstyle of each Group company <ol style="list-style-type: none"> Strengthen hazard prediction training Conduct rigorous risk assessments Continuously improve 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 achieve carbon neutrality 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 to improve environmental protection 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
		Quality Assurance Committee	<ol style="list-style-type: none"> Strengthen activities to raise awareness about quality (Companywide) Reduce number/cost of complaints (Machinery-related companies) Establish and continuously improve quality assurance system [Take action in accordance with the quality roadmap] (Machinery-related companies) Strengthen quality assurance system [Review existing methods and consider new ones] (Materials-related companies)
		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 Train young employees in specialized positions Improve internal working environments <ul style="list-style-type: none"> Reduce total annual working hours (less than 2,000 hours) Take steps to acquire certification as a Health and Productivity Management Outstanding Organization (White 500) Centralize common administrative tasks Promote diversity <ul style="list-style-type: none"> Increase ratio of female managers Increase employment of people with disabilities
	Purchasing Department	<ol style="list-style-type: none"> Conduct questionnaire-based CSR survey of overseas suppliers Strengthen management (QCD + sustainability) of major suppliers Foster partnerships with suppliers Start promoting Companywide sustainability-conscious procurement activities 	
	Governance	Risk Management Committee	<ol style="list-style-type: none"> Practice Companywide risk management using list of risks Environmental Risk Sectional Meeting: Discuss environmental risks and report to the Risk Management Committee Human Rights Risk Sectional Meeting: Discuss human rights risks and report to the Risk Management Committee Group BCP Sectional Meeting: Develop BCP manual and report to the Risk Management Committee Information Security Sectional Meeting: Develop information system and report to the Risk Management Committee
		Compliance Committee	<ol style="list-style-type: none"> Enhance manual on Antimonopoly Act Enhance compliance-related training Conduct compliance awareness survey Change the name of whistleblower system and consider/implement measures to increase awareness of it

SDGs Contribution Targets by Segment

Practicing "Marketing-Based Management" that Incorporates CSV Perspectives to Address the SDGs

The Furukawa Company Group practices "marketing-based management" that incorporates CSV perspectives and creates "social value" by improving social infrastructure and realizing a safe, environmentally friendly, and prosperous society. In these ways, we will help achieve the SDGs.

Segment	Main Products, Technologies, and Services	SDGs with High Contribution Levels (◎: Especially Important; ○: Important)						
		3	6	7	9	11	12	13
Industrial Machinery	  	○	◎	○	◎	◎	○	○
Rock Drill Machinery	  			○	◎	◎	○	
UNIC Machinery	  			○	◎	◎		
Metals				○	◎	◎	○	
Electronics	  			○	◎	◎	○	
Chemicals	  		◎	○	◎	◎		

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 Furukawa Company Group's 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 our Vision for 2025. Regarding our efforts to achieve carbon neutrality, we have expanded the scope of environmental performance data collection to include the consolidated Group level. Following a roadmap for carbon neutrality announced in July 2024, we are implementing specific measures to reduce CO₂ emissions.

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 evaluate the impact of our business activities on ecosystems and take measures to minimize that impact. We will also work systematically to preserve and restore ecosystems. For example, we will engage in ongoing greening initiatives, participate in restoration projects for local flora and fauna, and formulate management plans aimed at ensuring the healthy growth of forests.

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

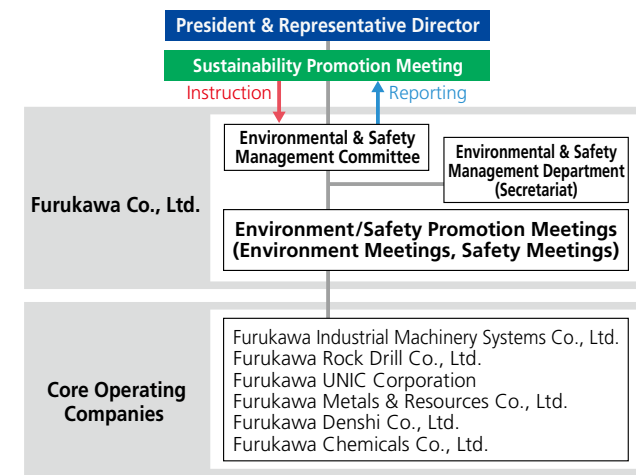
Governance Framework

Environmental & Safety Management Committee

Important matters related to environmental protection and occupational 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 2024, the Committee reported on the results of environmental and safety activities undertaken in fiscal 2023, the progress and future of the Fourth Medium-Term Reduction Targets, the status of efforts to achieve carbon neutrality, expansion of the scope of environmental performance data compilation to a consolidated basis, biodiversity preservation activities, and the management status of suspended or abandoned mines. The Committee also received safety-related instructions from the Environmental & Safety Management Department aimed at preventing recurrence of accidents and disasters that occurred in fiscal 2023.

Due to a severe workplace accident within the Group in fiscal 2023, we reviewed and finalized our key environmental and safety action targets for fiscal 2024. These include strengthening workplace inspections, enhancing measures for preventing occupational accidents, and intensifying health and safety initiatives.

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 2023 Safety Meeting was held in July 2023 at the Ashio Office of Furukawa Co., Ltd. At that meeting, attendees received a report on our accident prevention activities at various sites, as well as guidance on areas needing improvement based on that report. They also engaged in lively discussion on disaster and accident prevention measures based on the status of incidents in the Group and the results of trend analysis. In addition, attendees decided on items to address at each site in the future. These included improving the quality of communication between supervisors and subordinates and strengthening safety education for managers and supervisors as measures to achieve accident- and disaster-free operations.



Fiscal 2023 Safety Meeting at the Sunokobashi tailing dam of the Ashio Office

Environment Meetings

The fiscal 2023 Environment Meeting was held in November 2023 at the Yoshii Works of Furukawa Rock Drill Co., Ltd. At that meeting, attendees received reports on efforts to improve environmental performance at various sites, covering metrics such as energy consumption, CO₂ emissions, water consumption, total other emissions (including waste), and substances regulated under the PRTR. They also received updates on progress and strategies for achieving carbon neutrality and confirmed future action plans. In addition, attendees discussed measures to prevent recurrence using examples of accidents that have occurred within the Group. They also received training on environment-related laws and regulations required for daily operations and verified the level of understanding to confirm the effectiveness of such training.



Fiscal 2023 Environment Meeting at the Yoshii Works

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: Certification received by 5 out of 5 companies (100%), as well as the R&D Division
Overseas	Overseas Group companies with production facilities: 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)
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 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. As part of these efforts, we conduct environmental and safety audits every year.

With respect to the environment, in fiscal 2023 we confirmed the status of compliance with environmental laws and regulations, the status of environmental ISO-related activities, and the implementation status of environmental education.

In terms of safety, we provided education and guidance on the status of safety activities (education on occupational health and safety, risk assessment, utilization of near-miss reports, and the like) aimed at reducing accidents and disasters.



TakasakiWorks of Furukawa Rock Drill 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 2023 was ¥693 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 2023 amounted to ¥1,414 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 2023, Furukawa Chemicals Co., Ltd., commissioned a steam turbine generator at its Osaka Works, resulting in a ¥63 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 ¥238 million.

Environmental Liabilities

In fiscal 2023, we recorded a liability of ¥5 million for PCB waste disposal costs. This was deemed a reasonable estimate of expected future environmental liabilities as of March 31, 2024.

Environmental Protection Costs (by Business Activity)

Category		Principal Activity	Investment	Cost
(1) Business area costs			657	1,099
Breakdown	Pollution prevention cost	Air and water pollution prevention	268	745
	Global environmental protection cost	Energy conservation and maintenance/management of Company-owned forests	389	102
	Resource circulation cost	Recycling, waste disposal, and effective use of water	0	252
(2) Upstream/downstream costs		Recycling, recovery, and re-commercialization of products on the market	0	10
(3) Administration cost		ISO 14001 operation, environmental education, cleanup/greening of business sites, etc.	7	93
(4) R&D cost		R&D to develop products that contribute to environmental preservation	29	197
(5) Social activity cost		Community cleanups and greening, etc.	0	13
(6) Environmental remediation cost		Recovery from environmental degradation caused by business activities	0	2
Total			693	1,414

Environmental Protection Benefits

Category	Environmental Performance Indicator (Unit)	FY2022	FY2023
Benefits related to resources input into business activities	Total energy consumption (thousand GJ)	410	565
	Total water consumption (thousand m ³)	568	650
Benefits related to waste and environmental impact originating from business activities	CO ₂ emissions (t-CO ₂)	19,536	26,037
	Total other emissions, including waste (t)	6,459	7,860

*1 In fiscal 2023, we expanded the scope of calculation, from major domestic production sites to a consolidated basis, including overseas sites.

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

Benefit	Amount
Resource circulation (including gains from sales of materials with value)	238
Energy-saving benefits	63
Total	301

Environmental Protection Costs

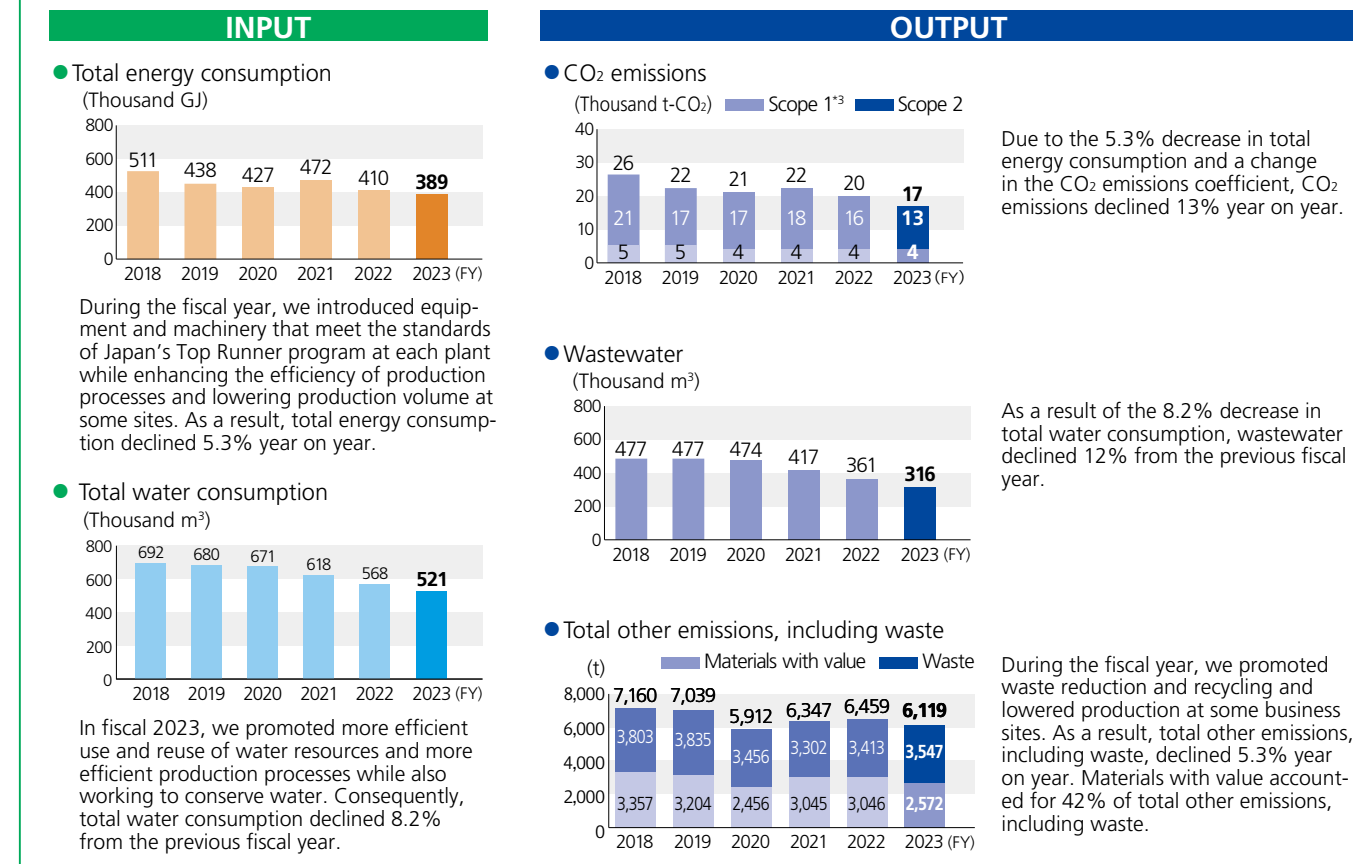
Global environmental protection	56.1%
Pollution prevention	38.7%
R&D	4.2%
Administration	1.0%

Furukawa Company Group's Material Flow (Fiscal 2023)

INPUT						OUTPUT		
Type	Volume Used in FY2023	Type	Volume Used in FY2023	Type	Volume Used in FY2023			
Total energy input	44 kℓ	Liquefied petroleum gas (LPG)	335 t	Cold water	598 GJ	CO ₂ emissions	Scope 1 (energy origin)	6,766 t-CO ₂
	268 kℓ	Liquefied natural gas (LNG)	180 t		3 thousand m ³		Scope 2	19,271 t-CO ₂
	658 kℓ	City gas	859 thousand m ³	Power consumption	59,379 thousand kWh		Scope 1 + 2 total	26,037 t-CO ₂
	234 kℓ	Warm water	229 GJ	Renewable energy (portion of power consumption)	13,089 thousand kWh		Scope 3 total*2	686,426 t-CO ₂
Total water consumption	119 thousand m ³	Industrial water	434 thousand m ³	Wastewater	391 thousand m ³	Total other emissions, including waste	7,860 t	
	97 thousand m ³	Clean water	97 thousand m ³		Groundwater		97 thousand m ³	

*2 Sum total of Categories 4, 5, 6, and 11

Material Flow



*1 To enable effective comparisons with fiscal 2022 and prior years, the above fiscal 2023 results pertain to major domestic production sites only (rather than on a consolidated basis, including overseas sites).

*2 Above figures for year-on-year percentage change are based on figures compiled by the Company and rounded off to the third significant digit.

*3 Scope 1 was calculated based on energy origin.

Initiatives

Fourth Medium-Term Reduction Targets and Results of the Fifth 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 (at major production sites).

In fiscal 2023, the fifth 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 2024, the sixth year of the Fourth Medium-Term Reduction Targets, we will accurately monitor progress at each site and continue working to achieve our reduction targets.

In fiscal 2023, we expanded the scope of environmental performance calculation (aggregation) from major domestic production sites to a consolidated basis, and will report our results on a consolidated basis from fiscal 2025 onward.

In July 2024, meanwhile, we set CO₂ emission reduction targets for the Furukawa Company Group and will report our performance relative to those targets from fiscal 2025 onward.

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

	FY2028	FY2023 (Fifth Year)	
	Reduction target*1	Reduction target	Reduction result
CO ₂ emissions	2%	1%	38.8%
Water consumption	2%	1%	12.7%
Total other emissions, including waste	3%	1.5%	17.4%

*1 Reduction targets relative to the predicted figures for fiscal 2028

*2 Targets and results pertain to major domestic production sites

Compliance with Environmental Laws and Regulations

The Furukawa Company Group sets voluntary control standards for each plant and business site. We also periodically measure the quality of water discharged, noise and vibration in the vicinity of sites, and so on, then analyze the results of such measurements. In these ways, we strive to minimize the environmental impact of our business activities while ensuring that we do not exceed the set control standards.

In addition, the Environmental & Safety Management Department holds annual Environment Meetings for managers of environmental protection activities at each plant and business location. At those meetings, we provide training on environment-related laws and regulations required for daily operations and verify the level of understanding to confirm the effectiveness of such training.

No cases of violation of environmental laws or regulations occurred in fiscal 2023.

Promote Climate Change Countermeasures in Business Activities

Policies and Strategies

We have identified “promote climate change countermeasures in business activities” as one of Materialities (Key Issues) for the Group and are actively advancing climate change initiatives accordingly. In August 2023, we expressed our support for the recommendations of the TCFD and announced our intention to disclose information based on the said recommendations.

Going forward, we will work to enhance the quality and quantity of information on the four core disclosure elements of the TCFD recommendations (Governance, Strategy, Risk Management, and Metrics and Targets).

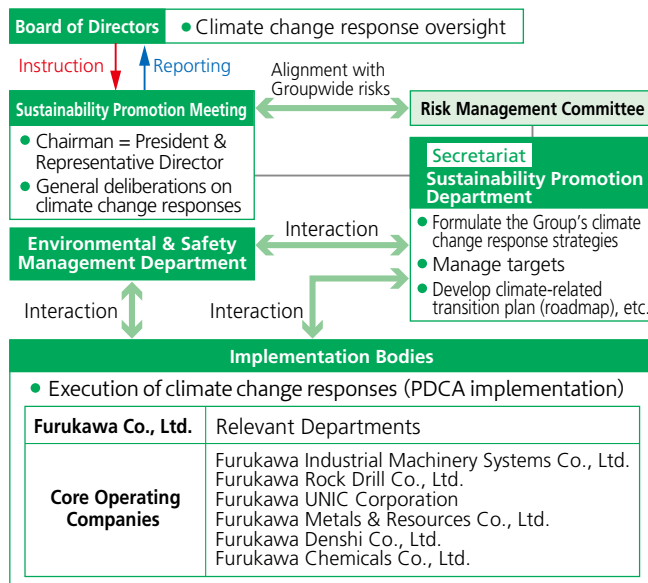
Governance Framework

The Sustainability Promotion Meeting, chaired by the President & Representative Director, deliberates on how to address issues related to climate change and reports details of its deliberations to the Board of Directors.

The Sustainability Promotion Meeting discusses various matters related to climate change. These include formulation of basic policies and action plans for the Group’s climate change responses, development of a promotion framework, verification and evaluation of the status of activities, and education and public relations measures. In addition to Company directors and the presidents of each core operating company, the Meeting includes the chairman of the Environmental & Safety Management Committee (general manager of the Environmental & Safety Management Department) and the general manager of the Sustainability Promotion Department. The Sustainability Promotion Department and the Environmental & Safety Management Department formulate the Group’s climate change response strategies, manage targets, and develop a climate-related transition plan (roadmap) based on deliberations and suggestions made by the Meeting. Those departments also work together with the implementation bodies (Group companies and the Company’s relevant departments) to develop a PDCA cycle of planning, execution, evaluation, and improvement.

Implementation of climate change responses by the Group companies and the Company’s relevant departments are subject to institutional decisions by the Company’s Management Council, Board of Directors, and others according to the level of importance. The director in charge of the Sustainability Promotion Department reports on the progress and results of climate change responses to the Board of Directors from time to time, thereby providing proper oversight by the Board.

Governance Framework for Climate Change Responses



Organizations and Meeting Bodies and Their Roles
Board of Directors
<ul style="list-style-type: none"> Request/instruct the Sustainability Promotion Meeting on climate-related matters and deliberate on matters reported and/or proposed by the Meeting Oversee the resolution and execution of important matters related to climate change
Sustainability Promotion Meeting
<ul style="list-style-type: none"> Discuss and formulate basic policies and action plans for the Group’s climate change responses, development of a promotion system, verification and evaluation of the status of activities, and education and public relations measures Meet once a year, in principle, and otherwise as needed
Sustainability Promotion Department
Environmental & Safety Management Department
<ul style="list-style-type: none"> Formulate the Group’s climate change response strategies, manage targets, develop climate-related transition plan (roadmap), etc. Oversee the PDCA cycle in collaboration with the implementation bodies for climate change responses
Relevant departments of Furukawa Co., Ltd.
Core operating companies
<ul style="list-style-type: none"> Serve as implementation bodies to deploy PDCA cycle for climate change responses

Risk Management

Assessment of climate-related risks and consideration of countermeasures are conducted by the Risk Management Committee, which comprehensively deliberates important matters related to Groupwide risk management. The Committee is chaired by the director in charge of sustainability of the Company, and the Sustainability Promotion Department serves as its Secretariat. The Committee meets twice a year in principle. Its members are selected from every Company department and core operating companies. Together with the Secretariat, the members assess climate-related risks affecting the Group, consider and formulate countermeasures, and report the results to the Board of Directors, which provides proper oversight.

Metrics and Targets

Scope 1 and 2

In fiscal 2023, we expanded the scope of calculation of CO₂ emissions, from major domestic production operations to a consolidated basis, including overseas sites. Accordingly, on July 30, 2024, we announced our new CO₂ emission reduction targets, using fiscal 2023 as the benchmark year. In line with the Paris Agreement and the targets set by the Japanese government, the Group aims to reduce Scope 1 (energy origin) and 2 emissions by 25% compared with fiscal 2023 by 2030 and achieve carbon neutrality by 2050^{*1}.

For Scope 1, we aim to achieve an 8% reduction (compared with fiscal 2023) by fiscal 2030 by switching to electric forklifts, electrifying our air conditioning systems, and switching from heavy oil furnaces to liquefied petroleum gas (LPG) furnaces.

For Scope 2, we aim to achieve a 31% reduction (compared with fiscal 2023) by fiscal 2030 by introducing solar power and other renewable energy power generation equipment, upgrading to energy efficient production facilities, and purchasing renewable energy. To fund our carbon neutral initiatives, we are looking to invest approximately ¥2 billion, which we plan to raise through the sale of strategic shareholdings.

In addition, we will aim to achieve carbon neutrality by fiscal 2050 through appropriate management of Company-owned forests to absorb CO₂.

Scope 3

The Group began disclosing its Scope 3 emissions (Category 4^{*2}, Category 5^{*3}, Category 6^{*4}, and Category 11^{*5}) in fiscal 2023.

Going forward, we will further expand the number of categories for such disclosure and consider reduction targets for Category 11.

*1 This reduction target is based on the Japanese government’s Plan for Global Warming Countermeasures, announced in October 2021, which includes a 38% reduction target for the industrial sector compared with fiscal 2013. Compared with the Group’s estimated fiscal 2013 emissions, this target represents a 39.7% reduction by fiscal 2030.

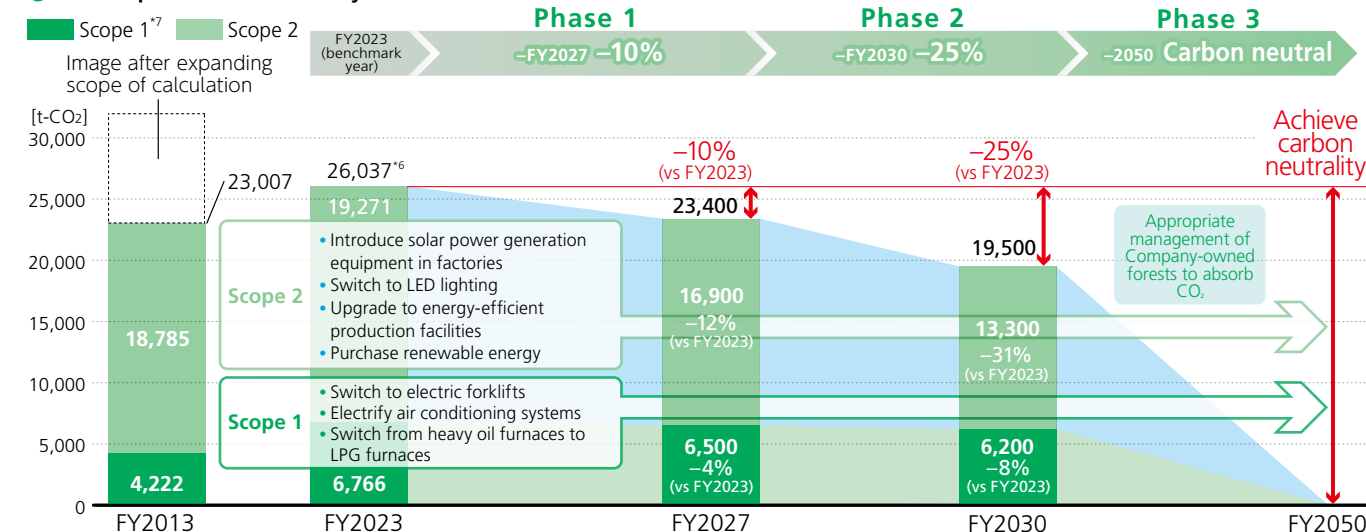
*2 Category 4: Emissions from upstream transportation and distribution.

*3 Category 5: Emissions from waste generated in operations.

*4 Category 6: Emissions from business travel.

*5 Category 11: Emissions from the use of sold products. (In the Furukawa Company Group, this category covers products sold by the Rock Drill Machinery and UNIC Machinery segments.)

Roadmap to Carbon Neutrality



*6 Total emissions increased due to expansion of calculation scope (scope changed from major domestic production sites to a consolidated basis, including overseas sites, in FY2023).

*7 Scope 1 was calculated based on energy origin.

CO₂ Emissions

Data Metrics	Unit	FY2019	FY2020	FY2021	FY2022	FY2023 ^{*8}
		CO ₂ emission volume	t-CO ₂	4,838	4,192	4,296
Scope 1 (energy origin only)	t-CO ₂	—	—	—	—	6,766
Scope 2	t-CO ₂	17,092	16,711	17,808	15,540	19,271
Scope 1 + 2 (total)	t-CO ₂	21,930	20,903	22,104	19,536	26,037
Scope 3 (Category 4)	t-CO ₂	—	—	—	6,323	8,224
Scope 3 (Category 5)	t-CO ₂	—	—	—	29	22
Scope 3 (Category 6)	t-CO ₂	—	—	—	1,030	3,127
Scope 3 (Category 11)	t-CO ₂	—	—	—	648,449	675,053
Scope 3 (total)	t-CO ₂	—	—	—	655,831	686,426

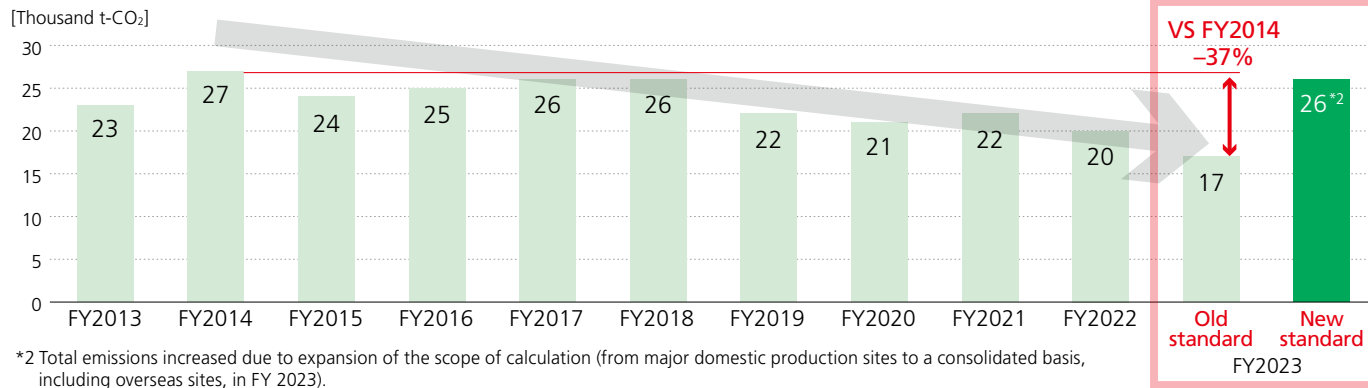
*8 Total emissions increased due to expansion of calculation scope (scope changed from major domestic production operations to a consolidated basis, including overseas production sites, in FY2023). However, Scope 3 (Category 11) emissions increased due to higher sales of some products.

Initiatives

Reducing CO₂ Emissions

The Furukawa Company Group has reduced CO₂ emissions (Scope 1 (energy origin) and 2) at its major domestic production bases by approximately 10,000 tons (37%*) in fiscal 2023 from a peak of 27,000 tons in fiscal 2014 through energy conservation measures and other initiatives. As described in the “Metrics and Targets” section, we recently expanded the scope of CO₂ emissions calculation to a consolidated basis and set reduction targets. In these ways, we will step up efforts to reduce CO₂ emissions.

*1 Comparison between 27,000 tons in FY 2014 and 17,000 tons (before expansion of the scope of calculation in FY 2023)



*2 Total emissions increased due to expansion of the scope of calculation (from major domestic production sites to a consolidated basis, including overseas sites, in FY 2023).

*3 Scope 1 was calculated based on energy origin.

Scenario Analyses

The Group operates numerous businesses and recognizes that the risks and opportunities associated with climate change vary from business to business. With this in mind, we previously conducted scenario analyses of the Rock Drill Machinery segment and Metals segment from two perspectives: the impact of climate change and the scale of business sales. In fiscal 2023, we conducted similar analyses of the UNIC Machinery segment and Chemicals segment. For the scenario analyses, we set 1.5°C and 4°C scenarios based on scientific evidence from the International Energy Agency (IEA) and other sources. We then evaluated the significance of climate-related risks and opportunities that could affect our business in 2030 (interim) and 2050 (long term).

Going forward, we will conduct scenario analyses of the remaining segments while continuously reviewing the analyses already conducted.

Scenarios	Worldview
1.5°C scenario Emergence of transition risks and opportunities ⇒ 2030 (interim) assumption	<ul style="list-style-type: none"> There is a risk of cost increases due to the Japanese government's push to introduce GHG emission regulations and a carbon tax. With attention focused on products with low environmental impact, we see opportunities for increased revenues from sales of materials for EVs and renewable energy facilities, as well as products with high energy-saving performances.
4°C scenario Emergence of physical risks and opportunities ⇒ 2050 (long term) assumption	<ul style="list-style-type: none"> Extreme weather conditions will cause increases in natural disasters and rising temperatures, leading to the risk of damage to business sites and system facilities, as well as the risk of increased costs, such as higher raw material prices, due to difficulties in procuring materials. Given progress in technological countermeasures and investments to address extreme weather events, we see opportunities for increased revenues from related products, technologies, and services.

Introduction of ICP

Having introduced internal carbon pricing (ICP) in fiscal 2022, the Group will promote environmental investment by applying ICP to evaluate the effect of CO₂ emission reductions as an investment return.

Addressing Climate Change

The Group is committed to reducing and addressing the impact of natural disasters caused by climate change. To this end, we are pursuing various activities, such as evaluating natural disaster risks and promoting BCM.

Participation in Climate-Related Initiatives

The Group supports the activities of organizations that contribute to climate change mitigation and adaptation. We also endorse and participate in various initiatives and industry associations related to climate change, including the TCFD.

For example, Furukawa Co., Ltd., is a member of the Japan Mining Industry Association, an industry organization for nonferrous metals that promotes measures to achieve carbon neutrality.

If the activities of these organizations significantly diverge from the policies of the Group, we will engage with the organizations and take appropriate action.

List of Risks and Opportunities

Below are the risks and opportunities we have identified that have a “medium” or larger level of impact on our business.

Degree of Impact

Large: Very large impact on the Group; Medium: Limited impact on the Group; Small: Little impact on the Group

List of Risks

Type of Risk	Risk Description	Segment	Impact		Countermeasures	Segment
			1.5°C Medium term	4°C Long term		
Risk	Transition risk Government policies/regulations	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals	Medium	Small	Switch to renewable energy, save energy, and reduce the environmental impact of our products <ul style="list-style-type: none"> Utilize renewable energy sources, such as solar power Introduce LED lighting and energy-saving equipment Increase use of environmentally friendly vehicles, such as EVs Reduce GHG emissions through purchase of non-fossil certificates, etc. Closely monitor raw material price trends, negotiate with customers regarding passing on product costs, and collaborate with suppliers to promote low-carbon initiatives Improve energy efficiency by reviewing manufacturing processes and strengthening GHG emission controls at production facilities Reduce environmental impact of our products by using recyclable materials and extending product life Transition Company-owned vehicles to EVs and electrify forklifts Promote modal shift and diversify transportation methods 	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals
						Rock Drill Machinery
	Technology	Rock Drill Machinery, UNIC Machinery	Medium	Small	<ul style="list-style-type: none"> Collaborate with suppliers to manufacture and develop products with low environmental impact 	Rock Drill Machinery
Risk	Physical risk Acute	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals	Small	Large	Minimize damage and ensure proper management when disaster strikes <ul style="list-style-type: none"> Secure multiple means of transportation and procurement channels Diversify suppliers and work to minimize damage in the event of extreme weather conditions Reinforce flood countermeasures at factories Conduct regular water risk assessments at suppliers and sites and perform rigorous risk management in the event of flooding or inundation Implement a BCP as a support and reporting protocol in the event of damage 	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals
						UNIC Machinery

List of Opportunities

Type of Opportunity	Opportunity Description	Segment	Impact		Countermeasures	Segment
			1.5°C Medium term	4°C Long term		
Opportunity	Market	Rock Drill Machinery	Medium	Small	<ul style="list-style-type: none"> Make capital investments to meet demand 	Rock Drill Machinery
		Rock Drill Machinery, UNIC Machinery	Small	Large	<ul style="list-style-type: none"> Make capital investments and develop products to meet demand Deploy ICT to develop and offer remote control and automated solutions 	Rock Drill Machinery, UNIC Machinery
	Technology	Rock Drill Machinery, UNIC Machinery	Medium	Small	<ul style="list-style-type: none"> Collaborate with suppliers to expand lineup of energy-saving products Make capital investments to develop products and technologies that help reduce environmental impact Expand sales of energy-saving products, such as motorized mini-crawler cranes 	Rock Drill Machinery, UNIC Machinery
		UNIC Machinery	Medium	Small	<ul style="list-style-type: none"> Collaborate with chassis manufacturers to swiftly develop cranes that can be installed on EVs 	UNIC Machinery

Promote Biodiversity Preservation Activities

■ Policies and Strategies

The Furukawa Company Group regards biodiversity protection as a key management issue. Based on our Biodiversity Action Guidelines established in 2012, we have been continuously evaluating the impact of our business activities on ecosystems and taking measures to minimize that impact.

 [Biodiversity Action Guidelines](#)

■ Metrics and Targets

FY2023 targets:

- Promote environmental protection through ongoing greening activities, forest management, etc.
- Promote ecosystem restoration activities on Company-owned land, former mine sites, etc.

FY2023 results:

- Held discussions with local forest owners' cooperatives about forest management
- Held Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive
- Continued firefly restoration activities in the Kune and Ashio areas
- Took steps to have property certified as a "Nationally Certified Sustainability Managed Natural Site" by the 30by30 Alliance

■ Initiatives

Activities Related to 30by30

At each of our production sites, we monitor surrounding areas and focus on various activities, such as site greening, protection of local rare species, and restoration of plants and animals through reforestation efforts. In addition, we collaborate with local forest owners' cooperatives to engage in various activities aimed at the healthy growth of Company-owned forests.

Rather than using introduced species, we select native species of local origin for our greening activities.

In the Matsuki Valley (Ashio-machi, Nikko City, Tochigi Prefecture), the formerly abundant nature is coming back. In the Ashio area, which includes the Matsuki Valley, investigations have revealed that the ecological pyramid is being reshaped, with birds of prey at the top, followed by mammals (such as Asian black bears and Japanese serows), birds, amphibians, and reptiles.

As a concrete initiative for ecosystem preservation, we have designated the site of our former Ashio Copper Mine (Ashio-machi, Nikko City, Tochigi Prefecture) as an area for proactive biodiversity activities. There, we are engaging in tree planting and ecosystem restoration and are taking action to be certified as a "Nationally Certified Sustainability Managed Natural Site" as we work to achieve the 30by30^{*1} goal.

Going forward, we will carry on with greening efforts not only in the Ashio area but also at Company-owned properties throughout Japan, furthering activities for the restoration and recovery of abundant ecosystems.

*1 30by30: A global goal aimed at halting and reversing biodiversity loss to achieve a "nature positive" outcome by 2030. The goal is to effectively conserve more than 30% of the earth's land and ocean areas as healthy ecosystems by 2030.



Former Ashio Copper Mine Site (Nikko, Tochigi Prefecture)

12th Ashio Cherry Tree-Planting Drive and Seventh 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. In April 2024, we held our 12th tree-planting event, which was attended by 73 people, including Group employees and their families. This year, we planted 60 Somei-Yoshino cherry trees, bringing the total number of trees planted to date to 660. The amount of CO₂ absorbed by 660 cherry trees is approximately 33 t-CO₂/year, which is equivalent to that exhaled by roughly 90 people annually.

Also in April 2024, we held the seventh Furukawa-no-mori Tree-Planting Drive (organized by the Tochigi Furukawa Association^{*2}) on Company-owned land in the Matsuki area of Ashio-machi. A total of 78 members from 19 Tochigi Furukawa Association member companies participated, planting 40 Somei-Yoshino cherry trees.

We will continue hosting both events in the future.

*2 Organization of companies in the Furukawa Company Group in Tochigi Prefecture



12th Ashio Cherry Tree-Planting Drive, held in April 2024



Ashio Cherry Tree-Planting Drive

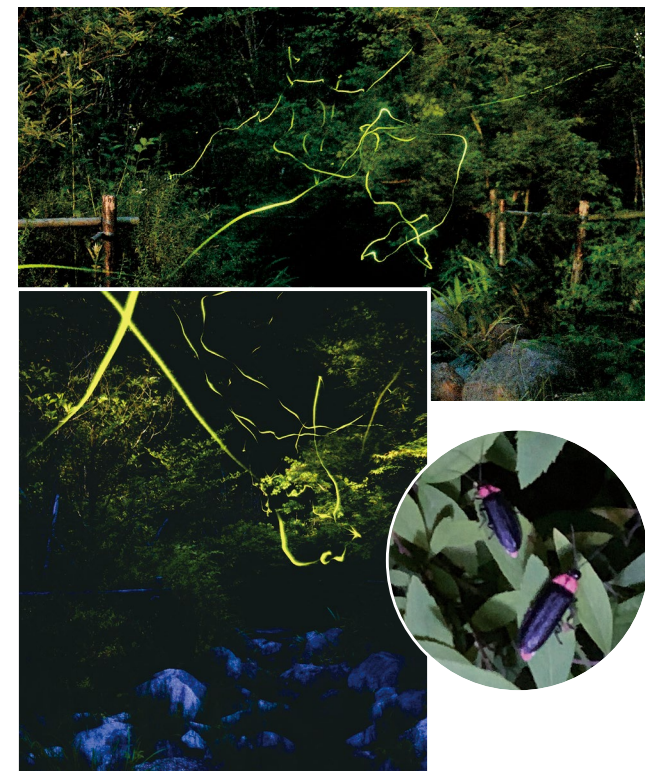
Firefly Restoration Activities

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 (Hamamatsu City, 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. In fiscal 2024, many fireflies were seen flying around, attracting local residents who came to enjoy the viewing.

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)

Continuous Mountain and Forest Management (Company-Owned Mountain Forestland)

Mountain forestland owned by the Company, totaling approximately 2,200 hectares nationwide, contributes to protection of biodiversity, securing water resources, and so on.

We carry out mountain and forest management in collaboration with local forest owners' cooperatives, systematically thinning, clearing undergrowth, trimming branches, and so on, for the sound development of the mountain forestland.

We are also engaged in discussions with the local forest owners' cooperative on the Onuma Mountain Forest (Toyone-mura, Kitashitara-gun, Aichi Prefecture) related to logging and new planting.

At the Kune Mountain Forest (Tenryu-ku, Hamamatsu City, Shizuoka Prefecture), we have a forest management contract with the local forest owners' cooperative to maintain and manage the forest.

In the Onuma Mountain Forest, there is an enormous Japanese horse chestnut tree (root circumference 15.3 m; diameter at breast height 7.48 m; height 32.5 m; branch length 46 m; estimated age of more than 500 years) that we have been carefully safeguarding for many years. In April 2008, the tree was designated a natural monument of Toyone-mura, Aichi Prefecture, and in July 2022, it was newly selected to be a designated cultural property (natural monument) of Aichi Prefecture.

In addition, we are continuously maintaining a Company-owned mountain forestland in the Ashio area of Nikko City, Tochigi Prefecture, and have started looking to create a policy for sustainable forest use with a focus on carbon neutrality.



Mountain forestland in Ashio-machi

Business Initiatives

As part of our efforts to reduce the environmental impact of business activities, we are taking specific measures, such as switching to LED lighting, introducing energy-efficient equipment, and installing new solar power systems to cut CO₂ emissions. We are also taking steps to conserve water resources by reusing water and reducing overall consumption. Furthermore, we are reviewing production processes and updating pollution control equipment to minimize the release of hazardous substances into the atmosphere and public waterways.

We also manufacture and sell various products that help protect the environment. These include chemical products, such as inorganic coagulants for water treatment (polyferric sulfate aqueous solution for sewage purification and aluminum sulfate for water supply purification).

Promote Resource Circulation

Policies and Strategies

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 promote 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.

The final disposal rate (rate at which waste in the Group is disposed of as landfill) has generally remained in the 5–8% range over the past several years, and the rate in fiscal 2023 was 5.0%.

Governance Framework

Risk Management

For details on our governance framework and risk management, please refer to the Environmental Management section.

[Environmental Management \(P.13\)](#)

Metrics and Targets

FY2023 target:

- Total other emissions, including waste: 1.5% reduction vs FY2023 BAU^{*1}

FY2023 results:

- Total other emissions, including waste^{*2}: 6,119 t (17.4% reduction vs FY2023 BAU)
- Recycling rate: 70.0%
- Amount of raw materials used: 118,560 t

*1 BAU (business as usual): No action taken

*2 Total other emissions, including waste, at major production sites

Initiatives

Reduction of Plastics

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.

External Collaboration

The Furukawa Company Group is working with other companies to reduce waste. For example, we encourage our business partners to use returnable boxes and covers and work to reduce the use of packaging materials.

Pollution Prevention

Policies and Strategies

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 2023, we reviewed equipment management at our Osaka Works, resulting in a 47% reduction in hydrogen fluoride usage compared with the previous fiscal year.

Governance Framework

Risk Management

For details on our governance framework and risk management, please refer to the Environmental Management section.

[Environmental Management \(P.13\)](#)

Metrics and Targets

FY2023 target:

- Reduce use of hazardous chemical substances (PRTR^{*1} substances): Reduce from previous fiscal year

FY2023 results:

- 13.0% year-on-year reduction in use of hazardous chemical substances (PRTR substances)

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

Initiatives

Emission and Transfer of Substances Required to Be Reported under the PRTR System^{*2} 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	
		2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
31	Antimony and its compounds	0	0	0	0	0	0	0	0	0	0	0	0
53	Ethylbenzene	27,540	27,458	0	0	0	0	0	0	0	0	2,199	2,057
75	Cadmium and its compounds	0	0	0	0	0	0	0	0	0	0	2,665	5
80	Xylene	36,896	39,781	0	0	0	0	0	0	0	0	5,743	7,827
87	Chromium and chromium (III) compounds	0	1	0	0	0	0	0	0	0	0	10	49
132	Cobalt and its compounds	0	0	0	0	0	0	0	0	0	0	0	39
243	Dioxins	14.2	24.10	0	0	0	0	0	0	0	0	0.07	117.07
272	Copper salts (water-soluble, except complex salts)	0	0	0	0	0	0	0	0	5	4	0	0
300	Toluene	37,653	39,670	0	0	0	0	0	0	0	0	1,132	3,434
308	Nickel	0	0	0	0	0	0	0	0	0	0	0	2
332	Arsenic and its inorganic compounds	11	9	0	0	0	0	0	0	0	0	3,007	1,671
374	Hydrogen fluoride and its water-soluble salts	0	0	6	9	0	0	0	0	0	0	1,383	889
412	Manganese and its compounds	12	13	0	0	0	0	0	0	0	0	88	244
438	Methylnaphthalene	0	13	0	0	0	0	0	0	0	0	0	0
453	Molybdenum and its compounds	0	1	0	0	0	0	0	0	0	0	0	29
691	Trimethylbenzene	3,192	5,232	0	0	0	0	0	0	0	0	431	335
697	Lead and other compounds	0	0	0	0	0	0	0	0	0	0	0	0
737	Methyl isobutyl ketone	0	3,741	0	0	0	0	0	0	0	0	0	88
FY2023 total (excluding dioxins)		105,304	115,920	6	9	0	0	0	0	5	4	16,658	16,669

*2 In fiscal 2022, data was calculated from major domestic production sites, and in fiscal 2023, it was on a consolidated basis including overseas sites.

Conservation of Water Resources

■ Policies and Strategies

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 expanded the scope of coverage, from major domestic production sites to a consolidated basis, including overseas sites, resulting in a 24.8% year-on-year increase in water consumption.

In addition, we systematically maintain and manage Company owned forests, which serve as water sources.

■ Governance Framework

■ Risk Management

For details on our governance Framework and risk management, please refer to the Environmental Management section.

[Environmental Management \(P.13\)](#)

■ Metrics and Targets

FY2023 target:

- Reduce water consumption: 1.0% reduction vs FY2023 BAU*1

FY2023 results:

- Water consumption*2: 521,000 m³ reduction (12.7% reduction vs FY2023 BAU)

*1 BAU (business as usual): No action taken

*2 Volume of water consumption at major production sites

■ Initiatives

Water Stress Assessment

The Furukawa Company Group uses Aqeduct, developed by the World Resources Institute (WRI), to identify water stress at its major business locations. As a result, we identified high water stress at our production sites in China and Thailand. The total water consumption (withdrawal) in these regions is approximately 10,000 m³ per year.

To address this issue, we have set a target to reduce water consumption by 2% from the projected level for fiscal 2028, and are actively working toward decreasing water consumption and mitigating water stress accordingly.

No violations of water quality or water quantity permits, standards, or regulations occurred in fiscal 2023.

Promoting More Efficient Use and Reuse of Water Resources

The Furukawa Company Group has worked to improve efficiency in production processes and implement water-saving measures by installing inverters on intake pumps at several facilities. As a result, these locations achieved a 31.7% reduction in water consumption compared with before the implementation of these measures.

Safety Measures in Management of Suspended or Abandoned Mines

■ Policies and Strategies

Following its fundamental policy of ensuring safe operations in the management of suspended or abandoned mines, the Furukawa Company Group has developed a medium- to long-term plan for its mining facilities. These plans include implementing preventive maintenance measures and strengthening resilience (disaster response capabilities) in a systematic manner.

■ Initiatives

At the Nakasai water purification plant, a wastewater treatment facility for the Ashio Mine (Nikko City, Tochigi Prefecture), reinforcement work on the stone retaining wall along the waterway was initiated in fiscal 2021 to prevent it from collapsing and causing disruptions. This was part of a three-year project that was successfully completed on schedule in fiscal 2023. We also extended the overflow weir of the settling pond to increase the mine's wastewater treatment capacity.



Stone retaining wall reinforcement: Stage III (Nakasai water purification plant)




Settlement pond overflow weir extension (Nakasai water purification plant)

Develop Safe and Rewarding Work Environments that Take Health into Consideration (Occupational Safety and Health)

■ Policies and Strategies

The Furukawa Company Group has identified “Develop safe and rewarding work environments that take health into consideration” as one of its Materialities (Key Issues) and is actively working on occupational health and safety initiatives. The Group strives to prevent industrial accidents and create a safe and healthy work environment (including by maintaining sound mental and physical health) in accordance with its Occupational Health and Safety Basic Principles & Occupational Health and Safety Policy. With this as a key management priority, we are actively working to improve our occupational health and safety management standards.

 [Furukawa Company Group Occupational Health and Safety Basic Principles & Occupational Health and Safety Policy](#)

■ Governance Framework

The Sustainability Promotion Meeting, which is held annually, and the Environmental & Safety Management Committee hear reports and engage in deliberation on the results of the previous fiscal year’s occupational safety and health activities, this fiscal year’s occupational safety and health activity targets, and other such matters. We strive to improve safety management levels at each business location through our annual Environmental and Safety Audits and the Environment/Safety Promotion Meetings and through on-site inspections following accidents or disasters. In addition, each plant and business location has established a Safety and Health Committee, consisting of an equal number of representatives from both management and employees, who work together to prevent workplace accidents. The committees conduct thorough studies and deliberations to ensure that employees’ perspectives are incorporated into key decisions, such as measures to prevent workplace hazards or health issues.

■ Risk Management

When refurbishing facilities, installing new equipment, or reviewing work procedures at each plant or business location, the Group conducts risk assessments to eliminate hazardous sources and reduce industrial health and safety risks. At overseas business locations, we have established a health and safety management system based on local laws and regulations and conduct risk assessments similar to those in Japan to prevent accidents and disasters.

■ Metrics and Targets

FY2023 target:

- Achieve accident- and disaster-free operations (Industrial accident severity/frequency)

FY2023 results:

- Industrial accident severity: 1.58
- Industrial accident frequency: 1.25

■ Initiatives

Preventing Industrial Accidents

To prevent industrial accidents, the Furukawa Company Group regularly holds Safety and Health Committee meetings and carries out safety patrols at each plant and business location. We also provide systematic education and training (including risk sensitivity improvement training) to all employees, including managers and supervisors. In December 2023, a serious workplace accident occurred at the Sakura Works of Furukawa UNIC Corporation, resulting in the tragic death of an employee. To ensure this never happens again, each Group company and business location is working on prevention measures aimed at achieving accident- and disaster-free operations. In response to the aforementioned accident, in fiscal 2024 we are strengthening our guidance to reinforce and thoroughly implement Groupwide activities to prevent industrial accidents and disasters.

● Furukawa Company Group: Number of accidents requiring leave of absence^{*1}, frequency^{*2}, and severity^{*3}

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of accidents requiring leave of absence	2	3	8	4	6 ^{*4}
Frequency	0.42	0.65	1.65	0.82	1.25
Severity	0.06	0.01	0.05	0.01	1.58

*1 Accidents requiring leave of absence of at least one day

*2 Frequency: Ratio of fatalities and injuries due to industrial accidents per 1 million total working hours

*3 Severity: Ratio of working days lost per 1,000 total working hours

*4 Includes one fatal accident

Safety Guidance for Overseas Offices

The Environmental & Safety Management Department of Furukawa Co., Ltd., checks and provides guidance on safety-related conditions to the Group’s overseas business locations.

It also monitors the operations of the monthly Safety and Health Committee meetings, providing guidance on improving the workplace environment based on the topics discussed and observations from inspections to ensure that employees can work safely and comfortably.

In the event of an accident or disaster, we take corrective and preventive measures based on the circumstances of the incident and after thorough consultation with the site regarding the causes.

The following business locations have acquired ISO 45001 certification, the international standard for occupational health and safety management systems, and continue promoting safety and health 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.

Certification acquired by 2 of 3 overseas production bases (67%)

Consultation with Furukawa Labor Union Regarding Occupational Safety and Health

The Company has established a mechanism for employee representatives to interact with management. The Furukawa Labor Union, which represents employees, and management together hold meetings of the Central Labor–Management Council twice a year (and more often as necessary) to exchange views on business plans, management policies, and operational strategies. They also exchange views on occupational safety and health and work to implement measures accordingly.

Labor–management council meetings are also held at each core operating company, where labor and management exchange opinions on occupational safety and health efforts at the individual company level.

Promoting Occupational Safety and Health Initiatives through Safety Education Videos

As a measure to prevent accidents and disasters within our Group, we systematically and continuously provide basic safety training to employees on an annual basis.

From the viewpoint of further strengthening safety education, we began producing internal Safety Education Videos in fiscal 2023.

These videos have two key features: (1) they can be viewed at any time, facilitating quick training and allowing for repeated education, and (2) they use internally created materials, ensuring that the content is directly related to the Company’s specific operations. By leveraging these advantages, we aim to enhance awareness about safety activities.

Moving forward, we will continue producing educational materials in collaboration with each Group company and plan to begin implementation by the end of fiscal 2024.

Develop Safe and Rewarding Work Environments that Take Health into Consideration (Health and Satisfaction)

■ Policies and Strategies

One of the Furukawa Company Group's Materialities (Key Issues) is to "Develop safe and rewarding work environments that take health into consideration." With this in mind, we are actively working to create health-conscious workplaces. On January 1, 2021, we announced our Health Declaration, further strengthening our commitment to health management.

The Furukawa Company Group Health Declaration

The Furukawa Company Group was the first in Japan to adopt the principle of SAFETY FIRST as "Anzen Sen'ichi." As a pioneer of the industrial safety movement, we have been engaging in efforts to maintain and improve employee safety and health. The spirit lives on in our Management Philosophy of "remaining indispensable to society by always embracing the spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development."

We consider the creation of a workplace environment that makes work satisfying and where every employee can take on the challenge every day of vibrantly realizing their capabilities and creating new value in good mental and physical health, to be an essential management issue. Going forward, we are committed to even more proactive efforts in promoting measures to maintain and improve the health of our employees.

The Group employs talented individuals who will proactively take on all challenges, while striving to recognize the diverse values of individuals, accordingly creating a rewarding corporate culture wherein human rights violations and discrimination do not occur and where individuals are evaluated fairly.

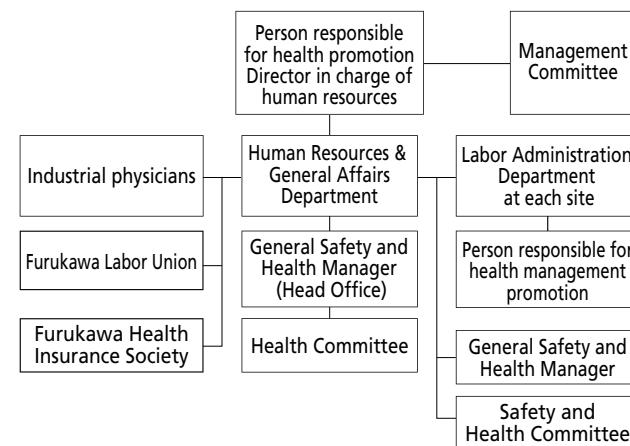
■ Governance Framework

The director of the Group in charge of human resources also has responsibility for health promotion and takes the lead in drafting and implementing various plans centered mainly in the Human Resources & General Affairs Department. The person responsible for health promotion also presents periodic reports on the status of employee health to the Management Committee and makes decisions on policy relating to matters such as the implementation of health management promotion.

The Human Resources & General Affairs Department coordinates health checkup data from the Furukawa Health Insurance

Society and the employee database to identify health issues, and plans and drafts appropriate measures while incorporating guidance from industrial physicians as well as opinions and requests from the labor union. Implementation of measures takes place through those in charge of health management promotion in each department, who communicate the measures to the employees. After implementation, information is shared with the Safety and Health Committee in each department, with its effectiveness also verified and used as feedback in review of the measures taken.

● Health Management Promotion Framework Chart



■ Risk Management

We conduct organizational diagnostic surveys of the Group as a whole and each workplace. These surveys are systematically designed to cover morale, corporate culture, and other aspects. They enable us to gather information on and assess the extent to which our Management Philosophy and vision have been embraced, as well as employee awareness and feedback from the front lines. We use this information to aid in the planning and development of various initiatives. In addition, we conduct annual stress checks to assess workplace stress levels through organizational diagnostics. For high-stress workplaces, we provide guidance and support to managers to help them make improvements. At the same time, we measure presenteeism (a state in which employees come to work despite having an illness or condition, leading to reduced job performance and productivity) to raise awareness of health among employees.

■ Metrics and Targets

FY2023 targets:

- Reduce total annual hours worked (less than 2,000 hours)
- Take steps to acquire certification as a Health and Productivity Management Outstanding Organization (White 500)

FY2023 results:

- Total annual hours worked: 1,935.4 hours
- Certified as a 2024 Health and Productivity Management Outstanding Organization
- Introduced health promotion smartphone app, conducted health seminars, and encouraged employees with anomalies to undergo reexamination



■ Initiatives

Employee Health Management

In the Furukawa Company Group's health management divisions, employee health is managed by periodic health checkups, special health examinations for employees with designated duties, and so on. They also provide health guidance based on health check-up results and give support for promoting employee health. We are also taking steps to arrange separate in-house smoking areas based on the intent of the Health Promotion Act, and we are making every effort to prevent secondhand smoking.

Systems and Measures

The Furukawa Company Group recognizes the following as management risks: the presence of employees with anomalies revealed through periodic health checkups, the occurrence of employees leaving the workplace due to injury or illness, and the presence of employees whose ability to perform their duties is impaired due to working while suffering from an injury or illness. With this in mind, we are working to achieve a 100% participation rate for regular health checkups, improve the rate of retests and the percentage of employees participating in health programs, raise awareness about stress in the workplace, and reduce smoking.

Encouraging the Use of Annual Paid Leave

We encourage employees to take annual paid leave by setting incentive days and planned exercises. In April 2024, we increased the number of days of annual paid leave granted to employees in their first to fifth years after joining the Company, a period when employees tend to be reluctant to take leave due to concerns about the number of remaining days. We also introduced hour-based annual leave at business locations where flextime arrangements do not apply due to the nature of the work, making it easier for employees to take time off in accordance with their generation, workplace, and lifestyle. In addition, we have a system allowing employees to save and accumulate expired annual paid leave that can be used if employees require long-term medical treatment due to personal injury or illness.

Efforts to Reduce Working Hours

We use our Companywide work system to properly monitor employee working hours. Employees who exceed the prescribed monthly limit by 80 hours or more are subject to corrective measures, including reviews of their work by department managers, with the aim of reducing long working hours and equalizing workloads.

Realizing a Rewarding Workplace

The Group employs talented individuals who will proactively take on all challenges, while striving to recognize the diverse values of individuals, accordingly creating a rewarding corporate culture wherein human rights violations and discrimination do not occur and where individuals are evaluated fairly.

Workstyle Reforms to Increase Productivity

We have identified the following issues and considerations for realizing rewarding work environments.

Improve work environments through automation and systemization; shorten and streamline meetings; implement various workstyles, such as flextime, teleworking, and staggered work hours; raise awareness to improve operational efficiency

Establishing Healthy Workplaces

We have identified the following issues and considerations for realizing healthy work environments.

Reduce annual total working hours, improve the percentage of paid annual leave taken, improve the percentage of scheduled medical examinations received and actively implement health promotion activities



Health-related seminar

Recruit and Develop Diverse Human Resources (Diversity)

■ Policies and Strategies

One of the Furukawa Company Group's Materialities (Key Issues) is to "Recruit and develop diverse human resources." The Group does not engage in any discrimination regarding human rights, beliefs, gender, disabilities, and so on in employment, and we endeavor to provide equal opportunities for all. Because Group businesses extend into a variety of fields, we are taking measures to stabilize our employment by formulating staffing and personnel plans with a clear view to business expansion and productivity increases, including in Group companies.

■ Governance Framework

The Group's Human Resources & General Affairs Department is responsible for planning and promoting diversity-related initiatives.

■ Metrics and Targets

FY2023 targets:

- Increase female manager ratio
- Actively recruit foreign nationals
- Step up recruitment of persons with disabilities (statutory minimum rate: 2.3%)

FY2023 results:

- Female manager ratio (consolidated): 3.7%
- Foreign nationals recruited (Furukawa Co., Ltd.): 1
- Persons with disabilities (consolidated): 2.2%

■ Initiatives

Empowering Female Employees

In our ongoing effort to actively recruit and involve women, on April 1, 2021, we formulated our Action Plan for Promoting Support for Female Employees, and are stepping up support for the advancement of women.

● Action Plan for Promoting Support for Female Employees

(Planned period: April 1, 2021 to March 31, 2026)

Target 1	Ensure that women account for at least 20% of all new graduate recruits
Target 2	Appoint at least 10 female managers
Target 3	Reduce the turnover rate of female employees in planning positions for personal reasons to 10% or less during the first five years of employment
Target 4	Encourage use of annual paid leave (target: 12 days/year)

Support for Employees Raising Children

As part of measures to support rearing of the next generation, we have formulated and implemented the General Business Owner Action Plan. At the same time, we are promoting improvement of the workplace environment to make it easier for people to take part in childcare and home care.

Hiring People with Disabilities

The Furukawa Company Group promotes hiring people with disabilities in various workplaces and for various types of work, thereby promoting their independence and participation in society.

Hiring Foreign Nationals

Given its active pursuit of overseas expansion, the Group does not base its recruiting decisions on nationality. Moreover, we strive to deepen partnerships that transcend nationality as we promote a spirit of mutual respect for individual differences. The Group has multiple production and sales/service bases overseas, where we actively recruit and develop local talent. As of March 31, 2024, we had 510 locally hired employees. We will continue creating local employment opportunities and making regional contributions.

Hiring Elderly Employees

The mandatory retirement age was raised from 60 years to 65 years on April 1, 2020, in order to stabilize the employment of elderly people and expand their opportunities for work.

Going forward, we anticipate that these people, by passing on the technical know-how they have acquired over many years, will proactively participate in cultivating mid-level and younger employees as well as in other ways.

Diversity-Related Education

The Group conducts diversity-related training as part of its commitment to ensuring diversity. The training, which covers such topics as race, nationality, religion, sexual orientation, and disabilities, is designed to deepen employees' understanding of diversity.



Recruit and Develop Diverse Human Resources (HR Development)

■ Policies and Strategies

One of the Furukawa Company Group's Materialities (Key Issues) is to "Recruit and develop diverse human resources." We also have a fundamental policy of "what supports limitless development of a company is people." We are committed to fostering individuals who actively take on challenges while recognizing diverse personal values. At the same time, we strive to create a rewarding corporate culture absent of human rights violations and discrimination, where individuals are evaluated fairly.

Human Resource Development Policy

For the Furukawa Company Group to resolve social issues through its business activities and achieve sustainable growth and increase corporate value, it is essential to develop human resources with a variety of personalities. Commit to developing a diverse workforce capable of acting autonomously and willing to embrace the challenge of creating new value.

Human Resources Required



In-House Environmental Improvement Policy

The Furukawa Company Group is committed to creating comfortable workplaces where diverse human resources can perform their duties safely and efficiently while maintaining a rewarding and healthy work environment.

■ Governance Framework

The Furukawa Company Group's Human Resources & General Affairs Department is responsible for planning and promoting initiatives to develop diverse human resources and create a comfortable working environment.

■ Metrics and Targets

FY2023 targets:

- Introduce talent management system
- Establish category-specific education policies
- Activate job rotation
- Consider training program for young employees in specialized roles

FY2023 results:

- Introduced talent management system
- Decided general framework for categories for category-specific education
- Completed selection and implementation study for job rotation
- Implementation study completed for study training program for young employees in specialized roles

■ Initiatives

Human Resource Development

The Furukawa Company Group is aiming to optimize its business framework and heighten its corporate value by developing professional human resources through human resource cultivation systems of all kinds and by building a workplace environment where they can exercise their capabilities to the fullest.

Education and Training

The Furukawa Company Group offers tiered training programs tailored to each grade, ensuring that employees acquire the fundamental knowledge required for their roles. We also focus on developing their ability to adapt to changes in the social environment. In addition, our new employee training includes sessions on the history of the Ashio Copper Mine, pollution control measures, current safety management practices, and reforestation efforts.

We also provide technical training and job-specific programs tailored to employees' areas of expertise and job performance. These are designed to help employees acquire a broad range of knowledge and specialized skills in their respective fields. Moreover, we actively encourage employees to participate in specialized external courses and acquire official certifications. We also support the dispatch of employees to external educational and research institutions or academic conferences, with the aim of developing personnel with a deep understanding of cutting-edge technologies and social trends.

● List of Education and Training Activities

	Newly Hired Employees	Grades 1-4 (General Employees)	Grades 5-9 (Managerial Employees)
Employment Grade-Specific Training	Introductory training for newly hired employees		Grade 5 training
	Follow-up training		Grade 6 training
Special Training	Pre-hiring training	Safety and health training	Mental health training
	Conversational English education	Human rights training	Diversity training
Training by Specialty / Function	Compliance training		Diversity training
	TOEIC testing		Life plan training
Workplace Education	Engineer training		Line care training
	Job-specific training		
Language Training	Participation in specialized subject seminars (including those furthering acquisition of public qualifications)		
	Dispatch to external educational and research institutions and academic conferences		
Self-Development	Health and safety education		
	OJT		
HR System and Measures	Language training for employees dispatched overseas		
	Language training (foreign language training at sites)		
Self-Development	Short-term overseas language training		
	Correspondence courses of all types		
Self-Development	Introduction of instructional materials, publications, etc.		
	Training in the form of open applications (e-learning)		
HR System and Measures	Coaching system		Personnel evaluator training
	Self-assessment and interviews based on personnel evaluation system		Interviews relating to goal management
HR System and Measures	Rotation and secondment to affiliates in Japan and overseas		

Communication to Facilitate Training of Subordinates

Interviews are conducted between immediate supervisors and their subordinates on a twice-yearly basis, in addition to the daily communication that takes place between managers and their employees. In the interviews, managers provide feedback to employees regarding their work, achievements, points for reflection, and findings of performance evaluations, as well as advice based on their self-reports, and confirm and share the goals they have set. Meanwhile, supervisors also provide their assessments with respect to the self-analysis. The process of undergoing straightforward performance assessments by their supervisors enables employees to scrutinize themselves on a regular basis, thereby helping fuel their motivation for proactive career development. While diverse workstyles, such as flextime, shorter/staggered work hours, hot-desking, and teleworking, are becoming more common, it is difficult to communicate with subordinates, understand what they are thinking, and what problems and concerns they have. For this reason, we also conduct one-on-one meetings at the head office.

Personnel Evaluation System

Based on the system of assigning grades by function that is used in the Group, grades are set according to the magnitude of the role the employee is expected to fulfill. By assessing personnel results and behavioral characteristics in accordance with the personnel evaluation system, we are endeavoring to provide employee guidance and cultivation, develop their capabilities, and optimize their assignments. At the same time, this serves to provide fair and equitable treatment in terms of wages, bonuses, retirement benefits, and so on, and in establishing an environment wherein motivated employees can participate proactively with a sense of security.

Human Resource Development and Deployment

When developing and deploying diverse human resources, we focus on various challenges and considerations. For example, we strive to develop diverse human resources based on length of service, position, job description, ability, etc.; optimally deploy capable human resources regardless of length of service or job group to ensure that the right person is in the right position; and set challenging personal goals and evaluate personnel appropriately.

Promote Management that Respects Human Rights

■ Policies and Strategies

We have identified “Promote management that respects human rights” as one of our Materialities (Key Issues). In the Furukawa Company Group’s Human Rights Policy, the Furukawa Company Group’s Charter of Corporate Conduct, and the Furukawa Company Group’s Code of Conduct for Officers and Employees, the Group states its commitment to respecting the human rights of all people, forbidding child labor and forced labor, and rejecting discriminatory treatment, behavior, and speech with regard to nationality, race, gender, age, faith, religion, social status, disability, and so on. In these ways, we emphasize business activities that respect human rights.

[Furukawa Company Group’s Human Rights Policy](#)

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

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

■ Governance Framework

The Furukawa Company Group is advancing its human rights initiatives under the supervision of the Board of Directors. Furthermore, we established the cross-lateral Human Rights Risk Sectional Meeting under the Risk Management Committee, which is chaired by the Director in charge of the Sustainability Promotion Department. The Human Rights Risk Sectional Meeting is responsible for investigating, deliberating, and drafting proposals on human rights issues, which are then reported to and submitted for consideration by the Risk Management Committee. The Committee reviews these proposals and reports them to the Board of Directors for consideration.

■ Risk Management

The Human Rights Risk Sectional Meeting, established under the Risk Management Committee, is responsible for evaluating and identifying human rights risks and addressing any negative impacts on human rights.

■ Metrics and Targets

FY2023 targets:

- Establish a human rights policy
- Human rights training sessions: At least once a year

FY2023 results:

- Established a human rights policy, identified and analyzed human rights risks
- Number of human rights training sessions: 6

■ Initiatives

The Group strives to create a corporate culture that recognizes the diverse values of individuals, is free from human rights violations and discrimination, is subject to fair evaluation, and is a rewarding place to work. Accordingly, we prohibit all forms of harassment and discrimination. Moreover, we resolutely take action against harassment and discrimination based on our internal rules.

Human Rights Policy

In accordance with the United Nations Guiding Principles on Business and Human Rights, we established the Furukawa Company Group’s Human Rights Policy, which was approved by the Board of Directors in November 2023. We disclosed this policy on our corporate website in both Japanese and English to inform stakeholders in all countries and regions.

We also ask our suppliers and other business partners to support this policy and respect human rights.

Human Rights Due Diligence

The Furukawa Company Group is working to establish a framework for human rights due diligence to identify and mitigate negative impacts on human rights. In the meantime, we will engage in dialogue with relevant stakeholders. In fiscal 2023, we conducted desktop analyses to identify and assess human rights risks in each department, gathering input through interviews with relevant departments. We focused on various issues, such as occupational health and safety, harassment, human rights related to the environment and climate change, and human rights in the supply chain. These issues were discussed by the Human Rights Risk Sectional Meeting and the Risk Management Committee. The Human Rights Risk Sectional Meeting meets twice a year to continuously evaluate risks related to human rights. In addition, we are working steadily to expand the scope of our CSR survey, which previously focused on domestic suppliers and included human rights matters, to include suppliers of overseas subsidiaries with production bases.

[Supply Chain Management \(P.39\)](#)

Preventing Child Labor and Forced Labor

The Furukawa Company Group’s Code of Conduct for Officers and Employees stipulates that they will not engage in child labor or forced labor, and that they will demand that their business partners do not engage in such practices. When hiring, we ask applicants to submit documents required by employment regulations and thoroughly check applicants’ age and other relevant information.

Reducing Excessive Working Hours

The Furukawa Company Group is working to reduce overtime and optimize working hours to ensure the sound mental and physical health of its employees and help them achieve a good work–life balance.

Preventing Harassment (Harassment Training for Management-Level Employees)

The Furukawa Company Group’s Policy on Measures to Prevent and Eliminate Harassment in the Workplace includes (1) definition of harassment, (2) scope of application, (3) responsibilities of superiors, (4) cooperation of employees, (5) consultation and complaint handling contact point, (6) prohibition of prejudicial treatment, (7) confidentiality obligation, and (8) disciplinary actions.

In addition, we provide training for management-level employees on the Group’s harassment responses, including examples of harassment, reporting and measures to be taken when a case of harassment is identified, and consultation services, with the aim of preventing harassment.

Human Rights Training

The Furukawa Company Group has traditionally provided human rights training for new hires, but in fiscal 2023 we expanded the program following the establishment of our Human Rights Policy. Here, our aim is to deepen employee understanding of the policy and emphasize the importance of respecting human rights. As a result, we conducted six targeted training sessions, including those for senior management and the procurement departments, to ensure comprehensive awareness and implementation across the organization. We are also working to raise awareness on human rights by providing education about business and human rights, including our Human Rights Policy, through internal newsletters and educational videos.

In fiscal 2023, training for new employees covered such topics as human rights policies, business and human rights, harassment, and discrimination against people with disabilities and LGBTQ individuals.



Human rights training session

Whistleblowing System

The Furukawa Company Group has introduced a whistleblowing system to facilitate the early detection and correction of compliance violations, including issues related to respecting human rights and prohibiting discrimination. Reporting and consultation channels are available both internally and externally (through a law firm). It is prohibited to seek out whistleblowers and/or treat them unfavorably on the grounds of having made a report.

If it becomes clear that the Group has caused or been part of any negative impact on human rights, it will work to remedy the situation through appropriate procedures.

■ Policies and Strategies

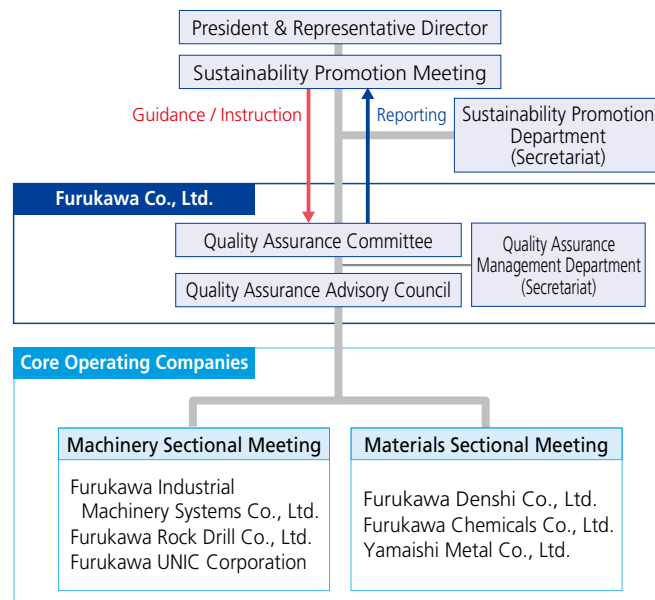
Based on its Quality Assurance Basic Policy and the Quality Assurance Action Guidelines, the Furukawa Company Group aims to provide quality products and services that earn the trust and satisfaction of customers and thus contribute to society.

[Furukawa Company Group Quality Assurance Basic Policy and Action Guidelines](#)

■ Governance Framework

The Quality Assurance Committee was established within Furukawa Co., Ltd., to engage in comprehensive deliberations on important matters relevant to quality assurance in the Group. We also established the Quality Assurance Management Department within the Technology Division of Furukawa Co., Ltd., to manage the Group's quality assurance framework and promote activities for quality assurance and product safety. The two organizations work together while engaging the entire Group to provide products and services that earn the trust and satisfaction of our customers.

● Quality Assurance Management System



Quality Assurance Committee

The Quality Assurance Committee, which is attended by the heads of the production divisions of the core operating companies, consists of the Quality Assurance Advisory Council, which brings together the quality assurance managers of the core operating companies, and sectional meetings, whose members pursue activities separately in the Machinery and Materials businesses. To achieve the key objectives defined each fiscal year, we promote compliance with laws and regulations related to manufacturing, quality assurance, and product safety, as well as the development of products that customers can use safely and with confidence. At the same time, we share information on complaint analysis methods and reduction initiatives at each business operation and horizontally deploy these methods across our organization. Based on the understanding that product safety is an integral part of quality assurance, we also continuously promote risk assessment and other activities to elevate product safety levels.

■ Risk Management

Machinery Sectional Meeting: Activity Report

The Machinery Sectional Meeting shares information among the three machinery-related core operating companies and promotes

comprehensive activities to provide products that meet customer requirements and reduce claims. The products of each operating company are diverse, even though they all have mechanical structures. To reflect this diversity in our products, we share information and engage in continuous Groupwide activities to build the best quality assurance system for each company and ensure effective and efficient processes.

In fiscal 2022, we formulated the Quality Roadmap for Machinery Business Companies (fiscal 2023–2025), which defines our efforts to address 10 common themes that require the focused attention of the three machinery-related operating companies, and began deploying the roadmap in fiscal 2023. The three companies and the Quality Assurance Management Department are each responsible for the specific themes of the roadmap. Through mutual verification and synergistic operation of information and systems, we are working to create a virtuous cycle of Groupwide quality improvements.

The 10 themes are (1) engage in quality awareness activities for all officers and employees, (2) unify the quality management education system, (3) review the database of defect-related information and promote its utilization, (4) enhance communication (ensure timely delivery of necessary information to appropriate departments by appropriate means), (5) ensure proper design verification and validation, (6) establish a method for evaluating customer satisfaction, (7) ensure stable quality of outsourced parts, (8) identify and improve necessary quality-related competencies, (9) enhance responses to risks and opportunities, and (10) conduct regular quality audits across the board.

In addition, using digital technology at manufacturing sites is essential to achieve continuous quality improvement given the constraints of labor shortages and increasing product complexity. We believe that collecting and integrating quality-related data with emphasis on validity, efficiency, and convenience will greatly enhance our ability to address customer needs, pass on knowledge, and utilize data for processes. In parallel with the quality roadmap, therefore, we will promote the use of digital technology to ensure more reliable quality assurance.

Materials Sectional Meeting: Activity Report

The Materials Sectional Meeting consists of representatives of core operating companies whose materials are widely used in electronic devices and other products. It has embraced a customer-oriented approach and set a goal of “zero quality-related complaints” and is working to improve its quality assurance system, including for products procured overseas.

The Sectional Meeting works to raise the Group's overall level of quality assurance by sharing the activities of the materials-related operating companies. The common challenge is reducing in-process defects. In response, we exchange information on the root-cause investigation process, recurrence prevention measures, and verification results regarding defects at the operating companies, and each company uses this information as a reference for future activities. The core operating companies also use SDS^{*1} and other risk assessment tools to provide information related to risk. We view the release of defective products as a major risk and strive to prevent such release by emphasizing change-point control and highly reliable design and inspection automation.

In fiscal 2023, as part of our effort to introduce and improve FMEA^{*2} methodology, we conducted FMEA training sessions hosted by Furukawa Denshi Co., Ltd., and reorganized the necessary documentation. With the goal of achieving “zero quality-related complaints,” in fiscal 2024 we will continue striving to further improve our quality assurance system. Here, we will deploy FMEA to focus on highly reliable design, prevent the release of defective products, and otherwise improve our quality assurance system, including for items procured overseas. Our aim is to further raise

the level of each company in the Materials Sectional Meeting.

*1 Safety Data Sheet
*2 Failure Mode and Effects Analysis: Systematic method of analysis to prevent problems by predicting their causes at the design and process planning stages.

■ Metrics and Targets

FY2023 targets:

- Establish and continuously improve quality assurance system: Implement activities in accordance with the quality roadmap (machinery-related operating companies)
- Reduce quality-related complaints (machinery-related operating companies)
- Strengthen quality assurance system: Review existing methods and consider new ones (materials-related operating companies)
- Strengthen activities to raise awareness about quality (Companywide)

FY2023 results:

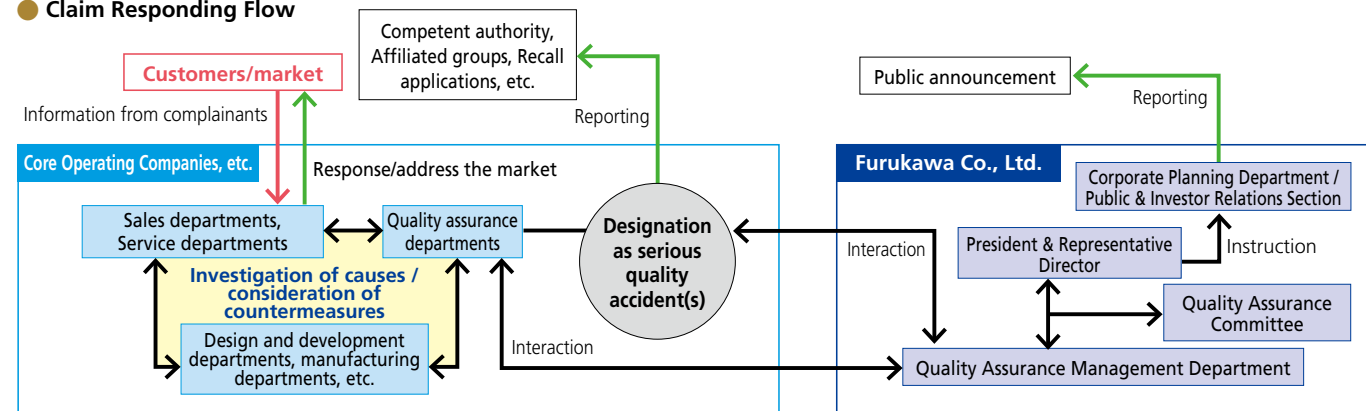
- Followed quality roadmap in first year largely as planned (machinery-related operating companies)
- Reduced quality-related complaint expenses compared with the previous fiscal year (machinery-related operating companies)
- Raised the quality level of the Materials business by sharing information on FMEA methodology and improving existing activities (materials-related operating companies)
- Distributed quality assurance educational materials to all officers and employees on four occasions (Companywide)

■ Initiatives

Human Resource Development to Support Quality Assurance

The Furukawa Company Group has a diverse product lineup, with each business segment conducting quality-related education

● Claim Responding Flow



ISO 9001 Certification Acquisition Status

The acquisition status of ISO 9001 in the Group is as follows.

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 Denshi Co., Ltd.	December 4, 1998	Japan Quality Assurance Organization (JQA)
Furukawa Industrial Machinery Systems Co., Ltd.	June 22, 1999	Nippon Kaiji Kyokai (ClassNK)
Yamaishi Metal Co., Ltd.	November 28, 2000	Bureau Veritas Japan Co., Ltd.
Furukawa Chemicals Co., Ltd.	July 24, 2003	JIC Quality Assurance Ltd. (JICQA)
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.

activities tailored to its own product offerings. In addition, the Quality Assurance Management Department of the Technology Headquarters of Furukawa Co., Ltd., which serves as the Group's headquarters, distributes educational materials on quality assurance to all employees and staff across the Group. We aim to increase opportunities for employees to think about quality by providing explanations of basic quality assurance principles and sharing examples of quality assurance activities at Group companies. In these ways, we strive to foster a mindset that quality assurance activities are not solely the responsibility of the quality assurance department, but are a collective effort involving all employees. In parallel with information dissemination, we conduct surveys to verify the understanding level of employees in each company, department, and position and thus assess the effectiveness of our educational activities. At the same time, we identify issues and requests related to quality assurance in various operations. This information is used to enhance future educational content and strengthen quality assurance frameworks within each business segment.

Responding to Complaints

When complaints are made, the Quality Assurance Departments of core operating companies take the lead in immediately checking the facts and analyzing and verifying the causes. When problems with quality are deemed to be particularly serious, the departments make reports to the competent authorities according to laws and regulations, disclose information to customers through websites and other means, and promptly report the circumstances to management. Accordingly, we have established a system under which the Group comes together to take swift and appropriate action.

Supply Chain Management

■ Policies and Strategies

The Basic Procurement Policies of the Furukawa Company Group have the four pillars of the principles of fairness and impartiality, mutual prosperity, compliance and confidentiality, and promotion of procurement activities that are considerate of CSR. In accordance with these policies, and on the assumption of cooperative relationships with suppliers, CSR Promotion Guidelines have been formulated that call for respect for human rights and the environment.

[Furukawa Company Group Basic Procurement Policies](#)

[The Furukawa Company Group CSR Promotion 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.

For fiscal 2023, the core issue for the Purchasing Departments in Vision for 2025 was the fostering of partnerships. Toward that end, steps were taken to strengthen supplier management, conduct specific examinations relating to CSR procurement in the Purchasing Departments, and engage in exchanges of views.

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 procurement 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 suppliers, with an explanation of the purpose of the Group's CSR procurement and giving them the supplier CSR survey to complete. In fiscal 2019, we visited three suppliers and exchanged views in order to promote understanding of our CSR activities.

Considering the points for reflection yielded by the initial survey, a second round of supplier CSR surveys has been conducted from fiscal 2021. In order to promote these CSR activities that extend to the supply chain, and to maintain and improve them, we have been moving through the PDCA cycle for the process from conducting supplier CSR surveys to following up on them.

By the end of fiscal 2023, we conducted the second CSR survey of 141 key suppliers in Group 1^{*1} and Group 2^{*2}, achieving a 100% response rate.

Based on our risk assessments, we conducted follow-up activities, including monitoring (on-site inspections) and guidance aimed at risk reduction, for two companies in Group 1 and one company in Group 2.

We selected overseas suppliers associated with some overseas subsidiaries^{*3} for the CSR survey.

In fiscal 2024, we have started surveying those selected overseas suppliers and plan to extend the same survey to the overseas suppliers of our domestic subsidiaries as well.

*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

FY2023 targets:

- Conduct and analyze CSR surveys for overseas suppliers affiliated with domestic and overseas subsidiaries
- Conduct sustainability education focusing on human rights for personnel in the Purchasing Department
- Strengthen management (QCD + sustainability) of major suppliers
- Foster partnerships with suppliers
- Start Companywide activities to promote sustainability-conscious procurement

FY2023 results:

- Started selecting overseas suppliers for the CSR survey
- Provided sustainability education in the Purchasing Department focusing on human rights
- Conducted survey of procured goods and suppliers in consideration of the SDGs
- Announced Partnership Building Declaration

■ 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., Furukawa UNIC Corporation) to offer guidance and recommendations for supporting suppliers as necessary.

In fiscal 2023, conditions mostly returned to pre-pandemic levels. For domestic suppliers, we resumed conducting verifications and guidance using our standard methods. For overseas suppliers, we made in-person visits to inspect and provide guidance on processing procedures, materials management, and quality inspection systems. We also reviewed their environmental and safety measures and provided technical guidance accordingly.



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 2023, we engaged in communication with both domestic and overseas suppliers through site visits and production briefings.

In fiscal 2024, 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, Furukawa Co., Ltd., and the Furukawa Company Group's 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., Furukawa Chemicals Co., Ltd.) endorsed the principles of the Council on Promoting Partnership Building for Cultivating the Future. Members of this council include the President of Keidanren (Japan Business Federation), the Chairman of the Japan Chamber of Commerce and Industry, the President of the Japanese Trade Union Confederation (RENGO), and ministers of related government entities (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 alignment with this initiative, we publicly announced our Declaration of Partnership Building. 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, Indonesia, 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.

Promoting Green Procurement

The Furukawa Company Group promotes the purchase of environmentally friendly products. For example, we encourage the use of recycled paper for such items as copier paper, business cards, and toilet paper. To minimize the increase in paper usage resulting from business expansion and changes in business operations, we also endeavor to use scrap paper and adopt IT solutions. In addition, we emphasize the purchase of energy-efficient office equipment that is compliant with energy-saving regulations, including copiers, multifunction devices, computers, and printers. We also purchase office supplies made from recycled materials, such as printer cartridges and paper files. Moreover, we will continue working to replace Company-owned vehicles (including leased and rental vehicles) with environmentally friendly ones, such as hybrid cars and those that meet low fuel consumption standards and low emission vehicle criteria.

Our factories are actively pursuing their own initiatives in addition to those described above. When purchasing materials, for example, they consider such factors as quality, price, delivery, and service, together with environmental performance, and place top priority on procurement of environmentally friendly products.

Coexistence with Local Communities

■ Policies and Strategies

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.

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

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

■ Initiatives

Activities that are closely connected with local communities include participation in local volunteer cleanup campaigns and inviting children and students to social studies tours. 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

(1) Hirose River Volunteer Cleanup Campaign

Each company in the Group participates in volunteer cleanup activities as part of its contribution to local communities. In September 2023, a total of nine employees and family members from the Tohoku Branch of Furukawa Industrial Machinery Systems Co., Ltd., participated in the 34th Hirose River Cleanup Campaign (part of the Hirose River 10,000 People Project) in Sendai City, Miyagi Prefecture.



Hirose River cleanup volunteers

(2) Social Studies Tour of Ashio Copper Mine

At our Ashio Office (Nikko City, Tochigi Prefecture), 30 students from secondary school in Ibaraki Prefecture designated as Super Science High School (SSH)* were invited to take a social studies tour of the Ashio Copper Mine as part of their hands-on education.

With the cooperation of the Ashio Office, we provided explanations on the copper smelting process and our environmental measures and gave a special tour of a former smelting facility and ore dressing plant. We also demonstrated the mechanism for removing heavy metals from mine wastewater at the Nakasai water purification plant.

* Super Science High School (SSH): This is a program in which Japan's Ministry of Education, Culture, Sports, Science and Technology designates and supports high schools that are making outstanding efforts to nurture internationally active human resources in science and technology.



Social studies tour of Ashio Copper Mine

(3) Donations to Aid Victims of the Noto Peninsula Earthquake

The Furukawa Company Group has donated a total of ¥8 million in relief funds to support the recovery and reconstruction of areas affected by the Noto Peninsula Earthquake. The contribution was made by Furukawa Co., Ltd., and six core Group 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. All of us at the Furukawa Company Group are praying for everyone's safety and the earliest possible restoration and recovery of the affected areas.

(4) Furukawa Kakemizu Club

As part of its activities to promote the attractiveness of local communities, the Furukawa Company Group helps maintain and develop local culture by operating and managing the Furukawa Kakemizu Club in Ashio-machi (Nikko City, Tochigi Prefecture).

The Furukawa Kakemizu Club is based in a house that was once used to entertain and accommodate distinguished guests during the prosperous period of the Ashio Copper Mine. Renovated in the early Taisho period (1912–1926), it is a two-story structure with a Western-style exterior and Japanese and Western-style interior, each influenced by Josiah Conder, a British architect who designed Rokumeikan and Kyu-Furukawa Gardens, among others.

The house is equipped with facilities for entertaining distinguished guests, including a billiard room with the oldest billiard tables in Japan and Japanese-style rooms.

The club was designated as a Registered Tangible Cultural Property in 2006.



Furukawa Kakemizu Club, a designated Registered Tangible Cultural Property

Company Properties Designated as Modern Industrial Heritage Sites

In November 2007, Japan's Ministry of Economy, Trade and Industry (METI) designated 33 Modern Industrial Heritage Sites across the country. METI presented certificates and plaques to the owners of these heritage sites, which are recognized as assets that could help drive regional revitalization efforts.

Among the heritage sites, Furukawa Co., Ltd., received recognition for three locations: the Ashio Copper Mine (Tochigi Prefecture), the Yoshima Coal Mine (Fukushima Prefecture), and the Chikuho Coalfield (Fukuoka Prefecture).

The Company is committed to carefully preserving its designated sites. We will also work actively to revitalize the local communities connected to those sites.



National Historic Site: "Tsudoko" (Main adit, part of the former Ashio Copper Mine)



National Historic Site: Utsuno gunpowder depot ruins (part of the former Ashio Copper Mine)

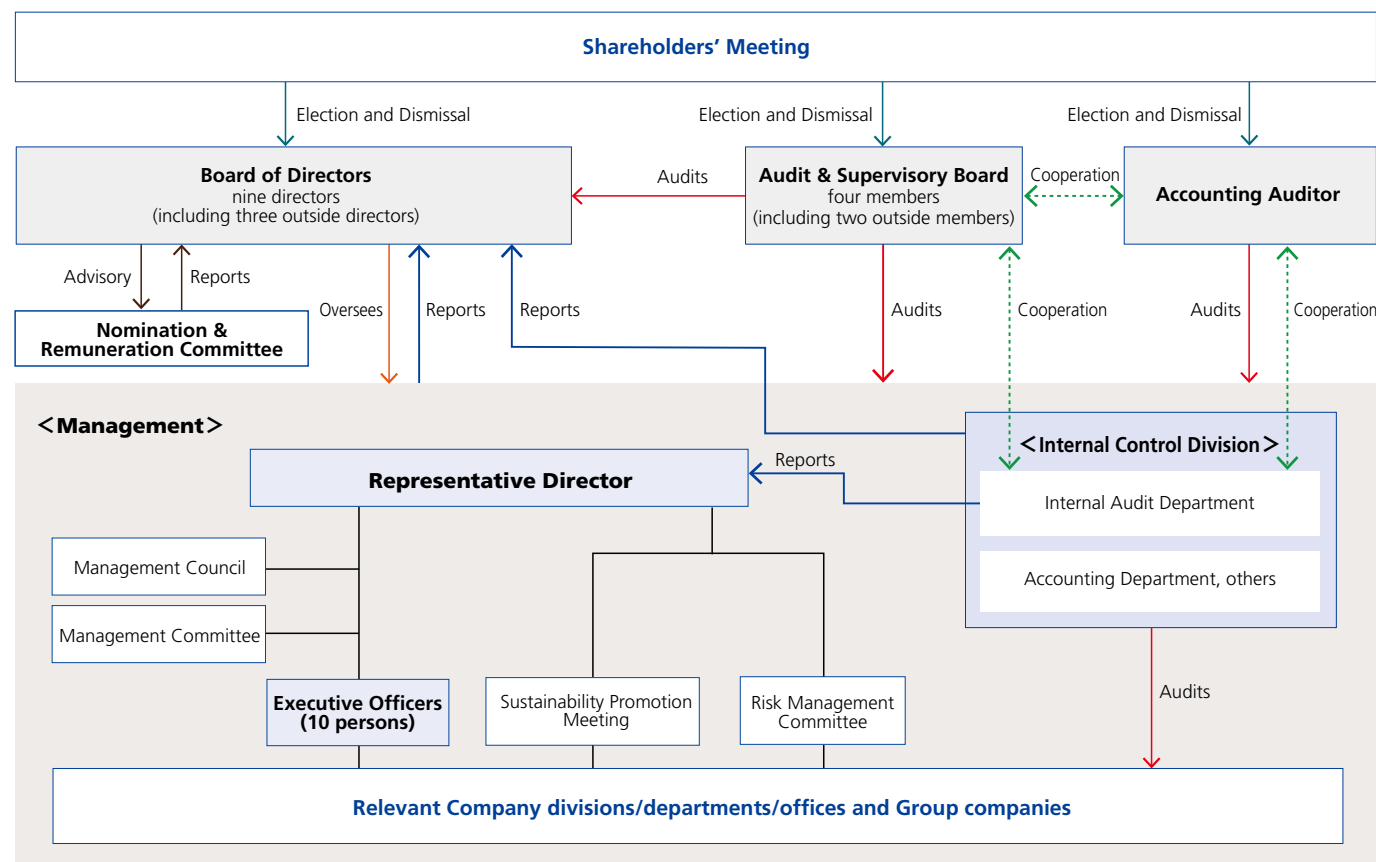
|| Policies

The Furukawa Company Group maintains fundamental policies regarding corporate governance with respect to heightening managerial transparency, building an effective managerial framework through ongoing efforts to transform its corporate structure, increasing its corporate value by generating consistent profits, and contributing to its shareholders and other stakeholders. Under this basic policy, each of the Group's operating companies operates dynamically, ensuring clear asset management and profit and loss accountability while maintaining Group cohesion. By providing products and services that satisfy customers, we aim to maximize the overall corporate value of the Group.

|| Framework

Furukawa Co., Ltd., employs a company system with a Board of Directors and an Audit & Supervisory Board to supervise business execution. In addition, we have appointed Outside Directors to ensure the validity of decision-making and the objectivity and transparency of management. The Audit & Supervisory Board Members are managers of other companies and persons with knowledge of financial accounting, who use their specialized knowledge and experience to give advice to management and check the status of operations. We consider that management oversight is functioning effectively under the current system.

● Corporate Governance System



Board of Directors (As of June 27, 2024)	
Chairman	Naohisa Miyakawa, Chairman of the Board of Directors
Composition	9 Directors (6 internal, 3 outside)
Role	Oversees the execution of business across the entire Furukawa Company Group as a supervisory body
Number of meetings	16 times (FY2023): Once a month, plus as needed
Attendance	98.6% (FY2023)
Main matters discussed	57 resolutions and 40 reports <ul style="list-style-type: none"> • Matters related to financial results • Matters related to sustainability • Reduction of strategic shareholdings • Investments to enhance human capital, etc.

Nomination & Remuneration Committee (As of June 27, 2024)	
Chairman	Yoichi Mukae, Outside Director
Composition	5 Directors (including 3 Outside Directors)
Role	Optional advisory body to the Board of Directors. Receives requests for advice from the Board of Directors regarding candidates for Directors and Audit & Supervisory Board Members, as well as selection and dismissal of Representative Directors and remuneration for Directors, then deliberates and reports as necessary.
Number of meetings	4 times (FY2023)
Attendance	100% (FY2023)
Main matters considered	<ul style="list-style-type: none"> • Remuneration for Directors and Audit & Supervisory Board Members • Nomination of candidates for Directors and Audit & Supervisory Board Members • Succession planning for Directors, etc.

Management Council (As of June 27, 2024)	
Chairman	Minoru Nakatogawa, President & Representative Director
Composition	All internal Directors (6 persons) Internal Audit & Supervisory Board Members may attend and express their opinions.
Role	Makes decisions about the basic management policies, strategic planning, and other important matters related to the Group. Important matters related to each Group company are submitted for deliberation after being approved by the respective company's internal decision-making body.

Management Committee (As of June 27, 2024)	
Chairman	Minoru Nakatogawa, President & Representative Director
Composition	Internal Directors and internal Audit & Supervisory Board Members, Executive Officers, General Managers of business divisions, Managers of departments not attached to business divisions (excluding General Manager of the Secretary Department), and the Presidents of core operating companies
Role	Reports on the execution of business by the Company and its core operating companies, examines them, and gives instructions
Number of meetings	12 times (FY2023): Once a month

Executive Officer System

The Company employs an Executive Officer System, which facilitates quicker decision-making, and defined responsibilities in terms of keeping management supervisory functions separate from executive functions. Executive Officers perform their tasks according to business plans determined by the Board of Directors,

and report the status of business execution as appropriate to the Board of Directors and the Management Committee. The Company has 10 Executive Officers as of June 27, 2024, including four serving concurrently as Directors.

Audit & Supervisory Board (As of June 27, 2024)	
Chairman	Kazuo Inoue, Full-Time Audit & Supervisory Board Member
Composition	2 full-time Audit & Supervisory Board Members and 2 Outside Audit & Supervisory Board Members Note: In preparation for regulation requiring a prescribed number of statutory auditors by law, we appointed one alternate auditor.
Role	The Audit & Supervisory Board makes decisions on audit policies, business operations, methods of investigating the status of assets, and other matters related to the execution of duties by its members. In accordance with the audit policies established by the Audit & Supervisory Board, auditors monitor the execution of duties by Directors and others. This is done by attending important forums, such as meetings of the Board of Directors and the Management Council, as well as listening to reports from Directors and conducting on-site inspections of business offices and subsidiaries.
Number of meetings	7 times (FY2023)
Main matters considered	<ul style="list-style-type: none"> • Audit policies and plan • Audit report preparation • Evaluation and reappointment of independent Audit & Supervisory Board Members, etc.

Status of Internal Audits and Audits by the Accounting Auditor and Audit & Supervisory Board Members

We established the Internal Audit Department as an internal auditing organization. As of June 27, 2024, the Department has six members including the Internal Audit Department Manager, who conduct audits of the status of management and business execution across all management activities of the Group. Through a system in which the Internal Audit Department reports regularly (twice a year) to the Board of Directors, we ensure cooperation among Directors and Audit & Supervisory Board Members. Since Audit & Supervisory Board Members also attend the Board of Directors' meetings, in principle, the Department further ensures collaboration by separately reporting to Audit & Supervisory Board Members as necessary on matters that do not overlap in content but are not regularly reported to the Audit & Supervisory Board.

The Audit & Supervisory Board has appointed Ernst & Young ShinNihon LLC as its accounting auditor based on its judgment that the firm possesses the systems for the execution of duties, as well as the auditing structure, independence, and expertise, necessary to serve as the Company's accounting auditor. Audit & Supervisory Board Members work closely with the accounting auditor as part of the Company's audit policy. At the beginning of each fiscal year, the Company receives an explanation of the annual audit plan from the accounting auditor and prepares an audit plan for Audit & Supervisory Board Members. Audit & Supervisory Board Members also receive explanations of the audit results from the accounting auditor regarding the settlement of accounts for the fiscal year and request reports from time to time. In addition, they work closely with the Internal Audit Department, receiving reports on the results of internal audits. The Internal Audit Department and the accounting auditor also exchange opinions and information as needed.

Evaluating the Effectiveness of the Board of Directors

The Company evaluates the effectiveness of its Board of Directors annually and reports the results to the Board for discussion.

Evaluation Process	
Questionnaires sent to each Director and Audit & Supervisory Board Member (February–March 2024)	Each Director and Audit & Supervisory Board Member evaluates the following items: <ul style="list-style-type: none"> • Matters related to the composition of the Board (such as size and diversity) • Matters related to the operation of the Board (such as frequency of meetings and provision of information in advance) • Matters related to discussions at Board meetings (such as content of agenda items) • Matters related to the monitoring function of the Board • Matters related to dialogue with shareholders and other investors, etc.
Opinion exchange by Outside Directors and Outside Audit & Supervisory Board Members (May 2024)	Discuss the effectiveness of the Board of Directors, referring also to the results of aforementioned questionnaires at meetings where only Outside Directors and Outside Audit & Supervisory Board Members are invited to participate.
Discussion at Board of Directors' meeting (May 2024)	Based on the results of the aforementioned questionnaire and discussions in the exchange of opinions by Outside Directors and Outside Audit & Supervisory Board Members, the effectiveness of the Board of Directors in the previous fiscal year is evaluated. In addition, efforts aimed at further improving the effectiveness of the Board of Directors are also finalized.
Evaluation Results for Fiscal 2023	
<p>(1) Regarding the question of whether the Board of Directors is functioning effectively, the overall evaluation has slightly declined compared with the previous fiscal year. However, there were improvements in the evaluations of "free and constructive exchange of opinions" and "comprehensive, organized analysis of necessary information," resulting in generally high evaluation scores.</p> <p>(2) We also identified four challenges: "Follow-up on the implementation of management plans," "Supervision of the internal control system," "Monitoring of risks and their mitigation strategies," and "Collaboration with the Internal Audit Department."</p> <p>(3) We confirmed that the issues identified as items for improvement in the previous fiscal year are being addressed as follows.</p> <ol style="list-style-type: none"> ① We provide more detailed explanations, including specific images, of Medium-Term Business Plan 2025 to enable more in-depth discussions and facilitate comprehensive exchanges of opinions. ② To enhance oversight of the internal control system's operational status, we regularly report to the Board of Directors on root-cause analysis and countermeasures regarding any issues or major compliance violations. ③ We arrange site inspections for Outside Directors to help them receive more information about the Group. 	
Future Initiatives	
<p>(1) We will conduct annual follow-ups on the progress of Medium-Term Business Plan 2025. These will include reporting on challenges related to both Companywide strategies and segment-specific strategies beyond just performance metrics.</p> <p>(2) Based on the results of special audits conducted on specific issues, we will review the identified problems and challenges, along with their countermeasures, and explore ways to improve risk management across the entire Group.</p> <p>(3) We will consider mechanisms needed to strengthen the supervisory (monitoring) function of the Board of Directors (priority issues for each department and risk management methods).</p> <p>(4) We will provide more opportunities for Audit & Supervisory Board Members, including outside members, and the Internal Audit Department to exchange opinions on internal audits.</p> <p>(5) In addition to explaining the Board of Directors' proposals, we will enhance supplementary explanations as needed regarding the deliberation process, discussions in subordinate meetings, and relevant background and context.</p>	

Independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company appoints Outside Directors and Outside Audit & Supervisory Board Members with abundant experience and expertise in various fields, as well as impartial perspectives. This is to ensure the appropriateness of the Company's management decisions and the effectiveness of oversight and audits of management.

As of June 27, 2024, the Company has three Outside Directors and two Outside Audit & Supervisory Board Members.

In addition, the Company stipulates that Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members, including candidates) do not fall under the following criteria concerning independence. Outside Officers who meet such criteria are designated and registered as Independent Directors/Auditors under the rules of the Tokyo Stock Exchange. As of June 27, 2024, the Company has five Independent Officers.

Independence Standards for Outside Officers

To ensure the independence of Outside Officers, the Company has determined that they shall not fall under any of the categories listed below.

- (1) Executive Directors, and employees of the Furukawa Company Group
- (2) Business partners of the Group (those who provide products or services mainly to the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the business partners in the most recent fiscal year of such business partners) or executives of such business partners
- (3) Main business partners of the Group (those who are provided products or services by the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the Group in the most recent fiscal year of the Group) or executives of such business partners
- (4) Executives of financial institutions that are major lenders to the Group (lenders whose loan amounts were equivalent to more than 2% of the Group's consolidated total assets at the most recent fiscal year-end)
- (5) Individuals earning ¥10 million or more per year from the Group in monetary or other benefits as specialists (including consultants, accountants, and lawyers) excluding executive remuneration, or individuals employed by companies earning ¥100 million or more per year from the Group
- (6) Individual shareholders who hold 10% or more of the Company's voting rights (or Executive Directors, Executive Officers, or employees of corporations that hold 10% or more of the Company's voting rights)
- (7) Individuals who had fallen under (1) to (6) above in the past three-year period
- (8) Relatives (second degree or closer) of persons who fall under (1) to (7) above

Remuneration for Directors and Audit & Supervisory Board Members

The Company has established policies for determining the content of remuneration for each individual Director, but partially revised these policies on May 30, 2024, per resolution by the Board of Directors. The revised remuneration policies are described below.

(1) Basic policies

- The remuneration system for Directors shall function soundly as an incentive for the sustainable enhancement of corporate value, and the amount of remuneration for each individual Director (hereinafter, "individual remuneration") shall be determined appropriately according to the responsibilities of each position.

- Remuneration for Directors shall consist of basic remuneration, additional remuneration for Directors, and restricted stock-based remuneration.

(2) Policies for determining individual remuneration (including timing for granting remuneration)

- Individual remuneration amounts shall be determined in accordance with the remuneration standards for Directors, taking into consideration the position, responsibilities, trends at other companies, and salary levels of employees, as well as business performance and other factors.

- With respect to monetary remuneration for Directors, excluding Outside Directors, the fixed portion is calculated by multiplying the basic remuneration by 90%, along with additional amounts for Directors and Representative Directors, while the performance-linked portion is calculated by multiplying the basic remuneration by 0–20%. Both portions are paid monthly.

- With respect to non-monetary remuneration for Directors, excluding Outside Directors, restricted stock units shall be granted annually at a designated time.

- For Outside Directors, a fixed amount of base remuneration only is paid monthly as monetary remuneration in consideration of their duties.

(3) Policy for determining calculation method for performance-linked remuneration

- Performance-linked remuneration shall be linked to short-term business results, and consolidated operating profit shall be used as a performance indicator to raise awareness of the need to improve business performance in each fiscal year.

- In principle, performance-linked remuneration shall be a sum equal to the basic remuneration multiplied by 0–20%, depending on the degree of achievement of the performance index against initially announced targets. However, if natural disasters or extraordinary circumstances significantly impact the achievement of performance indicators, the Nomination & Remuneration Committee may take such factors into consideration after deliberation.

(4) Policy for determining non-monetary remuneration

- The Company shall pay a prescribed amount of monetary remuneration to Directors on the condition that they use it to pay for restricted stock units, with the aim of providing medium- to long-term incentives and promoting shared values with shareholders.

- Restricted stock units will generally have transfer restrictions lifted if the Director to whom they were granted retires during the restriction period due to term expiration, death, or other legitimate reasons.

(5) Policy for determining payment breakdown by type of individual remuneration

- The performance-linked portion of each individual's remuneration shall be approximately 8%, and the rest shall be fixed (monetary) remuneration in the form of restricted stock units.

- Restricted stock remuneration shall be approximately 15% of each individual's remuneration.

(6) Matters concerning the method of determining the content of individual remuneration

- The Nomination & Remuneration Committee, whose principal members are Outside Independent Directors, shall deliberate on individual remuneration in accordance with the policies described in (1) through (5) above.

- The President & Representative Director, who is in a position to oversee and control the overall performance of the Company, shall decide specific details of individual remuneration based on discretionary assignment from the Board of Directors and the deliberations by the Nomination & Remuneration Committee.

Remuneration for Audit & Supervisory Board Members is determined through consultation between such members.

Remuneration for Directors and Audit & Supervisory Board Members

Officer Type	Total Remuneration (Millions of yen)	Total Remuneration by Type (Millions of yen)			Number of Eligible Officers (Persons)
		Fixed	Performance-Linked Remuneration	Non-Monetary Remuneration	
Directors (Excluding Outside Directors)	222	187	35	—	7
Audit & Supervisory Board Members (Excluding Outside Members)	18	18	—	—	3
Outside Directors	30	30	—	—	3
Outside Audit & Supervisory Board Members	17	17	—	—	3
Total	289	253	35	—	16

Notes:

1. Furukawa Co., Ltd., resolved to abolish its retirement allowance system for Directors and Audit & Supervisory Board Members at the conclusion of the 140th Annual Shareholders' Meeting held on June 28, 2007.
2. The above figure for total fixed remuneration does not include payments (totaling ¥24 million) by four subsidiaries of the Company to three Directors concurrently serving as Directors or Audit & Supervisory Board Members of those subsidiaries. It also does not include payments (totaling ¥21 million) by six subsidiaries of the Company to three Audit & Supervisory Board Members concurrently serving as Directors or Audit & Supervisory Board Members of those subsidiaries.
3. The total remuneration figure shown above is for fiscal 2023 and is based on the Company's remuneration policy for Directors before it was revised by resolution of the Board of Directors on May 30, 2024.

Skills Required of Board of Directors

The following seven skills have been selected as those that the Board of Directors should possess in order to realize the Company's Management Philosophy and management strategies and plans.

- (1) Corporate management
- (2) Business strategy and marketing
- (3) Technology development and IT
- (4) Finance and accounting
- (5) Legal affairs and risk management
- (6) Personnel and human resource development
- (7) International perspective

We have selected "(2) Business strategy and marketing" as a skill item because marketing, which forms the core of our management, goes beyond sales and marketing and goes hand in hand with business strategy. In the Machinery business, we selected "(7) International perspective" to reflect the Company's commitment to strengthen and rebuild its overseas marketing capabilities and enhance its product, sales, and service technology capabilities overseas. We believe that the other items—(1) Corporate management, (3) Technology development and IT, (4) Finance and accounting, (5) Legal affairs and risk management, and (6) Personnel and human resource development—are skills that Board members of a manufacturing company should possess as a matter of course.

The Company's policy is to strike a balance between the expertise and experience of Directors with respect to these skills, as well as diversity in terms of gender, work experience, and age, within the limits of the number of Directors stipulated in the Articles of Incorporation.

Election/Dismissal and Nomination Policies and Procedures

Candidates for Directors and Audit & Supervisory Board Members shall have the character, insight, and ethics appropriate for the position and be capable of fulfilling the duties and responsibilities of the position. In addition, candidates for internal Directors shall have sufficient experience and knowledge of the Company's operations and excellent management judgment, and candidates for Audit & Supervisory Board Members must understand the importance of auditing in corporate management, possess the required knowledge, and have a high level of normative awareness.

Nominations of candidates for Directors are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors. Nominations of candidates for Audit & Supervisory Board Members are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors with the consent of the Audit & Supervisory Board.

The Board of Directors appoints senior management team members who are qualified from the perspective of realizing the Company's Management Philosophy, management strategy, and so forth. The Nomination & Remuneration Committee deliberates on whether or not to reappoint such members based on a review of their achievement status against management plans and performance indicators, including by division, and on whether to dismiss them if they engage in fraudulent activities and the like.

Initiatives

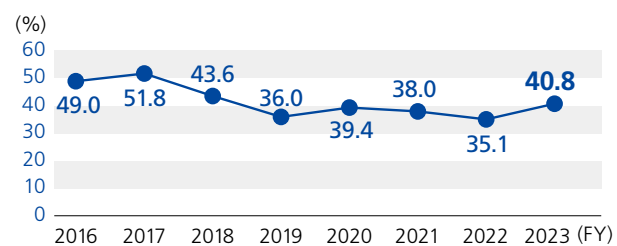
Strategic Shareholdings

The Furukawa Company Group owns strategic shareholdings for the purpose of improving corporate value over the medium and long terms by maintaining and strengthening relationships with important business partners.

Each year, the Board of Directors examines each stock of the Company's strategic shareholdings and verifies the purpose for which the stock is held and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital. The Board of Directors also examines the appropriateness of continual ownership after comprehensive consideration of both qualitative and quantitative factors. We will endeavor to reduce the number of stocks that are no longer necessary to hold by selling them as appropriate. We will also continue disclosing the ratio of strategic shareholdings to consolidated net assets as an indicator of our progress in reducing such holdings. Our target is to reduce that ratio to less than 20% by March 31, 2025.

In exercising voting rights for the Group's strategic shareholdings, we do not make uniform decisions on whether to approve or disapprove based on routine or short-term criteria. Rather, we exercise such rights after making appropriate judgments from a comprehensive perspective that fully respects the management policies and strategies of the issuing company. We also consider whether the shares will enhance the issuing company's value and shareholder returns over the medium and long terms, and whether they will not undermine the significance of the Group's shareholdings.

Strategic Shareholdings Ratio



* Strategic shareholdings ratio: Ratio of strategic shareholdings (including holdings deemed to be strategic) to consolidated net assets

Dialogue with Shareholders and Other Investors

We strive to disclose information to shareholders and other investors in a fair and timely manner and further enhance dialogue with them through proactive IR events, such as briefings and IR meetings. To promote a better understanding of the Company, we also make effective use of tools, such as videos, printed materials, and websites, and provide information in an easier-to-understand manner.

The following table shows the status of the Group's dialogue with shareholders and other investors in fiscal 2023.

1. Implementation Status

- (1) For shareholders
Held Annual Shareholders' Meeting, sent shareholder newsletters, etc.
- (2) For institutional investors

	FY2023 Results	Main Hosts	Participants
Results briefings	2 times	President & Representative Director, Director in charge of Corporate Planning Dept.	62 persons from 47 companies (Fund managers, analysts, etc.)
Individual IR meetings	44 times	Director in charge of Corporate Planning Dept., General Manager of Corporate Planning Dept., IR managers, etc.	74 persons from 47 companies (Fund managers, analysts, etc.)

- (3) Informative materials

Institutional disclosures: Financial statements, Annual Securities Report, and Corporate Governance Report
 Voluntary disclosures: News releases, Integrated Report, Sustainability Book, financial results presentation materials, shareholder newsletters, and other materials (videos, brochures, etc.) to promote understanding of the Company

2. Main Content of Dialogue

Theme	Matters of Concern
Management strategies	Growth and business strategies (mainly in core Machinery business)
	Action to implement management that is conscious of cost of capital and stock price
	Future of Metals segment and Real Estate business
	Overview of business portfolio management
Shareholder returns	Allocation of management resources
	Dividend policy, share buybacks, etc.
Business results	Financial results and outlook
	Progress of medium-term business plan
ESG	Climate change and decarbonization initiatives
	Initiatives for human capital
	Reduction of strategic shareholdings

3. Feedback from Shareholders and Other Investors

Provide quarterly reports to Directors on the status of individual IR meetings (main questions and answers, opinions, etc.). Provide report to Directors on the status of briefing sessions, shareholder opinions, etc., as needed. Provide semiannual reports to the Board of Directors on the status of dialogue with shareholders and other investors.

For more information, please refer to our Corporate Governance Report.

 [Corporate Governance Report](#)

Ensure Thorough Compliance

■ Policies

In addition to complying with laws and regulations, the Furukawa Company Group believes it has a corporate obligation to take serious and responsible action in terms of social and ethical aspects.

To fulfill this obligation, we established the Furukawa Company Group's Charter of Corporate Conduct and the Furukawa Company Group's Code of Conduct for Officers and Employees and are taking steps to foster comprehensive awareness to enable all Group officers and employees to engage in operations in awareness of the importance of compliance.

The Furukawa Company Group's Charter of Corporate Conduct places high priority on ensuring compliance, stating that "The Group shall engage in its corporate activities in a fair manner based on the ethical values expected of corporations and business persons as members of society." Meanwhile, the Furukawa Company Group's Code of Conduct for Officers and Employees states that "In addition to complying with domestic and international laws and regulations, the Group shall practice compliance that includes respecting corporate ethics and social norms."

Under the supervision of the Board of Directors, we ensure strict adherence with the Furukawa Company Group's Charter of Corporate Conduct, the Furukawa Company Group's Code of Conduct for Officers and Employees, and other guidelines.

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

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

■ Framework

Compliance

The Furukawa Company Group's chief executive for compliance is the President of Furukawa Co., Ltd. Personnel responsible for compliance are also present in every Company department and in Group companies as well. We also have a Compliance Committee that promotes Group compliance activities, deliberates on important matters relating to compliance, enhances the compliance system, and takes steps to strengthen awareness about compliance. Details of matters deliberated by the Committee are additionally reported to the Sustainability Promotion Meeting as required, and steps are taken to share information related to compliance with the Group as a whole.

If a suspected compliance violation arises, we conduct an investigation based on the Furukawa Company Group's Compliance Regulations. Should a violation be confirmed, we respond with strict measures and regularly report the findings of our investigations to the Board of Directors.

Internal Reporting System

The Group has adopted an internal reporting system to facilitate early detection and correction of compliance violations. This has involved developing a framework that enables an extensive range of reporting and inquiries by establishing points of contact for reporting and consultation requests inside and outside (law office) the Group. When reports and requests for consultation are received, the Compliance Committee investigates and takes measures as necessary. We accept internal reports, whether named or anonymous, concerning compliance violations within the Group, including legal breaches, sexual harassment, power harassment, and other misconduct. Personal information about whistleblowers who make reports and information that may lead to identification of whistleblowers who make reports are held under strict control at the Internal Reporting Desk. In addition, it is forbidden for Group officers and employees to seek out whistleblowers or, taking the fact of having made an internal report as the reason, to treat the whistleblowers in a disadvantageous manner.

We also facilitate awareness of the internal reporting system by posting such content to our in-house portal site and distributing brochures to Group officers and employees. In addition, we regularly report on the usage status of the internal reporting system to the Board of Directors, as we do with compliance violation cases.

■ Initiatives

Compliance Education

We publish Compliance News to provide information on compliance to all officers and employees of the Group. Our top management also explains the importance and priority of compliance from time to time. In these and other ways, we work to foster a corporate climate that emphasizes compliance. In fiscal 2023, we conducted general compliance training in addition to topic-specific sessions focused on particular themes.

Training Type	No. of Participants (No. of Training Courses)
Compliance training for new employees	42 persons (2 times)
Training on the Construction Industry Act	103 persons (3 times)
Compliance training for officers	54 persons (1 time)
Training on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	20 persons (1 time)
Training on the Antimonopoly Act	77 persons (1 time)

Preventing Bribery and Corruption

In January 2021, after submitting a report to the Board of Directors, the Furukawa Company Group established its Basic Policy for Preventing Bribery and Corruption and the Basic Guidelines for Preventing Bribery and Corruption.

The Basic Policy for Preventing Bribery and Corruption, which explicitly states externally our corporate stance regarding prevention of bribery and corruption, is posted on our corporate website.

The Basic Guidelines for Preventing Bribery and Corruption clarify procedures to prevent bribery and corruption in our business activities. Specifically, we have clarified the scope of "public officials, etc." as potential counterparts in bribery and corruption and outlined the types of actions, such as providing benefits, covering expenses, and making donations or grants, that are prohibited. The guidelines also establish procedures for dealing with bribery and corruption and define procedures for appointing agents, consultants, and similar parties. In addition, we established a duty to report any recognized violations of the guidelines and stipulated that such violations will be subject to disciplinary actions or other penalties.

The Group conducts compliance education and training on measures to prevent bribery and corruption and includes prevention of bribery and corruption as a regular audit item in internal audits carried out by the Internal Audit Department. Going forward, we will continue to ensure full compliance with the Basic Policy for Preventing Bribery and Corruption and the Basic Guidelines for Preventing Bribery and Corruption.

[Furukawa Company Group Basic Policy for Preventing Bribery and Corruption](#)

■ Metrics and Targets

FY2023 target:

- Achieve zero serious compliance violations

FY2023 results:

- Number of serious compliance violations: 0
- Total political donations: ¥1,670,000
- Number of compliance-related training sessions conducted: 8

Develop an Enterprise Risk Management System

Policies and Strategies

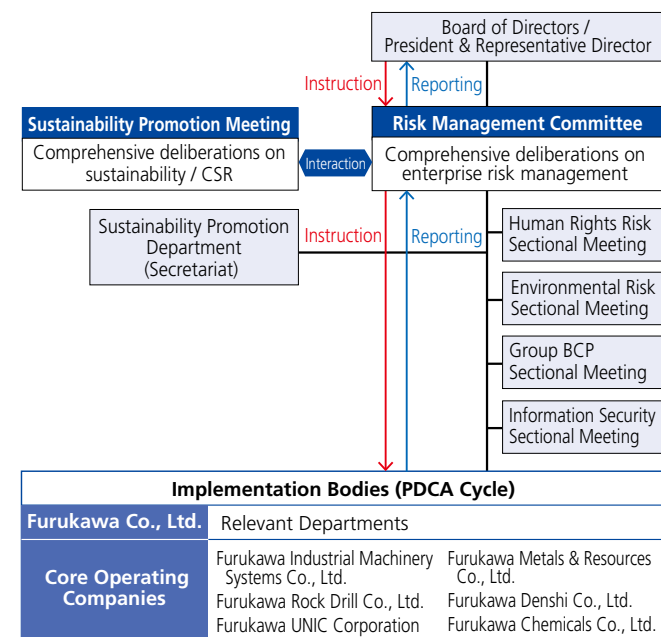
The Furukawa Company Group will strengthen and expand its enterprise risk management system to strengthen its management foundation with a view toward growth. We will also work to enhance corporate value by engaging in business practices that take into consideration the Group's CSR/ESG issues.

The Risk Management Committee established at Furukawa Co., Ltd., works to protect lives and property and minimize damage and loss when risks that could interfere with the Group's business activities materialize.

Framework

Risk Management

The Risk Management Committee was established to manage all risks faced by the Furukawa Company Group. The Committee evaluates the risks of each Group company and division and examines and assesses measures to deal with those risks. When a risk is judged to pose a danger of seriously affecting Group



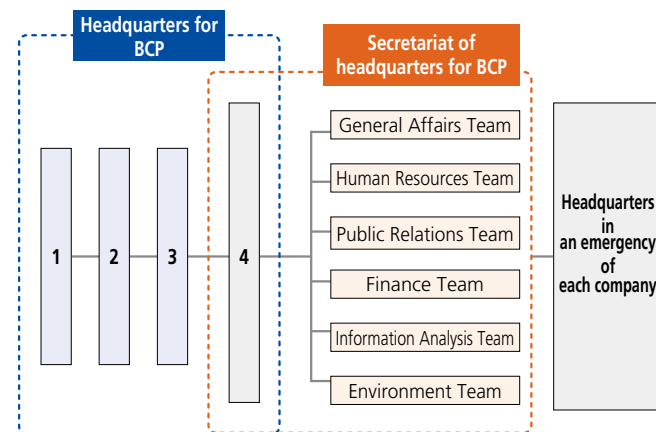
management, the Committee works to effectively manage that risk by reporting its evaluation results and the pros and cons of countermeasures to the Board of Directors. In principle, the Risk Management Committee meets twice a year.

Under the Risk Management Committee are four subordinate organizations: Human Rights Risk Sectional Meeting, Environmental Risk Sectional Meeting, Group BCP Sectional Meeting, and Information Security Sectional Meeting. These work to resolve various issues related to such matters as human rights, climate change (including carbon neutrality), business continuity (when crises occur), and information security. In terms of compliance, the Compliance Committee takes the lead by working in collaboration with other relevant bodies to address compliance-related matters.

Business Continuity Management (BCM)

The Group has established a BCM system, led by the Group BCP Sectional Meeting. This system oversees the development, review, and revision of BCPs for each Group company.

The Group BCP structure for handling emergencies is shown below.



1. Director-generals of headquarters for BCP 2. Vice Director-generals of headquarters for BCP 3. Committee members of headquarters for BCP 4. Chief Secretariat of headquarters for BCP

Initiatives

Risk Assessment

The Furukawa Company Group assesses a wide range of risks, including those related to sustainability, such as climate change. Specifically, we identify potential risks for each Group company based on its business environment, evaluate major risk items in terms of potential frequency and severity, and consider countermeasures. For certain risks, we develop scenarios to assess their potential impact. We also continuously review the effectiveness of our risk assessments and countermeasures.

Information Security

The Group possesses confidential information and personal information related to R&D, production, sales, and other activities. To prevent system failures, as well as the leakage of confidential and personal information due to external attacks, unauthorized access, or malware infections, we are strengthening network security and enhancing system maintenance and updates as part of our protection and preservation measures. We are also working to strengthen our information management system by ensuring that all officers and employees comply with our information management rules and various guidelines. For example, we distribute security-related news to all Group officers and employees, and conduct security training sessions and email drills at least once a year. These efforts are aimed at improving Groupwide security literacy.

Promoting BCM

We have identified potential natural disaster risks at key business locations and developed BCPs for risks that could have a significant impact on our operations.

To ensure the safety of officers and employees in the event of a disaster and swiftly confirm the extent of damage at each location, we regularly conduct safety confirmation drills using our safety confirmation system and disaster reporting drills using transceivers installed at each key business location for emergency use. We also review the contents and management methods of our stockpiles of food, beverages, and other items.

Natural Disaster Risk by Business Location

	Head Office	Oyama Tochigi Works	Takasaki Yoshii Works	Sakura Works	Osaka Works	Iwaki Works
Earthquakes	◎	○	○	○	◎	◎
Floods	△	○	○	×	○	×
Landslides	×	△	×	×	×	×
Tsunami	×	×	×	×	◎	×
Typhoons	○	○	○	○	○	○

Potential risk magnitude: ◎High ○Medium △Low ×Very low

Furthermore, we have developed the Incident Response Manual to prepare for potential issues or crises involving computers and networks. We also plan to engage a security assessment service to ascertain the status of the Group's overall cyber risk countermeasures.

Addressing Country Risk

The Group engages in production, procurement, and sales activities on a global basis to expand its sales network, strengthen cost competitiveness, and reduce foreign exchange risks. Therefore, various factors may arise that could cause problems, including local political instability, sudden economic slowdown, deterioration of public safety, trade sanctions, differences in culture and legal systems, special labor-management relations, and terrorism. Such problems could hinder the smooth execution of the Group's business and affect its performance. In addition, geopolitical risks, such as the situations in Ukraine and the Middle East, have affected the Group's business performance in various ways, including a decrease in sales, an increase in costs due to higher prices of steel and other raw materials and fuel, and delays in marine transportation. Depending on future developments, these factors could persist for an extended period.

In response, the Group is working to address country risk by diversifying its supply chain and ensuring stable procurement through long-term contracts. We also collaborate with other Group companies to gather information and mitigate risks.

Environmental Data

Environment-Related Data Coverage Rate

	Unit	FY2023
The Furukawa Company Group (consolidated basis, including overseas sites*)	%	99.8

* Sales from business sites included in the calculation as a percentage of consolidated net sales

Environmental Impact Emissions

INPUT

Category		Unit	FY2019	FY2020	FY2021	FY2022	FY2023* ¹	
Total energy input	Volatile oil (gasoline)	kℓ	34	30	32	33	44	
	Kerosene	kℓ	231	205	210	195	268	
	Diesel oil	kℓ	204	170	210	214	658	
	Fuel oil A	kℓ	211	170	33	32	234	
	Liquefied petroleum gas (LPG)	t	381	314	345	349	335	
	Liquefied natural gas (LNG)	t	—	—	—	—	180	
	City gas	thousand m ³	848	773	906	779	859	
	Warm water	GJ	—	—	—	—	229	
	Cold water	GJ	—	—	—	—	598	
	Biogas (non-fossil fuel)	thousand m ³	—	—	—	—	3	
	Power consumption	thousand kWh	51,085	47,949	52,530	48,017	59,379	
	Renewable energy (portion of power consumption)	thousand kWh	14,645	11,536	11,917	13,159	13,089	
	Total energy consumption	—	thousand GJ	438	427	472	410	565
Total water consumption	Clean water	thousand m ³	120	109	97	93	119	
	Industrial water	Used water collected in industrial quarries	thousand m ³	—	—	—	—	0
		External drainage	thousand m ³	—	—	—	—	0
		Harvested rainwater	thousand m ³	—	—	—	—	0
		Extracted from seawater or the ocean	thousand m ³	—	—	—	—	0
		Other* ²	thousand m ³	560	562	521	475	434
		Total	thousand m ³	560	562	521	475	434
	Groundwater	thousand m ³	0	0	0	0	97	
Total	thousand m ³	680	671	618	568	650		
Total materials input	—	t	121,008	114,303	118,800	118,325	118,560	

*1 In fiscal 2023, we expanded the scope of calculation from major domestic production sites to a consolidated basis, including overseas sites.

*2 Includes surface water from rivers, etc.

OUTPUT

Category		Unit	FY2019	FY2020	FY2021	FY2022	FY2023* ¹	
CO ₂ emissions	Scope 1 (energy origin)	t-CO ₂	4,838	4,192	4,296	3,996	6,766	
	Scope 2	t-CO ₂	17,092	16,711	17,808	15,540	19,271	
	Scope 1 + 2	t-CO ₂	21,930	20,903	22,104	19,536	26,037	
	Category 4	t-CO ₂	—	—	—	6,323	8,224	
	Category 5	t-CO ₂	—	—	—	29	22	
	Category 6	t-CO ₂	—	—	—	1,030	3,127	
	Category 11	t-CO ₂	—	—	—	648,449	675,053	
	Scope 3 total	t-CO ₂	—	—	—	655,831	686,426	
Wastewater	Underground infiltration	thousand m ³	3	9	9	8	55	
	Rivers, etc.	thousand m ³	325	294	256	203	170	
	Sewage (groundwater)	thousand m ³	128	150	131	129	145	
	Total marine emissions	thousand m ³	—	—	—	—	0	
	Other	thousand m ³	21	21	21	21	21	
	Total	thousand m ³	477	474	417	361	391	
	Reused/recycled materials (4) = (1) + (2) + (3)	Sold as material with value (1)	t	3,204	2,456	3,045	3,046	3,325
		Collected at no cost (2)	t	43	39	56	56	66
Recycled for a fee (3)		t	2,311	2,228	1,804	1,943	2,108	
Total (4)		t	5,558	4,723	4,905	5,045	5,499	
Total other emissions, including waste	—	t	7,039	5,912	6,347	6,459	7,860	
Recycling percentage* ¹	—	%	79.0	79.9	77.3	78.1	70.0	
Percentage of materials with value* ⁴	—	%	45.5	41.5	48.0	47.1	42.3	
Final waste disposal volume	—	t	491	404	470	434	390	
Final waste disposal percentage* ⁵	—	%	7.0	6.8	7.4	6.7	5.0	
Total BOD volume	—	t	1	1	1	0	1	
Total COD volume	—	t	2	2	1	1	1	
Total phosphorus volume	—	t	0	0	0	0	0	
Total nitrogen volume	—	t	1	1	1	1	1	
Volatile organic compound (VOC) emissions	—	t	161	145	144	152	171	
Nitrogen oxide (NOx) emissions	—	t	2	2	1	2	11	
Sulfur oxide (SOx) emissions	—	t	2	2	2	1	2	
Soot/dust emissions	—	t	1	2	2	0	0	

*1 In fiscal 2023, we expanded the scope of calculation from major domestic production sites to a consolidated basis, including overseas sites.

*3 (4) / Total other emissions, including waste

*4 (1) / Total other emissions, including waste

*5 Final waste disposal volume / Total other emissions, including waste

Employee Diversity

Item	Unit		Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees	Total	Persons	Consolidated	2,755	2,752	2,804	2,831	2,855
	Male	Persons		2,344	2,339	2,367	2,369	2,397
	Female	Persons		411	413	437	462	458
Average age	Total	Years	Full-time employees working in Japan	42.2	42.5	44.4	43.4	45.4
	Male	Years		42.6	42.9	44.9	43.8	43.2
	Female	Years		38.8	39.1	40.9	40.7	40.3
Years of continuous employment	Total	Years	Full-time employees working in Japan	16.7	16.9	16.7	16.7	18.7
	Male	Years		17.3	17.5	17.3	17.3	17.0
	Female	Years		12.1	12.5	12.2	13.0	12.8
Number of managers	Total	Persons	Consolidated	647	665	672	690	677
	Male	Persons		634	651	654	669	652
	Female	Persons		13	14	18	21	25
Percentage of female managers	—	%	Consolidated	2.01	2.11	2.68	3.33	2.3
Percentage of new hires with experience in management / corporate planning	—	%	Employees of Furukawa Co., Ltd.	—	—	—	43.75	60.0
Number of foreign national employees	—	%	Consolidated	585	567	547	540	535
Percentage of employees with disabilities	—	%	Consolidated*1	2.89	2.18	1.86	2.49	2.2
Number of employees aged 60 and over	Total	Persons	Domestic employees	223	223	267	300	326
	Male	Persons		212	214	250	280	306
	Female	Persons		11	9	17	20	20
Number of new graduate hires (in Japan)	Total	Persons	Employees of Furukawa Co., Ltd.	61	58	70	48	42
	Male	Persons		56	46	54	41	37
	Female	Persons		5	12	16	7	5
	Foreign national	Persons		6	4	4	0	0
Percentage of women among new graduate hires	—	%	Employees of Furukawa Co., Ltd., in corporate planning positions	—	—	—	14.5	6.7
Number of employees leaving employment (excluding those retiring)	Total	Persons	Employees of Furukawa Co., Ltd.	34	33	48	33	39
	Male	Persons		31	26	44	30	29
	Female	Persons		3	7	4	3	10
Job turnover rate (excluding those retiring)	—	%	Employees of Furukawa Co., Ltd.	1.93	1.84	2.62	1.76	2.06
Wage gap between male and female employees	—	%	Employees of Furukawa Co., Ltd.	—	—	—	69.4	71.0

*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	FY2019	FY2020	FY2021	FY2022	FY2023
Average training hours per person	Hours		Employees of Furukawa Co., Ltd. (corporate planning and management positions)	—	—	—	24.9	46.7

Note: Training hours (total): 9,534 hours; Number of participants (total): 204 persons

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

Item	Unit		Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
Annual training hours	Hours		Employees of Furukawa Co., Ltd.	—	—	—	843.6	887
Number for trainees	Persons		Employees of Furukawa Co., Ltd.	—	—	—	2,506	2,632

Work-Life Balance

Item	Unit		Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
Number of employees taking parental leave	Total	Persons	Employees of Furukawa Co., Ltd.	37	44	50	32	36
	Male	Persons		28	34	38	24	26
	Female	Persons		9	10	12	8	10
Percentage of employees taking parental leave	Total	%	Employees of Furukawa Co., Ltd.	97.4	91.7	83.3	78.0	87.8
	Male	%		96.6	89.5	79.2	72.2	83.9
	Female	%		100	100	100	100	100
Average number of days taken for parental leave	Male	Days	Employees of Furukawa Co., Ltd.	6	18.6	9.6	40.3	45.0
	Female	Days		320.3	430.5	386.5	498.1	637.3
Percentage of employees returning to work after having taken parental leave	—	%	Employees of Furukawa Co., Ltd.	100	100	100	87.5	100
Number of employees taking caregiver leave	—	Persons	Employees of Furukawa Co., Ltd.	0	0	0	0	2
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.	268	183	226	200	194.4
Hours of annual paid leave taken	—	Hours		76	85	92	103	108
Total actual working hours	—	Hours		2,083	1,952	1,986	1,943	1,935
Overtime hours (monthly average)	—	Hours		22.36	15.22	18.80	16.64	16.20
Percentage of paid annual leave taken	—	%		53.2	61.6	66.5	74.0	77.4
Percentage of employees taking annual health checkups	—	%	Employees of Furukawa Co., Ltd.	—	—	—	99.96	99.92
Percentage of anomalies found (aged 40 or older)	—	%	Employees of Furukawa Co., Ltd.	—	—	—	61.20	61.50
Percentage of anomalies found (aged under 40)	—	%	Employees of Furukawa Co., Ltd.	—	—	—	45.40	39.60

Occupational Safety and Health

Safety Performance

Item	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Number of industrial accidents requiring leave of absence*1	Cases	2	3	8	4	6*8
Number of fatalities	Cases	0	0	0	0	1*9
Industrial accident frequency*2	The Group (domestic consolidated)	—	0.42	0.65	1.65	0.82
	Comparison reference: All industries*4	—	1.55	1.83	2.11	1.98
	Comparison reference: Manufacturing industry*5	—	1.07	1.23	1.30	1.23
Industrial accident severity*3	The Group (domestic consolidated)	—	0.06	0.01	0.05	0.01
	Comparison reference: All industries*6	—	0.10	0.09	0.08	0.07
	Comparison reference: Manufacturing industry*7	—	0.07	0.09	0.05	0.06

*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)

*8 Includes 1 fatal accident

*9 Includes 0 contracted employees

Governance Data

Officers

Item	Unit	Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
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)		3	3	3	3	3
	Female directors (included)		1	1	1	1	1
Number of executive officers* ²	Total	Non-consolidated	16	16	15	13	9
	Female executive officers (included)		0	0	0	0	0

*1 As of September 30, 2024:
 Number of directors: 9
 Outside directors: 3
 Independent outside directors: 3
 Female directors: 1

*2 As of September 30, 2024:
 Number of executive officers: 10
 Female executive officers: 0

Audit System

Audit System Personnel

Item	Unit	Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Audit & Supervisory Board Members under the Articles of Incorporation	Persons	Non-consolidated	Up to 5	Up to 5	Up to 5	Up to 5	Up to 5
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		6	5	6	8	6
	Other assistants		11	17	15	29	35
Number of Internal Audit Department personnel	Persons	Non-consolidated	5	5	5	5	6

*3 As of September 30, 2024:
 Number of auditors: 4
 Independent outside auditors: 2
 Female auditors: 1

Internal Audit Performance

Item	Unit	Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
Number of companies conducting internal audits	Total	Consolidated	6	2	5	4	4
	Overseas consolidated subsidiaries (included)		2	0	0	0	0
Number of companies conducting follow-up audits	Total	Consolidated	7	6	2	2	2
	Overseas consolidated subsidiaries (included)		4	2	0	0	0

Compliance

Political Donations

Item	Unit	Scope of Coverage	FY2019	FY2020	FY2021	FY2022	FY2023
Total political donations	Japanese yen	Non-consolidated	—	2,000,000	1,000,000	1,920,000	1,670,000



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