

CSR Report 2021



 **FURUKAWA CO.,LTD.**

CSR Promotion Department

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FURUKAWA CO.,LTD.

Management Philosophy (Established August 8, 2015)

The Furukawa Company Group will remain 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.

Action Guidelines (Established August 8, 2015)

In order to live up to our Management Philosophy, we put our Action Guidelines of Innovation, Creativity, and Harmony into practice, always bearing in mind the three key words that best represent the spirit of our founder: Luck, Stolidity, and Perseverance.

- Innovation** We will work constantly at self-innovation by embracing a future-oriented mindset.
- Creativity** We will seek to create reliable, appealing products that meet market needs.
- Harmony** We will improve management transparency and contribute to the development of a society that is in harmony with the environment.

Vision for 2025

FURUKAWA Power & Passion 150

“Become a corporate group that leverages its reputation for category leadership and uniqueness to deliver growth.”

- Targeting consolidated annual operating income regularly in excess of ¥15 billion as we approach our 150th anniversary in fiscal 2025. -



○ Policies for Achieving Vision for 2025

- 1 Increase the value of the Furukawa brand through “marketing-based management” that incorporates CSV* perspectives**
We will incorporate marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to resolve issues and problems faced by customers, with the aims of increasing corporate value and achieving sustained growth. We will also strive to achieve the Sustainable Development Goals (SDGs) and otherwise resolve various social issues, including such domestic issues as building national resilience and the declining working-age population, and thus help realize a sustainable society.
 - ① Reinforce technological sales capabilities (proposals and solutions) reflecting customer needs
 - ② Develop products, technologies and services that meet market needs
 - ③ Achieve category-leading positions by concentrating on niche products that have competitive advantages and using differentiation strategy
 - ④ Cultivate and create new markets and product categories, and build a new business model
 - ⑤ Enhance our products, technologies, and services, which underpin our social infrastructure, to help resolve social issues
- 2 Sustainably expand the Machinery Business**
 - ① Reinforce revenue bases in growing overseas markets, mainly in business related to infrastructure and resource development
 - ② Strengthen and enhance stock business
 - ③ Maximize business opportunities by demonstrating comprehensive Group competences and reinforcing engineering strengths
- 3 Strengthen and expand our human resource bases**
 - ① Build vibrant human resources and corporate culture for a new Furukawa
 - ② Secure, utilize, and develop diverse human resources in Japan and overseas
 - ③ Put even more effort into training sales and marketing personnel
- 4 Actively promote investments to increase corporate value**
 - ① Make proactive capital investments necessary for growth
 - ② Expand business through strategic M&A and alliances
- 5 Establish a robust corporate foundation**
 - ① Increase corporate value by improving profitability and capital efficiency, targeting ROE of more than 10%
 - ② Establish a strong financial base
 - ③ Achieve balanced appropriations between investments for growth and return to shareholders
 - ④ Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group

* CSV: Creating shared value (CSV) is a management framework that enables companies to co-create social value and corporate value by tackling social, environmental, and other issues.

FURUKAWA COMPANY GROUP

CSR Report 2021

Editorial Policy

In order to remain indispensable to society, the Furukawa Company Group makes efforts to contribute to resolving social issues and achieving SDGs. We created this report to communicate the Group's approach to CSR and our social initiatives, environmental initiatives, and other activities to promote CSR to our stakeholders in a straightforward manner.

Report Period

This report mainly covers results from fiscal 2021 (April 1, 2020 to March 31, 2021), but also initiatives from the past as well as some from fiscal 2022.

Note that the organization and titles are current as of July 31, 2021.

Report Scope

Environmental Data
Manufacturing Division of Furukawa Industrial Machinery Systems Co. Ltd.; Takasaki Yoshii Works of Furukawa Rock Drill Co., Ltd.; Sakura Works of Furukawa Unic Corporation; Iwaki Works, Semiconductor Material Production Section (Semiconductor Material Plant), and Optical Parts Works Production Section (Optical Parts Plant) of Furukawa Denshi Co., Ltd.; Osaka Works of Furukawa Chemicals Co., Ltd.; Ashio Office of Furukawa Co., Ltd.; Furukawa Castec Co., Ltd.; Ashio Rock Drill Co., Ltd.; and FRD Iwaki Co., Ltd.

Environmental Accounting
Environmental data report scope, Advanced Technology Department and Material Research & Development Department of Furukawa Co., Ltd.

Other
Furukawa Co., Ltd. and consolidated subsidiaries

Guidelines Referenced

- “Sustainability Reporting Standards” by the Global Reporting Initiative (GRI)
- “Environmental Reporting Guidelines, 2018 Version” by the Ministry of the Environment
- “Environmental Accounting Guidelines, 2005 Version” by the Ministry of the Environment
- “JIS Z 26000: 2012 Guidance on Social Responsibility (ISO26000: 2010)” by the Japanese Standards Association

Company Names

Furukawa Co., Ltd.:
The operating holding company of the divided core operating companies

Furukawa Company Group:
32 consolidated subsidiaries and 5 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., Furukawa Chemicals Co., Ltd.

Report Publication Date

November 2021 (Previous: November 2020, Next: Scheduled for November 2022)

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Message from Chairperson Miyakawa

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

Naohisa Miyakawa

Chairperson & Representative Director



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

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

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

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

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

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

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

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

Interview with President Nakatogawa

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

Minoru Nakatogawa

President & Representative Director



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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Special Feature 1

Machinery Business: The Rock Drill Machinery Segment Helps Develop Social Infrastructure with Machinery for Tunnel Construction

Railways and roads are vital means of transportation in modern society. They also contain many tunnels. Furukawa Company Group member Furukawa Rock Drill manufactures and sells machinery for tunnel construction.



Drill jumbo: Machinery for tunnel construction

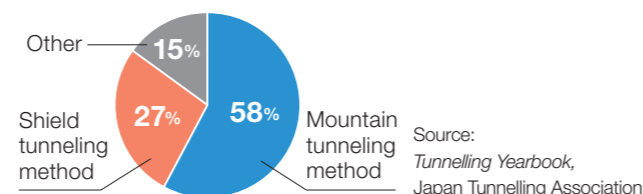
Drill Jumbos and Robotic Devices that Set Steel Ribs are Widely Used in Tunnel Construction Work

Tunnel construction work is performed differently depending on the soil and other properties of the construction sites. Typical methods include the mountain tunneling and shield tunneling methods. The mountain tunneling method is used where the ground is hard, and the shield tunneling method is suitable for soft ground.

At present, the main form of mountain tunneling is the New Austrian Tunneling Method (NATM), a method of blasting for which Furukawa Rock Drill provides many kinds of machinery. Such machinery includes drill jumbos, which are tunnel construction machines for boring tunnel cross-sections and placing rock bolts, and robotic devices called shotcrete machines, which have

erectors attached for installing the steel frames (ribs) of the inner surfaces of tunnels and spraying concrete onto the surfaces.

For reference: Methods used in tunnel construction (FY2020)



Risk of Industrial Accidents in Tunneling Work

Blasting requires that workers perform their work close to tunnel cross-sections, which are called “faces” and known as places where industrial accidents tend to occur. These accidents primarily occur when areas near the faces collapse.

Boring, i.e., drilling holes in tunnel faces, can also have a substantial impact on safety. Drilling in the wrong place or at the wrong angle can loosen the ground near the face and cause it to collapse. Drilling techniques have a substantial impact on overall tunneling work; for

example, differences between actual and planned blasting locations can add costs.

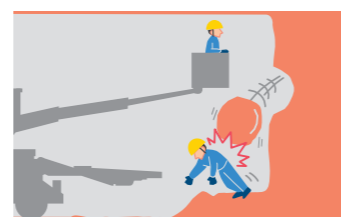


Illustration of collapse near a tunnel face

Furukawa Rock Drill's Efforts to Resolve Issues During Tunnel Excavation

1 Shortage of Skilled Workers

With a chronically low birth rate and a rapidly aging population in Japan, retiring skilled workers must be replaced with less experienced workers, and youth employment rates are also low. Lack of technical skills and a shortage of people are both issues.

2 Ensuring Workplace Safety

Tunneling work accounts for about 0.5%¹ of all industrial accidents in the construction business; more than 96%² of those accidents occur near tunnel faces, which are the front lines of tunneling work.

3 Reducing Costs from the Start to the Finish of Tunneling

Additional costs are generated when construction work does not progress according to plans (e.g. construction schedules, planned excavation ranges, personnel expenses).

Promoting Automation of Drilling Work

Automation of Tunneling Work

Making Progress as Planned by Automating Work

¹ 2019 statistics on industrial accidents from the Ministry of Health, Labour and Welfare

² 2010 study by the National Institute of Occupational Safety and Health, Japan (Steel-rib setting: 43%, Explosive charging: 36%, Excavation: 12%, Spraying concrete: 5%)

Sharing Information about Issues

The construction companies to which the national government, road and railway companies, and others outsource tunneling work are aware of these kinds of issues; each uses its own method of conveying its requirements to Furukawa Rock Drill at different times, such as when explaining policy at general meetings when the construction work is set to start, or seeking technical guidance on an individual basis. Additionally, the Ministry of Health, Labour

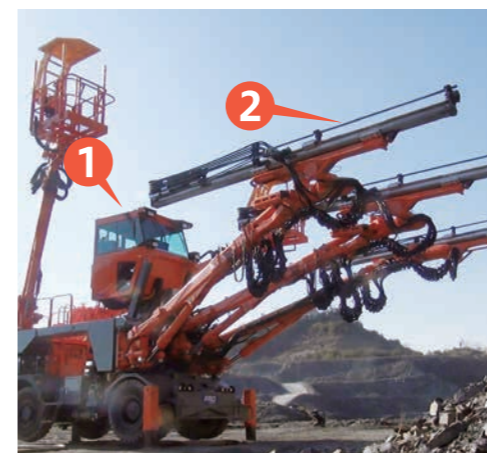
and Welfare has set out safety guidelines for tunneling work (e.g. Guidelines for Measures to Prevent Tunnel Face Collapse During Mountain Tunneling Work).

Furukawa Rock Drill is striving to completely automate the machinery used in tunnel construction to make the work economically rational in addition to prioritizing safety.



Main Characteristics of Furukawa Rock Drill Machinery

Fully Automated Drill Jumbo J32RX-Hi ROBOROCK®



Considering the environment

Out of consideration for the environment, the drill jumbo is equipped with a clean engine that satisfies the 2014 criteria of the Act on Regulation, Etc. of Emissions From Non-road Special Motor Vehicles.

1 Programming Computers to Position Boreholes with at Least the Same Expertise as Skilled Workers

- Furukawa Rock Drill added an automatic positioning function to the drilling boom which, coupled with the navigation function that guides the boom in line with drilling plans, enables computer control of automated positioning using the shortest routes.
- Automatic adjustments to the three critical elements of drilling control—impact, rotation, and feed in response to changes in the bedrock—result in smooth, fully automated drilling, vastly streamlining and enhancing the precision of drilling work.
- With this productivity-improving technology, drilling work can even be done by one person.



2 Ensuring Safety under Many Different Methods

- The boom is equipped with two large sliding retractable charging cages for improved efficiency and safety of work on tunnel faces.
- The three-stage extendable charging boom was designed to allow work on a supplementary bench up to 4.5 m long, improving productivity in supplementary and incidental work.
- The sensors sound an alarm and work is halted if anyone tries to enter the space between the machinery and the tunnel face during automated operation.



Robotic Devices that Set Steel Ribs

1 Equipped with a Simple Navigation System for Positioning

The steel rib positioning navigation system, which comprises an automatic tracking total station and more, and the high-performance erector, which is capable of making minor adjustments to the position of the ribs, make it possible for one operator to position the steel ribs.

2 Maximizes Reduction of Work in Dangerous Places

Using one-touch quick joints to fasten crown joints,³ and spraying concrete while holding steel ribs in place with pre-installed wire nets and fall-preventing anchors minimizes the need for workers to work near tunnel faces.

3 Increases Work Operations by Leveraging ICT

Innovations such as leveraging ICT to position steel ribs, eliminating the onsite installation of wire nets and the like, and spraying concrete and setting steel ribs at the same time have made it possible to set steel ribs about three times faster than the normal working speed.

4 Improves Working Precision by Leveraging ICT

Furukawa Rock Drill leveraged ICT to improve the precision of steel rib positioning and setting, and eliminated the conventional cut-length joining materials to improve the precision of rib setting in curved tunnel sections.

³ The work of joining the left-hand and right-hand ribs at the top of a tunnel.

Future Challenges

Drilling work is now fully automated, but this does not mean that all tunneling work is also fully automated; some work must still be done by hand. Specifically, filling boreholes with blasting powder is done by hand and requires workers to work near tunnel faces as always. Regarding explosive charging work, there are laws and regulations on blasting work and handling and controlling explosives, but partnerships working toward amending the laws are also needed in order to make tunneling work safer.

Manufacturers are also looking to automation to solve two issues with rock bolts, namely safety with regard to mortar injection and some rock bolt insertion work being performed by hand, and, given the long, narrow shape of rock bolts, shortening the time needed to both drill boreholes for and insert the bolts.

Currently it is difficult for Furukawa Rock Drill to solve these issues with fully automated drill jumbos, and thus the company has developed

and is marketing a dedicated machine called a rock bolter for rock bolt work. The rock bolter makes it possible to perform the series of tasks from drilling and mortar injection to rock bolt insertion from the operator's deck, with no manual procedures.

Meanwhile, on the issue of safety for robotic devices that set steel ribs as well, there is still work that must be done by hand. For example, if we can automate the fastening of crown joints using one-touch quick joints, we could completely remove the need for workers to work near tunnel faces for rib setting, eliminating the cause of 43% of accidents in tunnel construction.

Furukawa Rock Drill intends to continue advancing the frontiers of automation technology with the aim of improving safety and productivity.

Comments from Key People

We have advanced mining development technology since the Group's founding in 1875. Currently, our technology is being used in the construction of tunnels, an essential social infrastructure.

We believe that our Group's strength lies in the fact that we have developed technology that we have passed down since the company's founding, and established technology distinct to the Group. We have passed down excavation technology, and continue to use our own technology to manufacture nearly all parts of the drifters (rock drills) that form the core of our rock drills. This is an excellent strength to have in the rock drill business.

A major source of our motivation is the fact that we can actually see and use tunnels and other infrastructure constructed in public works projects using our Group's machinery in everyday life.



Furukawa Rock Drill Co., Ltd.
Left: Susumu Murakami, Deputy General Manager, Tunneling & Mining Equipment Department, Marketing Division
Right: Yoichi Koroku, Principal Engineer, Life Cycle Support Division/Deputy General Manager, Takasaki Yoshi Works



Special Feature 2

Materials Business: The Electronics Segment Contributes to the Realization of a Prosperous World with Aluminum Nitride Ceramics

Great advancements in semiconductor device technology have been essential in the realization of a prosperous, modern world, from the development of telecommunications technology and the emergence of hybrid/electric vehicles to the development of equipment that uses lasers and reducing railway vehicle energy consumption. Furukawa Company Group member Furukawa Denshi Co., Ltd. manufactures and sells aluminum nitride (AlN) ceramics, which are heat-dissipating components essential for advanced electronic equipment.



// Advancing Electronic Equipment

Semiconductor devices fulfill their role of executing electric power control in various places and situations. They are a component of inverters for railway vehicles, and are used in large numbers to electrify and enhance the safe driving functions of vehicles, and their advancement is ongoing.

As semiconductor devices become more advanced, electric current capacity increases and circuits become complex and narrow. This results in a greater amount of heat generated, which has a problematic impact on other types of equipment.

// Trends in the Market for Electronic Equipment

According to World Semiconductor Trade Statistics (WSTS), developments such as the rapid increase in telecommuting due to the coronavirus pandemic and the reinforcement of data centers to accommodate the sudden increase in online traffic explain the dramatic increase in the volume of data transmission over the internet. Demand for electronic equipment is expected to increase even more in the field of telecommunications equipment with the advancement of 5G, local 5G, and other networks; the deployment of digital technology to maintain social distance and realize remote, contactless, non-face-to-face communication; increased rates of electronic components due to electrification in the automotive sector; and more. Advancing electronic equipment is essential for accommodating this increasing demand, and improving the heat-dissipation capacity of semiconductor devices is a challenge to overcome.

// Heat Dissipation Issues

Heat dissipation rarely came under scrutiny as a problem in the past because the semiconductor devices used in electronic equipment were not very heat-resistant to begin with. However, the New Energy and Industrial Technology Development Organization (NEDO) successfully developed circuit boards made of silicon carbide (SiC), which is more heat-resistant than conventional silicon (Si) circuit boards; highly heat-resistant SiC devices known as "power semiconductors" are widely used these days.

SiC devices can resist heat up to 450°C, which makes it possible



A furnace for manufacturing aluminum nitride ceramics

to manufacture slimmer, simplified electronic equipment. However, there are some problems, namely that other equipment near SiC devices is not as heat resistant, meaning that entire systems do not function properly if generated heat is not dissipated.

// Sharing Information about Issues

Commonly known heat dissipation problems include the danger of electronic equipment emitting smoke or sparks at high temperatures, the decline of device operating speeds, the increased frequency of poor operation and malfunctions, and shorter product lifespans; however, the causes of the problems differ for each electronic equipment manufacturer.

As Furukawa Denshi mainly sells to manufacturers of parts and materials for electronic equipment, the company cannot deal directly with the manufacturers of the actual electronic equipment when they are experiencing problems, making it difficult to identify the problems. The company has earned customers' trust by diligently answering their questions about the properties of the materials used and consulting to ensure that the components manufactured satisfy the required specifications, and is now experiencing a gradually increasing volume of inquiries regarding the central challenges.

Furukawa Denshi's AlN Products

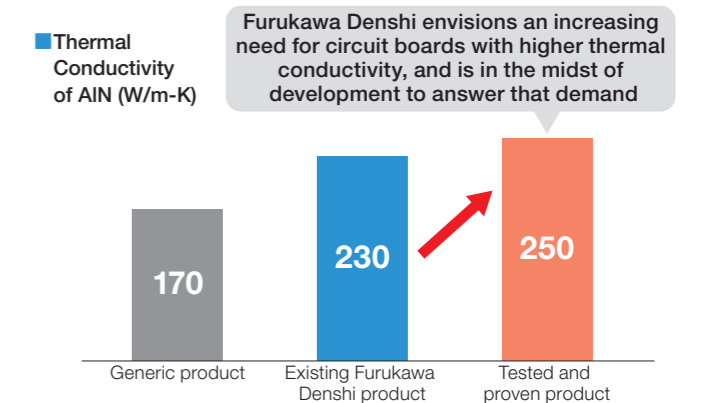
	■ Fillers	■ Parts	■ Substrates
Features	Powdery, high heat dissipation	Thermal uniformity, anti-corrosive, thermal conductivity	High heat dissipation/insulation
Main customers	Resin manufacturers, heat dissipation sheet manufacturers	Manufacturers of semiconductor manufacturing systems and high-voltage power units	Precision machining companies that manufacture semiconductor lasers and telecommunication elements
Main products in which the material is used	Silicone and other resin heat dissipation sheets and sealing material on smartphones, laptops, automobiles, etc.	Plates and other components of semiconductor manufacturing systems, high-voltage power units of railway vehicles and satellites/aircraft	Circuit boards for high-powered laser elements, high-powered LED (for camera flashes, projector lamps, etc.), telecommunication module parts

// Efforts Toward Issue Resolution

Furukawa Denshi has discovered issues in progress toward achieving practical applications of aluminum nitride. One is strength, and another is toughness. To resolve these issues, the company took advantage of an NEDO-subsidized project until last year and worked together with a national university and a national research and development agency to develop aluminum nitride ceramic circuit boards with superior mechanical properties (strength and toughness). Under the development project, the university handled and developed conditions for additives for improving properties, Furukawa Denshi used the materials to improve the strength and toughness of the circuit boards, and the research and development agency oversaw the underlying research and analysis, yielding a certain level of results. The company is using these results in efforts to develop technology for further enhancing properties and for aspects of manufacturing costs. The company also intends to answer demand for higher heat dissipation in systems and devices. Furukawa Denshi is exploring ways to resolve the most pressing issue with aluminum nitride ceramics—enhancing thermal conductivity. Toward that end, the company optimized the manufacturing conditions for AlN to successfully raise thermal conductivity from 230 W/m-K, which has long been the world's highest level for polycrystalline industrial ceramic materials, to 250 W/m-K, and plans to market the improved material during fiscal 2022.

For AlN, which has high insulation performance, to become more widely used as electronic equipment advances, it must

accommodate the varied conditions under which the equipment is used. Toward that end, it is necessary to continue to improve beyond the mechanical and thermal properties achieved with the latest efforts of Furukawa Denshi. We may also see the emergence of semiconductor device circuit boards with higher capacity than SiC. With the aim of maximizing the functionality of semiconductor devices, the company is tackling the challenges of improving the properties of AlN while lowering costs, and striving to develop other materials with greater capacity than AlN to help advance electronic equipment and deliver solutions to our customers.



Comments from Key Person

We receive many inquiries from customers experiencing issues with materials. I feel motivated when my interactions with customers and proposals to use aluminum nitride ceramics result in their gratitude for solutions to their problems.

AlN makes up only a small part of the Group's business. "Ceramics" may sound like a procedure for producing advanced chemical products, but it actually includes areas where baking things in furnaces is the only way to find out what will happen. We are proud of the trust we have earned from the market on the strength of the distinct technology we have painstakingly established through 30 years of trial and error, to the point where we now receive countless inquiries about AlN. We intend to continue providing thoughtful responses and suitable proposals that engender trust and solve customers' problems, thereby contributing to the realization of a prosperous world.

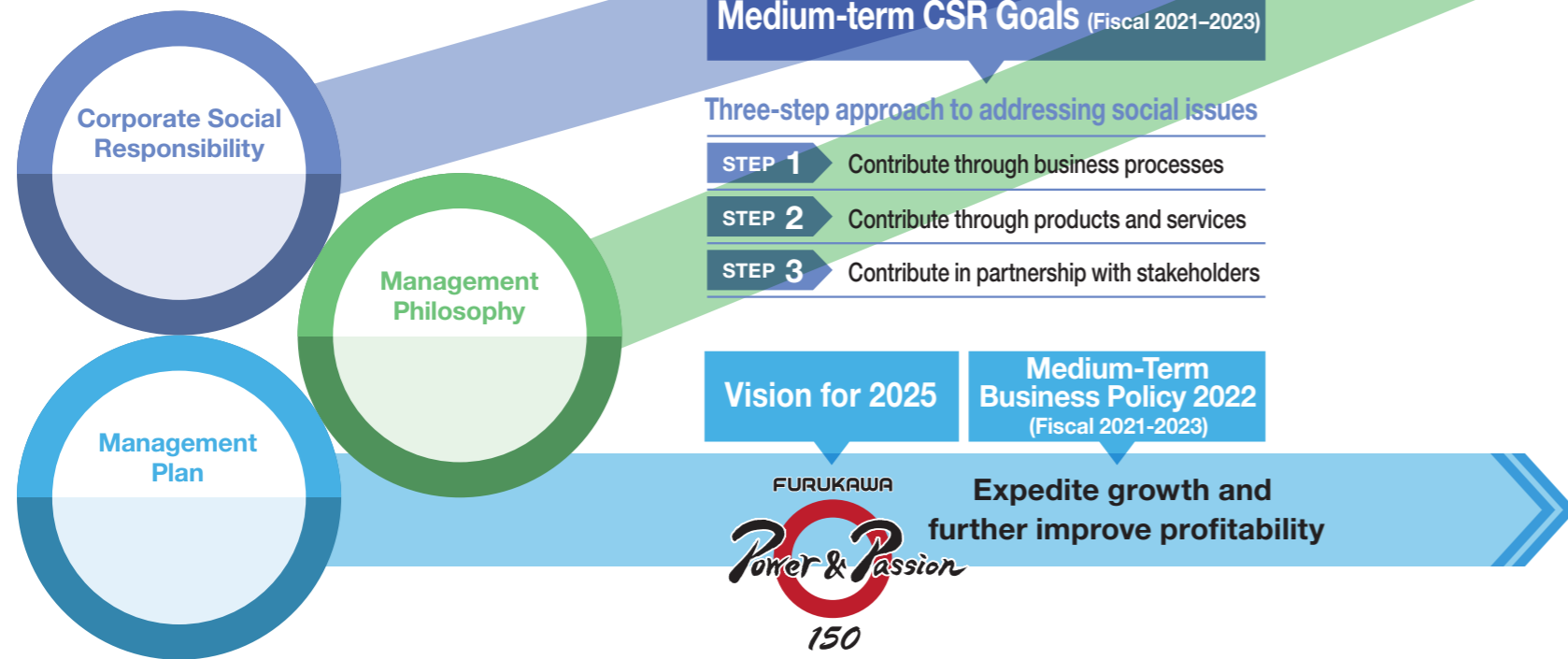


Teruo Kawashima, Chief Engineer, Sales Section, Sales Division, Furukawa Denshi Co., Ltd.

CSR as It Relates to the Furukawa Company Group's Business

The Furukawa Company Group's Management Philosophy is embodied in its CSR activities. Since commencing operations in the copper mining business in 1875, we have worked constantly at achieving self-innovation by embracing a future-oriented mindset. At the same time, we have sought to create reliable, appealing products in order to consistently address the needs of the times. In the process, we have developed multiple businesses and made significant contributions to the advancement of Japanese industry.

In order to persist as a company that plays an essential role in society going forward, we will contribute to the development of a sustainable society that is in harmony with the environment, while also improving our managerial transparency, further strengthening our manufacturing capabilities for the future, and enhancing communication with our various stakeholders.



2025

Ideal Image for CSR 2025

The Furukawa Company Group will develop and establish a risk management framework that extends beyond crisis management.

All officers and employees will be keenly aware of compliance as it applies to international community.

Promote environmental and safety activities
(Reduce environmental impacts, protect environment and ensure safety, protect biodiversity, publish environmental and safety activity outcomes, and continue working to ensure there are no accidents or disasters at suspended or abandoned mines)

We aim to improve brand strengths of Furukawa products and achieve top rankings in product categories.

Expand and Strengthen our human resource bases
We will develop rewarding work environments where it is possible to create new forms of value by maximizing the abilities of each and every employee

We will pursue a QCD* approach based on CSR-oriented procurement practices geared to achieving sustainable manufacturing and sales of products that earn the trust of our customers.

2030

Development of a Sustainable Society

[SDGs: Sustainable Development Goals]



Helping to address challenges encountered worldwide

In September 2015, the United Nations General Assembly adopted its Sustainable Development Goals (SDGs) and presented an action plan for human and environmental prosperity. The SDGs consist of 17 goals and 169 targets looking toward 2030, such that help clarify priority global-scale issues and a worldwide vision related to sustainable development and are intended to encourage global-scale initiatives to address those issues.

The Furukawa Group strives to help achieve the SDGs, established by the international community, through its business activities and efforts geared to fulfilling its corporate social responsibilities.

Medium-term CSR Goals

Committee / Department	Medium-term CSR Goals (Fiscal 2021-2023)
Risk Management Committee	<ul style="list-style-type: none"> Develop the Group-wide crisis management framework Develop the Group-wide risk management framework
Compliance Committee	<ul style="list-style-type: none"> Improve awareness of the importance of thorough compliance Spread awareness of the Charter of Corporate Conduct and the Code of Conduct for Officers and Employees Improve and expand guidelines and manuals Expend every effort toward timely, appropriate reporting of compliance violations
Environmental & Safety Management Committee	<ul style="list-style-type: none"> Promote the continuous improvement of environmental performance (CO₂, water, waste, chemical substances) <ul style="list-style-type: none"> * Improve (Respond to) publication measures for releasing environmental performance results and activity reports in consideration of trends in ESG investment, requirements for SDGs, and more Improve on-site strengths Strengthen the efforts for eliminating accidents and disasters Protect biodiversity

Committee / Department	Medium-term CSR Goals (Fiscal 2021-2023)
Quality Assurance Committee	<ul style="list-style-type: none"> Improve product quality <ol style="list-style-type: none"> Strive to reduce and eliminate complaints about products <ol style="list-style-type: none"> Strengthen change points control Make efforts to improve quality at the stage of development and design Eliminate repetitive complaints Improve awareness of quality assurance <ol style="list-style-type: none"> Add to and improve training to raise minimum skill levels Improve systems for sharing information between segments Strengthen quality assurance management in overseas procurement and factories Improve safety <ol style="list-style-type: none"> Revise and improve product safety evaluation systems
Human Resources & General Affairs Department	<ul style="list-style-type: none"> Develop human resources Promote health and productivity management Promote diversity Improve work environments
Purchasing Department	<ul style="list-style-type: none"> Strengthen CSR procurement systems Strengthen supplier management systems (QCD + CSR) Strengthen internal CSR activities

*QCD: Quality, cost, and delivery

Contributing through Products and Services

A closer look at everyday life reveals the Furukawa Group's products and technologies in action in readily recognizable places. The Group's products and technologies touch every aspect of our lives, making them convenient and prosperous, and protecting the safety and security of society.



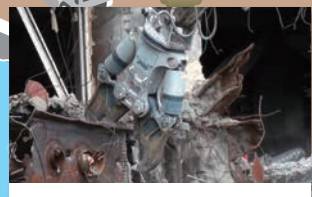
Mini crawler cranes
Outside Japan, these cranes are used on construction sites for skyscrapers and the like.



Hydraulic breakers
These machines are used to break rocks and crush concrete.



Enclosed suspended conveyors
These conveyors are used to close off and vertically transport materials.



Hydraulic crushers
These machines are used to tear down concrete and structural steelwork in building demolition and the like.



High-purity arsenic
This high-purity metal is used as a raw material for mobile equipment and lasers.



AIN ceramics
These materials are used to counter the extra heat produced by higher-performance electronic equipment.



Cuprous oxide
This eco-friendly substance is used to coat the undersides of marine vessels.



UNIC cranes
These truck-mounted cranes are used on construction sites and the like.



Electrolytic copper
This substance is used in the wires, copper pipes, and other components of household appliances, communication devices, and automobiles.



Electrostatic precipitators
This equipment prevents air pollution from plants and other facilities.



Pumping equipment at wastewater treatment facilities
We have a wealth of experience with this equipment at wastewater treatment plants and water treatment plants throughout Japan.



Hydraulic crawler drills
These machines drill holes for blasting at stone-crushing plants and limestone mines.



Crushers
These machines crush rocks into smaller pieces at quarry.



Belt conveyors
This equipment transports massive amounts of earth and sand, ore, coal, and other raw materials.



Tunnel drill jumbos
These machines are used for the Linear Chuo Shinkansen and other construction projects.



Ocean cranes
These machines are used in oyster farming and unloading catches from vessels.



UNIC carriers
Trucks that carry new cars and damaged cars.



Bridges and steel structures
We construct pedestrian bridges, motorways, and more.



Coils
Filter coils are used to control noise from electric control units and power sources.

CSR Management

The Furukawa Company Group promotes corporate social responsibility (CSR), while reinforcing its governance framework and compliance practices, with respect to its business activities such that have involved full-scale manufacturing and structural development carried out thus far, as well as various other activities particularly involving environmental protection, social contribution, and human resource development.

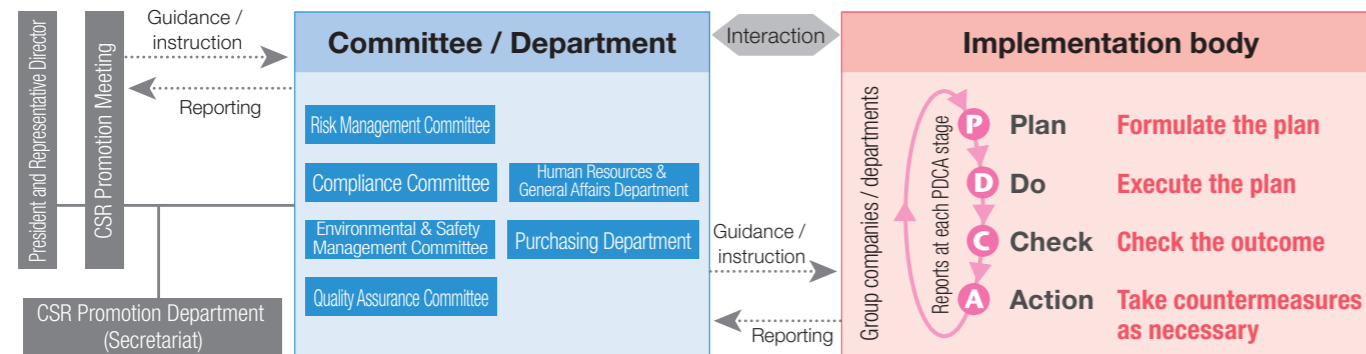
Framework for Promoting CSR

At the Furukawa Company Group, we actively engage in CSR initiatives, particularly through efforts that have involved establishing the CSR Promotion Meeting at Furukawa Co., Ltd. in order to vigorously promote such endeavors, clarifying our responsibilities to stakeholders, and identifying priority issues that need to be addressed.

Sessions of the CSR Promotion Meeting are held by Furukawa's CSR Promotion Department, acting as the secretariat, and chaired by Furukawa's President and Representative Director. The meetings primarily act as a forum for discussions on various issues related to CSR, particularly with respect to formulating fundamental policies, promotion frameworks and action plans, verifying and evaluating the status of initiatives, and planning priority measures.

The CSR Promotion Meeting's organizational structure consists of four committees (Risk Management Committee, Compliance Committee, Environmental & Safety Management Committee, and Quality Assurance Committee) and two departments (Human Resources & General Affairs Department and Purchasing Department). It takes a PDCA cycle approach to planning, implementation, evaluation and improvement, in coordination with respective Group companies and respective Company departments, which take on the function of executing CSR initiatives.

CSR Promotion System



Relationships with Stakeholders

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

Stakeholders	Responsibilities
Customers	We shall provide customers with safe, high-quality products and services in order to increase satisfaction levels.
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.
Shareholders and investors	We shall work to maximize corporate value through communications focusing on timely and appropriate information disclosure and IR activities.

Stakeholders	Responsibilities
Employees	We shall create safe, healthy, and motivating workplaces in which our diversified human resources can excel while adopting appropriate evaluation standards and fair incentives.
Local communities	We shall build and maintain favorable relationships of trust by pursuing social contribution activities aimed at harmonious coexistence with local communities.
Global environment	We shall protect biodiversity by developing environmentally friendly technologies and products while minimizing the environmental impact of our activities through savings of energy and resources and reduction of waste.

Further information on CSR management
https://www.furukawak.co.jp/pdf/CSR/e/csr_01.pdf

Identifying Priority Issues

The Group identifies important issues and reinforces its CSR activities to ensure that its business activities contribute to society in the broader sense.

To identify CSR priority issues, we selected important CSR-related issues from the perspectives of both stakeholders and the Group, then analyzed and evaluated the importance of those issues and finalized the Group's CSR priority issues.

The pages of the Activity Report detailing our CSR activities provide information on priority issues regarding the Furukawa Company Group's CSR.

Priority issues regarding CSR	Page
Developing a robust corporate governance framework	P17
Enhancing compliance	P20
Providing products and services that engender customer satisfaction	P21
Promoting environmental conservation initiatives	P23
Creating pleasant workplace environments for employees with fair performance evaluations and incentives	P29
Building fair and just business relationships and reciprocal trust with suppliers	P33
Promoting corporate social responsibility	P35
Communicating with shareholders and other investors	P36



Fiscal 2022 Targets for Respective Committees and Relevant Departments

Risk Management Committee	<ol style="list-style-type: none"> 1 Improve response capabilities in event of a crisis 2 Revise and improve Group BCP and the BCP of core operating companies 3 Examine countermeasures for crises other than earthquakes 	Quality Assurance Committee	<ol style="list-style-type: none"> 1 Reduce the number/cost of complaints 2 Improve product safety 3 Strengthen quality assurance systems
Compliance Committee	<ol style="list-style-type: none"> 1 Expand compliance training (continued) 2 Conduct compliance checks 3 Revise internal reporting system in response to amendments to the Whistleblower Protection Act 4 Establish systems for compliance with the Act on the Protection of Personal Information, etc. 	Human Resources & General Affairs Department	<ol style="list-style-type: none"> 1 Develop human resources 2 Promote healthy and productivity management 3 Promote diversity 4 Improve work environments
Environment & Safety Management Committee	<p>Activities involving environmental conservation, health, and safety.</p> <ol style="list-style-type: none"> 1 Continuous improvement of environmental performance (CO₂, water, waste, chemical substances) 2 Promote training/guidance for improving practical skills 3 Enhance preventive measures for eliminating accidents and disasters 4 Promote biodiversity protection activities <p>Monitor suspended or abandoned mines</p> <ol style="list-style-type: none"> 1 Improve on-site strengths by imparting knowledge and skills 2 Maintain mine wastewater treatment facilities 3 Service final disposal sites and underground mines 	Purchasing Department	<ol style="list-style-type: none"> 1 Launch the second CSR questionnaire survey for major suppliers 2 Enhance management of major suppliers (QCD + CSR) 3 Foster partnerships with suppliers 4 Continue Group-wide CSR-oriented procurement activities



Corporate Governance

Basic Approach

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.

Corporate Governance System

The Furukawa Company Group's operating holding company Furukawa Co., Ltd. has adopted the system of a company with Board of Directors and Audit & Supervisory Board, and through them supervises business execution. The Company also employs an Executive Officer system which facilitates quicker decision making and defined responsibilities in terms of keeping management supervisory functions separate from executive functions.

● Directors and Board of Directors

The Board of Directors, which is chaired by the Chairperson & Representative Director, holds regular meetings once a month, and extraordinary meetings as necessary, to supervise the Group's overall business execution. The Board consists of nine members as of June 29, 2021, including three Outside Directors.

● Nomination & Remuneration Committee

The Company voluntarily established the Nomination & Remuneration Committee, which comprises mainly Independent Outside Directors, as an advisory body to the Board of Directors. The Board of Directors consults the Committee about matters regarding candidates for Director and Audit & Supervisory Board Member, the appointment and removal of Representative Directors and Responsible Directors,

and Director remuneration; the Committee reviews the matters and reports back as necessary.

● Executive Officer System

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 15 Executive Officers as of June 29, 2021, including three concurrently serving as Directors.

● Management Council and Management Committee

The Management Council sets the Group's fundamental management policies and strategies, and makes decisions on important matters. Key managerial issues addressed by the Management Council are referred to the Board of Directors for discussion and decisions. Meanwhile, the Management Committee meets monthly to report on the business execution of the Company and its core operating companies, and accordingly reviews such matters and provides direction in that regard.

● Audit & Supervisory Board and Its Members

The Audit & Supervisory Board determines matters regarding Audit & Supervisory Board Members' execution of duties, including auditing policy, and methods of investigating determining executive operations and financial circumstances. Pursuant to audit policy formulated by the Audit & Supervisory Board, Audit & Supervisory Board Members attend important meetings including those of the Board of Directors and the Management Council, listen to reports from Directors, conduct field investigations at business sites and subsidiaries, and more to audit the execution of operations by Directors and others. As of June 29, 2021, the Audit & Supervisory Board consists of four members, including two Outside Members, and meets as appropriate.

Further information on Furukawa Company Group audit system https://www.furukawakk.co.jp/pdf/CSR/e/csr_19.pdf

● Outside Directors and Outside Audit & Supervisory Board Members

The Company appoints people with a wealth of experience, expertise, and objective perspectives in various fields to the positions of Outside Director and Outside Audit & Supervisory Board Member, thereby ensuring the validity of our business decision-making and the effectiveness of the supervision and auditing of our business management. As of June 29, 2021, the Company has three Outside Directors and two Outside Audit & Supervisory Board Members, four of whom are Independent Officers as stipulated by the Tokyo Stock Exchange.

● Evaluating the Effectiveness of the Board of Directors

To analyze and evaluate the effectiveness of the Board of Directors, the Company conducts questionnaire-based annual surveys of Directors and Audit & Supervisory Board Members, and exchanges opinions with Outside Officers. The results of these activities are reported to the Board of Directors for discussion.

In fiscal 2021, average evaluations improved compared to the previous fiscal year, and action was taken on nearly all matters identified as priority issues for improvement. Additionally, the

following five efforts will be implemented in pursuit of further improvement: (1) Simplifying and clarifying information to be entered on documents to facilitate digitization, (2) Regularly providing information about industry trends and the like, (3) Adding supplementary explanations on opinions and the like of Management Council meetings regarding the agendas of the Board of Directors, (4) Exchanging opinions about management challenges at social gatherings of Representative Directors and Outside Directors, and (5) Sharing more information about the business of each company in the Group.

Internal Control System

The Group's Basic Policy on Establishing an Internal Control System encompasses corporate governance, risk management, compliance, and internal audits. Under the policy, internal controls are to be implemented with an emphasis on promoting CSR, in addition to ensuring efficient and appropriate business execution. Moreover, the Group continually reassesses its internal control systems and otherwise strives to build effective and efficient systems in order to ensure the appropriateness of operations.

Message from an Outside Independent Director

In 2019, I assumed office as an outside independent director, a position responsible for checking on the Company's business management. Since then, I have endeavored to approach my duties as a university faculty member with a specialty in business strategy theory and technology management theory. This means reframing the Company's business conditions and management issues within the context of management theory, comparing them with similar cases, and candidly raising any questions or opinions that may emerge from this process at meetings of the Board of Directors. In my own way, I seek to provide different perspectives, such as by looking at seemingly complex realities through a theoretical framework or by finding out what other industries or companies have done to address similar management issues. The current business environment is changing on a daily basis, and the future is increasingly uncertain. Under these conditions, many companies, not just our own, are faced with a difficult task in steering their business. Additionally, some of the business issues discussed at meetings of the Board of Directors have a considerable impact on our future earnings structure and corporate growth. Of course, we examine these management issues in detail and make fair judgments. However, we also try to consider the potential ripple effects of decision-making and how to create value for the Group in the future.

Naturally, a single decision will have a certain impact on various stakeholders. From the perspective of corporate social responsibility, it is essential to consider any ripple effects on these stakeholders and how to address them. Accordingly, we will work together to develop policies and initiatives aimed at building a company that can evolve side by side with its stakeholders, including employees, as well as a company where employees exercise their abilities to the fullest and find meaning in their jobs.

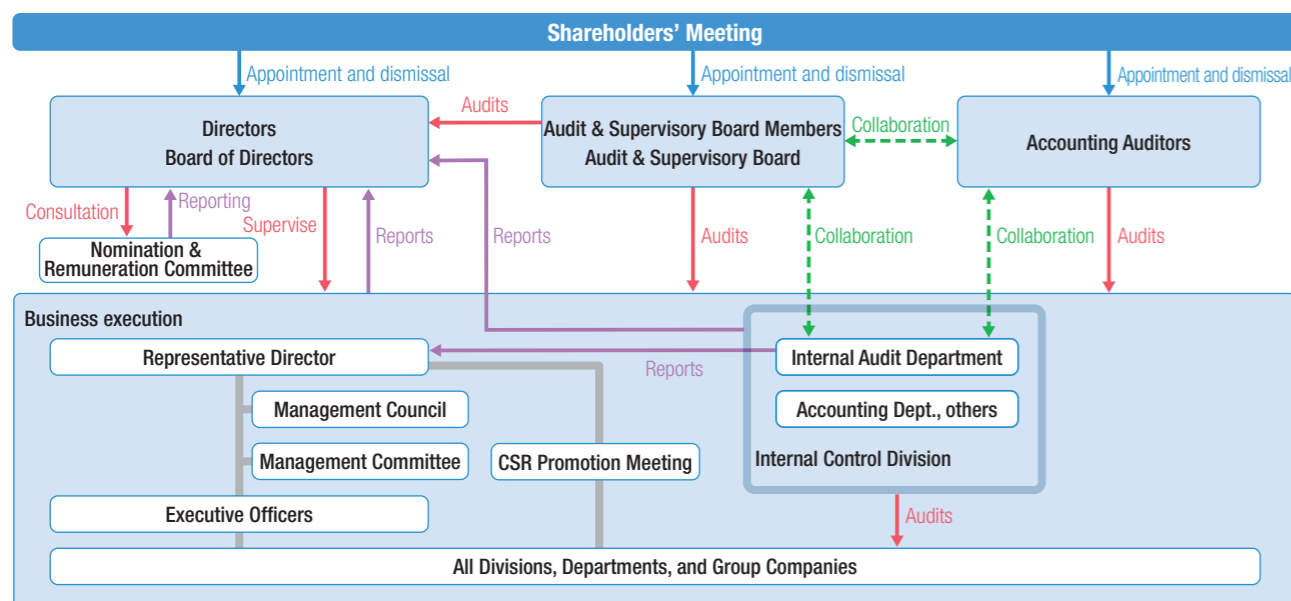
Creating value for the Group's future is also an important task in order to enhance corporate value. We have six core operating companies that range in scope from machinery to materials. What these businesses have in common is a Groupwide goal of "contributing to the formation, maintenance, and development of social infrastructure." Our original copper mining business made significant contributions to the formation of the foundations of modern Japan and the development of industry. Similarly, each of the Group's current businesses supports various aspects of social infrastructure in Japan and around the world. Without forgetting these core elements, which could be considered the very reason for the Company's existence, we will take on individual challenges while aspiring to be an organization that can continually create new value. At the same time, I would like all employees, from young to senior, to actively think about and propose how they can contribute to future social infrastructure in each of the Group's businesses, and I hope that they will further advance the development of the technologies, products, and services needed to achieve this.

Going forward, we will remain committed to building a corporate group that can make ongoing contributions to society.



Kazumi Nishino
Outside Independent Director

● Corporate Governance Structure



Further information on corporate governance https://www.furukawakk.co.jp/pdf/CSR/e/csr_08.pdf

Ideal image for 2025

The Furukawa Company Group will develop and establish a risk management framework that extends beyond crisis management.

PLAN & CHECK //

Fiscal 2021 targets and assessments Achievement

- 1 Improve response capabilities in the event of a crisis. ★★★
- 2 Revise and improve Group BCP and the BCP of core operating companies ★
- 3 Identify and examine countermeasures for risks other than earthquakes ★

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

Fiscal 2022 targets

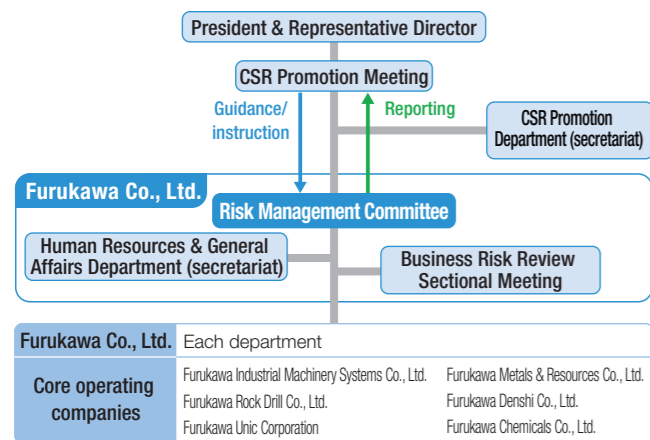
- 1 Improve response capabilities in event of a crisis
- 2 Revise and improve Group BCP and the BCP of core operating companies
- 3 Identify and examine countermeasures for risks other than earthquakes

DO //

Framework for Promoting Risk Management

The Group's business activities could potentially be badly impacted by various risks related to such factors as accidents, natural disasters, and epidemic diseases. To protect human life and property and minimize damage and loss when such risks materialize, the Group, spearheaded by its Risk Management Committee, is working to establish and strengthen its risk management system.

● Risk Management System



* Group companies represented in the Business Risk Review Sectional Meeting are the same as those represented in the Risk Management Committee.

Implementing Business Continuity Planning (BCP)

● Developing Preventive Measures for BCP

To prepare for emergency situations in which normal means of communication are not available, we are establishing transceivers at key locations and reviewing the content and management methods of emergency supplies including food and beverages.

● Conducting Safety confirmation drills and Disaster reporting drills

We regularly conduct both safety conformation drills enlisting our safety confirmation systems and disaster reporting drills with the use of transceivers in order to ensure that we are able to promptly confirm employee safety and the status of damaged sites should an emergency occur.



● Implementing Business Continuity Management (BCM)

Core operating companies have finished formulating BCP, and have begun making partial revisions to respond to organizational changes and the like. From now on, we will also devote energy to implementing BCM.

Initial Response Manuals, and Implementing BCP

We have finished formulating initial response manuals, and have now turned our attention to implementing BCP.

Group-wide Identification of Potential Risks

We are identifying the potential risk of earthquakes, floods, landslides and the like at key locations and moving ahead with the formulation of BCP with regard to risks that could substantially impact our business.

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

Degree of potential risk: ◎High ○Medium △Low ×Significantly low

[Comment from the Responsible Committee] Overview of Fiscal 2021

Measures to prevent the spread of COVID-19 infections since the onset of the pandemic have forced us to postpone the sectional meetings and prevented them from achieving their goals. We will continue to expend every effort to prevent COVID-19 infections while monitoring the state of the pandemic, and steadily implement actions we were unable to execute during the last fiscal year, revise Group BCP throughout the Group, and take other steps to improve our capacity to act when crises emerge.



Atsushi Takano
Risk Management Committee Chairperson, Senior Executive Officer, General Manager, Human Resources & General Affairs Department

Ideal image for 2025

All officers and employees will be keenly aware of compliance as it applies to the international community.

PLAN & CHECK //

Fiscal 2021 targets and assessments Achievement

- 1 Upgrade and expand compliance training (continued) ★★★
- 2 Create and revise compliance manuals and guidelines ★★★
- 3 Revise systems for sharing information on compliance ★★★

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



Fiscal 2022 targets

- 1 Upgrade and expand compliance training (continued)
- 2 Conduct compliance checks
- 3 Revise internal reporting system in response to amendments to the Whistleblower Protection Act
- 4 Establish systems for compliance with the Act on the Protection of Personal Information, etc.

DO //

Promoting Compliance

In addition to complying with laws and regulations, the 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 have established the Compliance Committee, which discusses important matters regarding compliance. The Committee strives to share information on Groupwide compliance by reporting matters it has discussed to the CSR Promotion Meeting as appropriate.

Compliance Education

We strive to instill a corporate culture that emphasizes compliance through efforts that include issuing our "Compliance News" source of information on compliance to all Group officers and employees, and having top management occasionally give talks on the importance and priority we place on compliance.

We were unable to gather everyone in one place to conduct compliance training in fiscal 2021 due to the pandemic, but we were able to use online conferencing systems and stream videos to provide training on individual topics.

● Training Implemented in Fiscal 2021

Training	Number of participants (number of sessions)
Compliance training	79 (6)
Training on warranty clauses of construction contracts	71 (1)
Training on joint research/joint development contracts	44 (1)
Training on Basic Guidelines for Preventing Bribery and Corruption	36 (video streaming)

Basic Policy and Guidelines for Preventing Bribery and Corruption

In January 2021, the Furukawa Group enacted Basic Policy for Preventing Bribery and Corruption and Basic Guidelines for Preventing Bribery and Corruption. The enactment clarified the

Company's stance on preventing bribery and corruption, which was outlined in the Code of Conduct for Officers and Employees, to the world, and set out explicit procedures for preventing bribery and corruption in business activities. We will expend every effort to spread the word about the policy and guidelines in an effort to prevent bribery and corruption.

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 inquires by establishing points of contact for reporting and consultation requests inside and outside (law office) the Group. We also stringently safeguard confidential and personal information regarding whistleblowers.

The Compliance Committee conducts investigations upon receiving notification or consultation, and subsequently takes necessary action to address such matters.

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.

[Comment from the Responsible Committee] Overview of Fiscal 2021

In fiscal 2021, we amended Compliance Rules, reconfirmed the routes for reporting compliance violations, and created a mechanism for spreading the word about recurrence prevention measures. Additionally, we successfully enacted Basic Policy for Preventing Bribery and Corruption and Basic Guidelines for Preventing Bribery and Corruption. Unfortunately, the pandemic prevented us from conducting as many sessions of compliance training as in normal years. In fiscal 2022, we will devote energy to improving training provided through online conferencing systems and video streaming, and continue to promote activities with the goal of equipping all officers and employees with a keen awareness of compliance as it applies to the international community.



Takeshi Miyajima
Compliance Committee Chairperson, Senior Executive Officer, General Manager, Legal Department



Customer Relations

Relevant SDGs



Ideal image for 2025

We aim to improve brand strengths of Furukawa products and achieve top rankings in product categories.

PLAN & CHECK //

Fiscal 2021 targets and assessments

Achievement

- ① Use the results of change point controls to enhance educational activities for preventing defects from occurring ★★
- ② Improve DR^{*1} and SR^{*2} in the development and design stages ★★★★
- ③ Strengthen quality assurance management for components produced overseas ★★
- ④ Engage in initiatives involving quality assurance frameworks (respective materials businesses) ★★

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

Fiscal 2022 targets

- ① Reduce the number/cost of complaints
 - ①Revise internal rules, criteria, and standards for improving design quality
 - ②Educational activities to eliminate defects originating mainly from change points
 - ③Promote product quality patrols between places of business
- ② Improve product safety
 - ①Activities to improve product safety (reforming methods of education, etc.)
- ③ Strengthen quality assurance systems
 - ①Revise/verify ISO systems, rules, and standards for each place of business

*1 DR: Abbreviation for Design Review. Third-party reviews of specifications and design specifications, programs, and other outputs from each phase (sales, accounting, purchasing, production management, quality assurance, etc.).

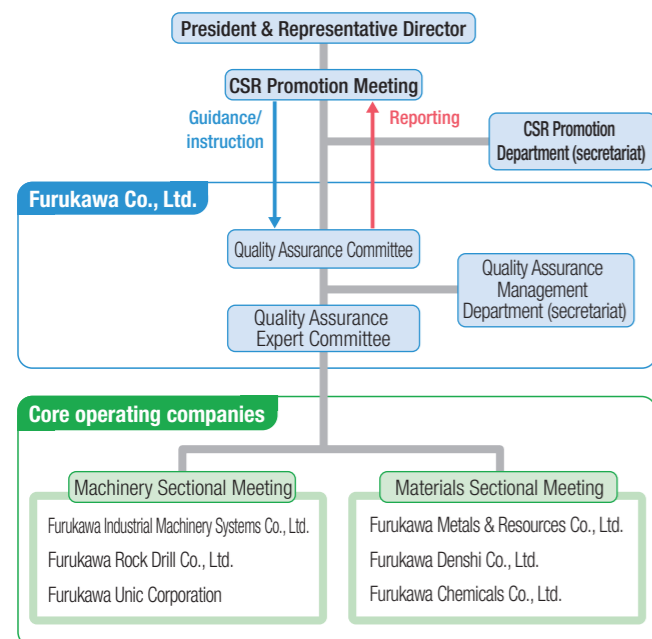
*2 SR: Safety Review. Reviews with emphasis on aspects of safety during the use of newly developed products.

DO //

Quality Assurance Management System

The Furukawa Company Group revised its quality assurance management system in fiscal 2021. In order to establish a system that assures customers of reliable product quality in addition to safety, the Product Safety Committee established within the headquarters of Furukawa Co., Ltd. was changed to the Quality Assurance Committee. Additionally, the Quality Assurance Management Department was newly established within the company's Technology Division in order to promote activities for quality assurance and product safety and to manage the Group's quality assurance system. Under Quality Assurance Basic Policy and Quality Assurance Action Guidelines, which were enacted concurrently, the entire company will come together in an effort to provide manufacturing and services worthy of customers' trust and satisfaction.

Quality Assurance Management System



Quality Assurance Committee

The Quality Assurance Committee oversees the Quality Assurance Expert Advisory Council—a gathering of people responsible for quality assurance in core operating companies—and organizes sectional meetings dedicated to machinery and materials to undertake activities in their respective segments. These organizations under the Quality Assurance Committee promote compliance with laws and regulations on manufacturing, quality assurance, and product safety, and the manufacturing of products that customers can use with a sense of safety and security. Additionally, risk assessments and other activities for improving product safety levels are continuing with the understanding that quality assurance is an integral part of product safety.

Visit the following site for the Quality Assurance Basic Policy and the Quality Assurance Action Guidelines
https://www.furukawakk.co.jp/pdf/CSR/e/csr_21.pdf

Machinery Sectional Meeting Activity Report

The Machinery Sectional Meeting is continuing to promote efforts to “reduce complaints” and “monitor production change points” under the concept of “making products that satisfy our customers.” The sectional meeting is making efforts to share information about methods of analyzing and reducing complaints and toward the horizontal spread of the methods themselves between places of business. To prevent change points on the production floor from generating defects and complaints, the sectional meeting is establishing a mechanism for a flow that starts with visualization and proceeds through change point aggregation, prevention planning, execution of prevention activities, and verification in that order.

Small-group manufacturing improvement activities are being promoted at each place of business with the aim of translating individual improvements, however small, into improvement of quality, productivity, safety, and the environment, in addition to striving to enhance awareness of quality among officers and employees. Also, the latest measuring instruments are being used to shorten the time required for measurement, improve product precision, and expedite development. Regarding delivery times, quality, and distribution—the risk factors of procuring components from overseas—efforts will be made to create multiple channels for remote auditing and procurement to limit the impact of pandemic-related delays in auditing and distribution abroad. Discussions on this topic will continue based on the belief that the importance will increase further in the future in terms of the ideal state of product safety and quality assurance with automated machinery.

ACTION //

[Comment from the Responsible Committee] Overview of Fiscal 2021

Based on quality assurance, all products and services are for our customers

The Quality Assurance Committee implements various efforts to guarantee that every product and service produced and provided to customers by the Furukawa Company Group is safe and satisfactory. Even for components procured overseas and in manufacturing at overseas plants, and for products for export as well, we aim to guarantee quality worthy of the pride of Japanese manufacturers.

In fiscal 2021, we made efforts to implement complete prevention educational activities and improve DR and SR in the development and design stages, and promoted efforts such as improving operational efficiency by incorporating ICT into manufacturing and inspection operations and visualizing change points—an ongoing theme from the previous fiscal year—on the production floor, all in an effort to limit complaints at each place of business.

In fiscal 2022, we will promote educational activities to eliminate defects originating from change points, implement activities to improve quality through quality patrols between places of business, and revise regulations for strengthening quality assurance systems at each place of business.

Tatsuki Nazuka
Quality Assurance Committee
Chairperson, Director, Senior
Executive Officer, General
Manager, Technology Division



Core operating companies in the machinery business will maintain their momentum in taking the next steps for improving manufacturing capacity and on-site strengths to maintain customers' trust in the Furukawa brand.

Materials Sectional Meeting Activity Report

Based on a customer-oriented approach, the Materials Sectional Meeting—which comprises core operating companies whose products are materials that are widely used in electronic devices and other products—is taking steps to improve the quality assurance system encompassing components procured overseas with the goal of achieving zero market complaints.

For risk assessment at core operating companies in the materials business, the sectional meeting provides information about risks in SDS^{*3} and the like in addition to fully understanding the major risks of allowing

defective products into circulation, and efforts are made to prevent such circulation by promoting the automation of inspections and highly reliable designing through FMEA^{*4} focused on change points control. The Materials Sectional Meeting shares this information and engages in activities aiming to enhance the skills of each company.

As a result of these kinds of efforts, we achieved zero market complaints in fiscal 2021. Likewise, we aim to achieve zero market complaints again in fiscal 2022, and will accordingly take steps that involve designing highly reliable products, preventing the release of defective products, and improving our quality assurance framework which includes products procured overseas, and work on activities to further heightening skills of each company.

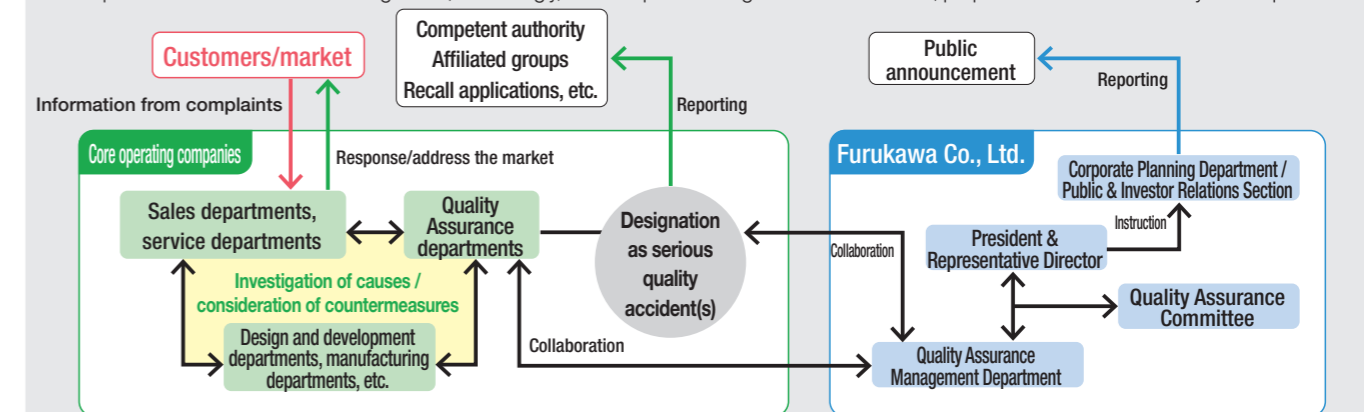
*3 SDS: Abbreviation for Safety Data Sheet.

*4 FMEA: Abbreviation for Failure Mode and Effects Analysis. A systematic analysis method that predicts the causes of quality problems and prevents them at the design and process planning stage.

TOPICS

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, the Group comes together and takes swift, proper measures under the system in place.





Environmental Efforts

Relevant SDGs



Ideal image for 2025

Promote environmental and safety activities

(Reduce environmental impacts, protect environment and ensure safety, protect biodiversity, publish environmental and safety activity outcomes, and continue working to ensure there are zero accidents and zero disasters at suspended and abandoned mines)

Environmental Efforts (Basic Approach)

Based on its the Charter of Corporate Conduct and Basic Environmental Management Principle, the Furukawa Company Group works to reduce environmental risks associated with its business activities and engage in corporate activities that are mindful of the global environment in order to contribute to the realization of a sustainable society.

With respect to measures against global warming, the Group is promoting activities based on the Fourth Medium-Term Reduction Targets for the 10-year period starting in fiscal 2020,

which are based on Vision for 2025, and has begun discussions toward achieving carbon neutrality.

In the course of expanding our environmental conservation activities, we are implementing preventive measures, striving to improve our resilience in the face of natural disasters, and making other efforts to enhance and reinforce our capacity to respond to risks. We are also promoting initiatives to reduce the negative impact of our business activities on ecosystems, as well as activities to conserve and rehabilitate biodiversity, including ongoing greening activities and cultivating healthy forests.

PLAN & CHECK //

Key Environmental and Safety Targets and Results (Fiscal 2021)

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

	Key fiscal 2021 targets	Fiscal 2021 results	Achievement
Environmental protection and safety and health activities	1 Operation and promotion of effective environmental and safety management systems by each Group company ●Promoting continuous improvement of operation in accordance with the EMS standard ●Promoting systems for compliance with relevant laws and regulations ●Promoting the conservation of equipment that impacts on the environment and safety ●Promoting the reliable gathering and efficient application of various kinds of data	●Checklists were used to check initiatives for environmental conservation and safety and health control during Environment and Safety Audits, and guidance was provided on points for improvement ●The duties of people with environment and safety responsibilities were clarified, and capabilities needed to comply with relevant laws and regulations were improved	★★★★
	2 Continuous improvement of environmental performance ●Reducing greenhouse gas emissions (by introducing "top-runner" appliances and machinery, streamlining production processes, developing and institutionalizing environmentally conscious products, etc.) ●Reducing the use of water resources (by improving the efficiency of water consumption, reusing water resources, streamlining production processes, etc.) ●Reducing total emissions including waste and converting waste into valuables (by streamlining raw material usage in order to restrict the generation of byproducts, recycle materials, etc.) ●Reducing chemical substance emissions (improving production processes, properly managing abatement equipment, etc.)	●Monthly events for internal reports on environmental performance were held based on aggregated results from each site, and feedback was provided to each place of business based on the details ●In Environment/Safety Promotion Meetings (Environment), discussions about targets were held with key people from each site	★★★★
	3 Promoting biodiversity protection activities ●Promoting specific initiatives on measures for reducing environmental risk to biodiversity ●Promoting continuous tree-planting, forest management, and animal and plant species rehabilitation activities	●New Firefly Rehabilitation Project plans were formulated for the Ashio Office ●Annual plans for the ongoing management of forests owned by the Company were formulated, and various tasks were performed	★★★★
	4 Enhancing preventive measures for eliminating accidents and disasters ●Strengthening preventive measures through thorough recurrence prevention measures and risk assessment ●Intensifying safety activities to eliminate unsafe conditions and behaviors ●Reducing facility and environmental accidents by strengthening facility and equipment inspections and proper work procedures ●Reducing occupational accident rates (Target: Severity rate of 0.03 or lower)	●The number of environmental and facility accidents was lower than the previous fiscal year, but the number of industrial accidents increased ●The severity rate was 0.01; we met our severity rate target of 0.03 or lower ●On-site inspections and online meetings were held at each place of business that experienced an accident	★
Management of abandoned mines	1 Strengthening workplaces by passing on knowledge and skills 2 Maintaining and managing mine run-off treatment facilities 3 Maintenance at final disposal sites and in shafts ●Thorough everyday inspections ●Conducting employee training to increase knowledge and skills	●Dangerous tasks were identified in order to ensure safety ●Conducting employee training to increase knowledge and skills ●Various work was performed to improve the resilience of mine run-off treatment facilities at the Ashio and Kune Mine Management Offices against torrential rain disasters	★★★★

Environmental and Safety Activity Targets for Fiscal 2022

Environmental protection and safety and health activities	1 Promoting continuous improvement of environmental performance (CO₂, water, waste, chemical substances) ●Strengthening reduction target control based on the Fourth Medium-Term Reduction Targets ●Analyzing monthly data to promote preventive measures ●Reducing volumes of chemical substances handled (1% reduction from the previous fiscal year)	
	2 Promoting training/guidance for improving on-site strengths ●Promoting training for improving understanding of relevant laws and regulations ●Promoting education for improving knowledge and skills for executing tasks ●Promoting analysis and utilization of measurement data	
	3 Enhancing preventive measures for eliminating accidents and disasters ●Reducing facility and environmental accidents by strengthening facility and equipment inspections and proper work procedures ●Intensifying safety activities to eliminate unsafe conditions and behaviors ●Promoting training to help improve sensitivity to danger ●Strengthening risk assessment implementation to reduce industrial accident rates (Target: Severity rate of 0.03 or lower)	
	4 Promoting biodiversity protection activities ●Strengthening efforts to reduce the impact of risks from business activities on ecosystems ●Promoting ecosystem conservation activities by continuous tree-planting activities, forest management, etc.	
Management of abandoned mines	1 Strengthening workplaces by passing on knowledge and skills 2 Maintaining and managing mine run-off treatment facilities 3 Maintenance at final disposal sites and in shafts	

ACTION //

[Comment from the Responsible Committee] Overview of Fiscal 2021

Practicing Environmental Conservation through Our Overall Business Activities

To help build a sustainable society, the Furukawa Company Group works to improve our production facilities and make our operations safer and more efficient. We also practice environmental conservation that is mindful of the impact our business activities as a whole have on the global environment and biodiversity.

In fiscal 2021, we took measures in response to the COVID-19 pandemic, including switching to web conferencing systems for some of the on-site inspections. Although we postponed or otherwise changed the timing of the Environmental and Safety Audits and Environment/Safety Promotion Meetings we conduct each year, we did conduct them as planned while taking measures to prevent the spread of infections.

We also implemented various prevention work to improve the resilience of suspended and abandoned mines in Japan against natural disasters, which have occurred frequently in recent years, specifically by preventing natural disasters from shutting down mine pollution prevention facilities and allowing mine run-off to flow into rivers and the like. We have also begun considering ways to take action at each of the Group's production locations on the path toward carbon neutrality.

Masayuki Kuno

Environment and Safety Management Committee Chairperson, Executive Officer, General Manager, Environment and Safety Management Department



DO //

Environmental Management

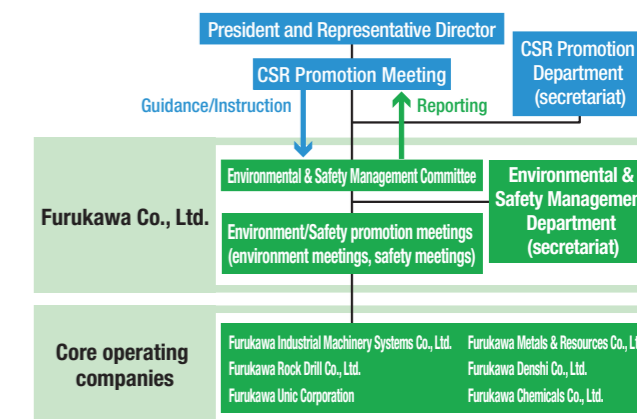
Environmental & Safety Management Committee

Important matters regarding the Group's environmental conservation and occupational safety and health control are proposed and discussed by the Environmental & Safety Management Committee, which comprises the leaders of the production sites. The committee meeting in April 2021 was held online rather than in person as a measure for preventing the spread of COVID-19. At the meeting, evaluations of environmental and safety activities in fiscal 2021, environment and safety activity targets for fiscal 2022, and the like were reported, discussed, and approved. Other matters were also discussed, including the progress of, and projections for the Fourth Medium-Term Reduction Targets, and the circumstances under which accidents and disasters occurred and the status of efforts to eliminate them. The Environmental & Safety Management Department reported on efforts to achieve carbon neutrality, and then asked relevant people for cooperation.



Environmental & Safety Management Committee

Environment and Safety Promotion System (FY2022)



[Environmental & Safety Management Committee]

Committee Chairperson: General Manager, Environmental & Safety Management Department
Members: General managers of each division, core operating companies' works general managers (or general managers of administration if there is no general manager of works)
Secretariat: Environmental & Safety Management Department
Meeting location: Head Office, Furukawa Co., Ltd.
Meeting frequency: Once a year

[Environment/Safety promotion meetings (environment meetings, safety meetings)]
Attended by: Environmental & Safety Management Department general manager and employees, employees with environment and safety responsibilities of core operating companies and other divisions
Secretariat: Environmental & Safety Management Department
Meeting location: As a rule, held at the Ashio Office of Furukawa Co., Ltd.
Meeting frequency: Once a year (starting in fiscal 2021, environment meetings and safety meetings are being held separately)

Environmental and Safety Audits

The Furukawa Company Group conducts annual Environmental and Safety Audits in May and June to promote a transition from corrective measures to preventive measures in an effort to improve environmental conservation, safety, and health activities at each site of business. Given the state of the spread of COVID-19, the timing of the audits for fiscal 2021 was changed to October and November.

Regarding environmental aspects, the Environmental and Safety Audits in fiscal 2021 confirmed the management of progress toward improving environmental performance at each site, the status of the response to environmental laws and regulations that impact operations, and other matters based on the Fourth Medium-Term

Reduction Targets. Regarding safety aspects, the audits confirmed the status of risk assessment implementation, the status of post efforts to analyze and prevent the recurrence of the causes of accidents and disasters, and the like, and were conducted for the purpose of providing assistance for the efforts of each works toward eliminating accidents and disasters, and to contribute to the improvement of on-site strengths.



Osaka Works of Furukawa Chemicals Co., Ltd.

Environmental Efforts

DO //

Environment/Safety Promotion Meetings

Environment/Safety Promotion Meetings, which are attended by personnel responsible for environment and safety of the Furukawa Company Group, were previously held once each year to improve environmental conservation, safety, and health activities at each site; to further improve the development of these personnel and activities at each site, the meetings have been held separately since fiscal 2020, with Environment Meetings in November and Safety Meetings in July.

● Safety Meetings

In July 2020, a Safety Meeting was held at the Ashio Office of Furukawa Co., Ltd. At the meeting, a test was administered to confirm safety awareness, the circumstances of industrial accidents from the five previous years were reported, and guidance was provided on topics such as using the 4M method to analyze the causes of accidents. Discussions were also held in an effort to improve sensitivity to danger, and the deliberations were quite lively.



Environment/Safety Promotion Meetings (Safety Meetings)

● Environment Meetings

In November 2020, an Environment Meeting was held at Sakura Works of Furukawa Unic Corporation. At the meeting, the progress of achieving the Fourth Medium-Term Reduction Targets at each site was checked, a test was administered to check legal requirements for maintaining various facilities, and measures to correct and prevent past environmental accidents in the Group were explained in an effort to share knowledge. A report was also given on the latest circumstances with regard to emergency preparation and response at each company and site.



Environment/Safety Promotion Meetings (Environment Meetings)

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

In the second year (fiscal 2021) of the Fourth Medium-Term Reduction Targets for the 10-year period from fiscal 2020 to fiscal 2029, which are based on Vision for 2025, we achieved the reduction targets for CO₂ emissions, use of water resources, and total emissions including waste by promoting the introduction of "top runner" appliances and machinery and the streamlining of production processes at each works, but also due to decreases in production and the like at some works due to the pandemic.

As we enter the third year of the Fourth Medium-Term Reduction Targets, we are making efforts to gain an accurate understanding of each company's progress toward achieving the reduction targets, and to actually achieve the targets.

List of Our Products Giving consideration to Humans and the Environment Now Featured on Our Website

The Furukawa Company Group is actively undertaking initiatives to develop and institutionalize environmentally conscious products with consideration for environmental conservation and carbon neutrality to contribute to the realization of a sustainable society. We have created a list of the products giving consideration to humans and the environment that resulted from these efforts.

We intend to continue our efforts to provide products and services giving consideration to humans and the environment.

Visit the following site for a list of our products giving consideration to humans and the environment

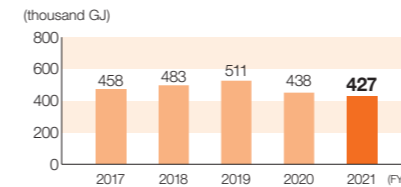
<https://www.furukawakk.co.jp/csr/environment/consideration.html>

Material Flow of the Furukawa Company Group (Fiscal 2021)

INPUT						OUTPUT		
Category	Volume used	Category	Volume used	Category	Volume used	Category	Volume used	
Total energy consumption	Volatile oil (gasoline)	30 kℓ	Fuel oil A	170 kℓ	City gas	773 thousand m ³	CO ₂ emissions	20,903 t-CO ₂
	Kerosene	205 kℓ	Liquefied petroleum gas (LPG)	314 t	Electricity	36,414 thousand kWh	Waste-water volume	474 thousand m ³
	Diesel oil	170 kℓ					Total emissions including waste	5,912 t
Total water withdrawal	Clean water	108 thousand m ³	Industrial water	562 thousand m ³	Ground-water	0 thousand m ³		

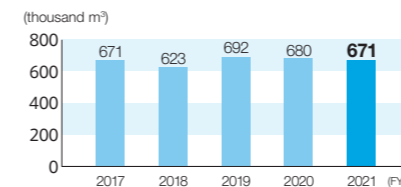
INPUT

● Energy consumption



Energy consumption decreased 3% year on year due to reduced production at some works because of the pandemic as well as efforts to reduce energy consumption, including introducing "top-runner" appliances and machinery and streamlining production processes at each works.

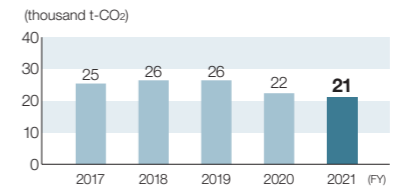
● Water resources withdrawn



Water consumption decreased 1% year on year due to installation of water-saving equipment and measures against leakage undertaken at some sites of business as well as efforts to reduce water consumption, including improving consumption efficiency, reusing water resources, and streamlining production processes.

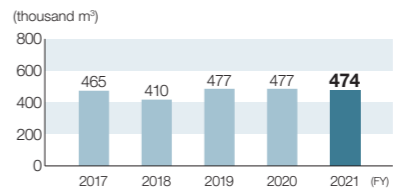
OUTPUT

● CO₂ emissions



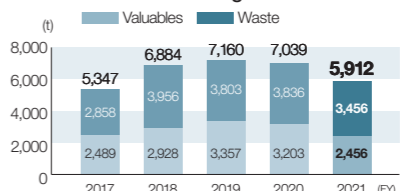
CO₂ emissions decreased 5% year on year due to the 3% year-on-year decrease in energy consumption and the CO₂ emissions factor.

● Wastewater volume



Wastewater volume slightly decreased year on year due to the 1% year-on-year decrease in water consumption.

● Total emissions including waste



Total emissions including waste decreased 16% year thanks to efforts to restrict the generation of waste and recycle waste materials, but also because of developments such as reduced production due to the pandemic. Note that valuables account for 42% of total emissions including waste.

TOPICS

TOPICS

Forests owned by the company

Furukawa Co., Ltd. owns roughly 2,200 ha of forest around Japan. The company makes efforts to ensure the healthy growth of forests by working with local forest cooperatives to systematically remove and thin trees, clear away undergrowth, trim branches, and the like.

The Kune Forest of the Tenryu-ku of Hamamatsu City in Shizuoka Prefecture has been certified by the Forest Stewardship Council (FSC) of Japan. The Kune Forest and other forests owned by the company absorb roughly 8,000 t-CO₂ per year, which is equivalent to roughly 38% of the Furukawa Company Group's CO₂ emissions in fiscal 2021.

The company is working with local forest cooperatives to construct new access roads in the forests for healthy forest control and to improve work efficiency and facilitate the transportation of thinned wood.



Kune Forest (Tenryu-ku, Hamamatsu City, Shizuoka Prefecture)



Environmental Efforts

DO //

Management of Chemical Substances

In fiscal 2021, we handled 15 chemical substances that are required to be reported under the PRTR* system, the same number as in the previous fiscal year. We were able to decrease atmospheric emissions of xylene, toluene, ethylbenzene, 1,2,4-trimethylbenzene, and other substances due to reduced production in each segment during COVID-19 pandemic as well as efforts to reduce chemical substance emissions, including improving production processes and properly managing of exclusion devices.

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

Numbers in blue: Decreased from the previous fiscal year Numbers in red: Increased from the previous fiscal year (unit: kg/year; or mg-TEQ/year for dioxin only)

Substance number	Chemical substance	Emissions						Volume transferred					
		Atmosphere		Public waters		Soil		Landfill at works		Transfer to sewer		Outside of works	
		FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
53	Ethylbenzene	28,534	24,064	0	0	0	0	0	0	0	0	1,894	1,713
75	Cadmium and its compounds	0	0	0	0	0	0	0	0	0	0	7	2,798
80	Xylene	40,491	32,486	0	0	0	0	0	0	0	0	3,672	3,766
87	Chromium and chromium (III) compounds	2	1	0	0	0	0	0	0	0	0	34	17
243	Dioxins	2.7	4.9	0	0	0	0	0	0	0	0	0.21	0.06
272	Copper salts (water-soluble, except complex salts)	0	0	0	0	0	0	0	0	6	7	0	0
296	1,2,4-trimethylbenzene	5,005	3,759	0	0	0	0	0	0	0	0	485	477
297	1,3,5-trimethylbenzene	1,302	1,012	0	0	0	0	0	0	0	0	168	162
300	Toluene	38,317	36,255	0	0	0	0	0	0	0	0	1,445	1,172
308	Nickel	0	0	0	0	0	0	0	0	0	0	0	0
332	Arsenic and its inorganic compounds	5	8	0	0	0	0	0	0	0	0	1,769	2,452
374	Hydrogen fluoride and its water-soluble salts	0	0	7	3	0	0	0	0	0	0	1,477	1,277
412	Manganese and its compounds	5	5	0	0	0	0	0	0	0	0	30	26
438	Methylnaphthalene	13	11	0	0	0	0	0	0	0	0	0	0
453	Molybdenum and its compounds	0	0	0	0	0	0	0	0	0	0	0	0

* PRTR: Pollutant Release and Transfer Register

Environmental Accounting

● Environmental Conservation Costs

The Furukawa Company Group endeavors to conserve the environment and improve environmental efficiency by tracking costs required for environmental conservation in reference to the Ministry of the Environment's Environmental Accounting Guidelines.

Total investments for fiscal 2021 reached ¥545 million. The Group invested in work to update the wastewater pipes of tailings dams at suspended and abandoned mines, work on facilities in shafts, work on soundproofing facilities at works, and other pollution prevention work. Our investments reinforced preventative measures; as a result, pollution prevention costs account for roughly 70% of the total.

Costs totaled ¥1,068 million, the breakdown of which is mainly the costs for promoting environmental conservation activities such as the thorough maintenance and management of pollution control equipment and conservation of forests.

● Environmental Conservation Costs (Categories Corresponding to Business Activities)		(Millions of yen)	
Category	Content of the principal activities	Investments	Costs
(1) Business area costs		530	850
Breakdown			
	Pollution prevention cost	402	570
	Global environment conservation cost	121	68
	Resource circulation cost	7	212
(2) Upstream and downstream costs	Cost for recycling, recovering and re-commercialization of products from the market	0	8
(3) Administration cost	Cost for operating ISO 14001 standards, environmental education, cleanup and greening of business sites	0	63
(4) R&D cost	R&D cost to develop products that contribute to environmental conservation	15	145
(5) Social activity costs	Cost associated with various social activities including cleanup of neighborhood areas, planting of greenery, etc.	0	2
(6) Environmental remediation cost	Cost allocated for recovery from environmental degradation due to business activities	0	0
	Total	545	1,068

● Environmental Conservation Benefit

Environmental conservation benefit category	Environmental performance indicator (unit)	FY2020	FY2021	Difference from the previous fiscal year
Environmental conservation benefit related to resources input into business activities	Total energy input volume (thousand GJ)	438	427	Reduced by 11000
	Input volume of water (thousand m ³)	680	671	Reduced by 9000
Environmental conservation benefit related to waste or environmental impact originating from business activities	Volume of greenhouse gas emissions (t-CO ₂)	21,930	20,903	Reduced by 1,027
	Total emissions including waste (t)	7,039	5,912	Reduced by 1,127

● Economic Impacts of Environmental Conservation

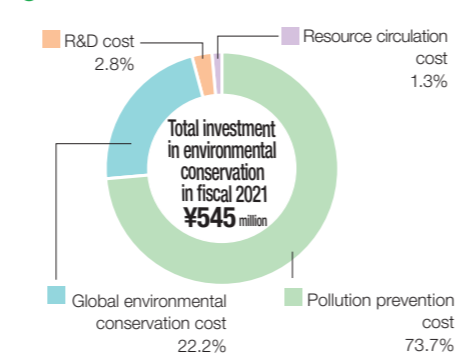
The reduction of electric power purchasing costs, due to the operation of turbine generators of the Osaka Works of Furukawa Chemicals Co., Ltd. was ¥43 million in fiscal 2021.

The economic impact derived from resource circulation (gains on sale of valuables, etc.) was ¥128 million.

● Economic Impacts of Environmental Conservation (Material Impacts)

Content of the benefit		Amount
Resource circulation (gains on sale of valuables, etc.)	Gains on sale of stainless steel, iron, etc.	128
Energy-saving effect	Reduction of electric power purchasing costs due to the operation of steam turbine generators	43
Total		171

● Breakdown of Environmental Conservation Cost Invested



Response to Climate-Related Risks

The Environmental & Safety Management Department of Furukawa Co., Ltd. evaluates envisioned climate-related risks at the Group's works and in the areas around suspended and abandoned mines after investigating sites and meeting with key people to gain a full understanding of the state of management.

The department has used damage from past disasters, hazard maps, and other resources to envision the state of damage and formulate measures for responding to heavy rains that could cause a river to overflow near the Yoshii Works of Furukawa Rock Drill Co., Ltd., and to torrential rains and heavy snow that could cut off infrastructure at the Ashio Office, which manages suspended and abandoned mines.

In an effort to minimize the impact of natural disasters on operations and surrounding environments, the department has strengthened the emergency contact network, clarified roles and responsibilities to enable the prompt and appropriate implementation of countermeasures, and establish a system that enables swift responses to risks.



The Kabura River, which runs next to the Yoshii Works of Furukawa Rock Drill Co., Ltd. (left)



The entrance to the solar power plant at the Ashio Office

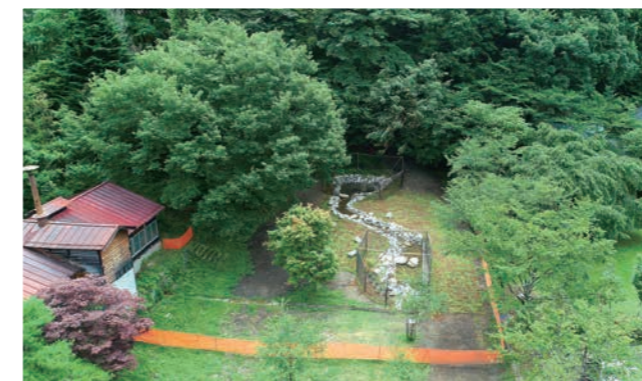
Promotion of Biodiversity Protection Activities

● Cancellation of the Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive

As a measure to prevent the spread of the novel coronavirus, we canceled the Group's distinct greening activities in 2021 as we did in 2020. Specifically, we canceled the Ashio Cherry Tree-Planting Drive, through which we aim to plant 1,000 cherry saplings on company property in the Ashio area, and the Furukawa-no-mori Tree-Planting Drive on land owned by the company in the Matsuki area of Ashio-machi, Nikko City, Tochigi Prefecture (Sponsor: The Tochigi Furukawa Association, an organization of Furukawa Group companies in Tochigi Prefecture).

Although we have canceled both drives for two consecutive years, we intend to continue the activities in the future.

● Firefly Rehabilitation Project at the Site of the Former Kune Mine and the Former Ashio Copper Mine



A firefly pond under construction on company-owned land in Ashio-machi, Nikko City

As living creatures that reflect the state of the environment, fireflies are said to be symbols of healthy water environments. With the aim of rehabilitating the environment to enable fireflies to live sustainably, and to pass that environment on to the next generation, our Environmental & Safety Management Department has continued rehabilitation efforts at the site of the former Kune Mine in the Tenryu-ku of Hamamatsu City in Shizuoka Prefecture, where it is said that genji-botaru fireflies (*Luciola cruciata*) danced in the past. Thanks to the department's efforts, it is now possible to see the fireflies in flight from late June to early July every year.

We also launched firefly rehabilitation activities at the site of the

Ashio Copper Mine in Ashio-machi, Nikko City, Tochigi Prefecture in fiscal 2022.

In the course of developing the rehabilitation area, we incorporated the concept of biotopes (habitats) to simulate the riparian environment the fireflies prefer, using gabions to create channel revetments and planting trees that naturally grow near water—Japanese alders and willows—along the banks to preserve darkness and block light from entering the space.

We intend to continue rehabilitation activities for plant life and creatures in pursuit of biodiversity.

● Safety Control Measures at Suspended and Abandoned Mines

The Group's basic policy toward managing suspended and abandoned mines is to continue safety-oriented operations; accordingly, we formulated medium- and long-term plans for mine run-off treatment and use them to systematically implement prevention work.

Extremely intense, localized downpours and other natural disasters have occurred frequently in recent years, and external factors cause power outages, block roads, and create other impediments to operations. In response, we have made efforts to improve resilience—the ability to bounce back from disasters—to keep mine run-off treatment facilities in service even during disasters.

At the Ashio Mine in Nikko City, Tochigi Prefecture, we improved the storerooms for emergency generator fuel to increase fuel storage capacity to three days' worth.

Additionally, at the Kune Mine in Hamamatsu City, Shizuoka Prefecture, we added three sludge tanks and made efforts to improve emergency generator capacity.



A new fuel storeroom at the Ashio Mine



New sludge tanks at the Kune Mine



Employee Relations

Relevant SDGs



Ideal image for 2025

Our efforts to promote diversification of working styles in a manner that makes use of diverse human resources will culminate in rewarding workplace environments where it is possible to create new forms of value by maximizing the abilities of each and every employee.

PLAN & CHECK //

Fiscal 2021 targets and assessments

Achievement

- Cultivate human resources
 - Redouble recruiting efforts
 - Radically revise education system
- Promote healthy and productivity management
 - Reduce annual total working hours
 - Improve the percentage of scheduled medical examinations received
 - Reduce opportunities to smoke
- Promote diversity
 - Redouble efforts to appoint women to planning group positions (career-track positions)
 - Implement human rights due diligence
- Improve work environments
 - Coordinate and develop productive work environments

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

Fiscal 2022 targets

- Cultivate human resources
 - Satisfy the necessary personnel
 - Redouble efforts to recruit new graduates
 - Radically revise education system
- Promote healthy and productivity management
 - Reduce annual total working hours
 - Promote health management and reduce health risks
- Promote diversity
 - Increase the percentage of women in management
 - Increase the employment rate of people with disabilities
 - Promote active participation by elderly people
- Improve work environments
 - Coordinate and develop productive work environments
 - Promote various work styles



DO //

Realizing Rewarding Environments

The Furukawa Company Group is undertaking various reforms to realize healthy, rewarding environments for diverse human resources and improve labor productivity and creativity by facilitating the growth of each and every employee.

Three Issues and Considerations for Realizing Rewarding Environments

Developing human resources and using them properly	Developing diverse human resources in response to factors such as their length of service, position, job description, and abilities; putting the most capable employees in the right positions regardless of what track they are on; establishing challenging individual targets; and proper evaluation
Work-style reforms to increase productivity	Improving working environments such as Automate and computerize operations, shorten meetings, effectively manage meetings; aptly applying various working conditions (flextime systems, teleworking, adopt discretionary work systems; and reform of mindsets toward improving operational efficiency
Establishing healthy workplaces	Reducing annual total working hours, improving the percentage of paid annual leave taken, improving the percentage of scheduled medical examinations received, actively implementing health promotion activities

Creating a Comfortable Work Environment

We have been promoting initiatives that help employees maintain their health and achieve positive work-life balance by enabling them to reduce their overtime and take a greater proportion of their paid annual leave.

	Targets	Fiscal 2021 results
Monthly extra working hours	15.5 hours	15.2 hours *Non-managerial employees
Percentage of paid annual leave taken	60%	61.6% *Same as above
Annual total actual working hours	Less than 2,000 hours	1,952 hours *Same as above
Rate of medical examinations received	100%	100% *All employees

Initiatives in Fiscal 2021

- Established days on which employees are encouraged to take paid annual leave, encouraged employees to take paid leave if they had taken fewer than five days
- Introduced teleworking and expanded application of the flextime system
- Considered creating teleworking environments for salespeople
- Reduced meetings and recommended online meetings

Promoting Diversity

Empowering the Female Workforce

We have been focusing its efforts on actively recruiting and employing female talent. To such ends, based on our Action Plan for Promoting Support for Female Employees, we have been expanding systems geared to empowering our female employees.

Action Plan for Promoting Support for Female Employees (April 1, 2021 to March 31, 2026)

Target No. 1	Ensure that women account for at least 20% of all new graduate recruits
Target No. 2	Appoint at least 10 female managers
Target No. 3	The rate of resignation for personal reasons within five years of joining the company among women in planning group positions 10% or below
Target No. 4	Encourage employees to take paid annual leave at an average rate of 12 days per person per year

Support for Employees Raising Children

We have expanded our support systems for employees who are raising children in part by making a greater range of employees eligible to use our various programs addressing childcare needs, and by providing paid leave to cover some time taken off to care for infants and toddlers. We also encourage male employees to take parental leave so that they might also have opportunities to participate in child rearing.

ACTION //

[Comment from a Responsible Department] Overview of Fiscal 2021

We will create workplace environments that employees find rewarding complete with fair performance evaluations and incentives.

One of our policies geared to achieving our Vision for 2025 is to enhance our human resource foundations with a focus on cultivating human resources, promoting health and productivity management, promoting diversity, and improving work environment. In order for the Furukawa Company Group to remain indispensable to society well into the future, our employees must remain one step ahead with respect to achieving swift transformation and growth, in alignment with the changing times. As such, we will help our employees grow by flexibly adopting new employment options geared to embracing diverse personalities, values and living arrangements, and by creating work environments that help give rise to greater creativity.

Atsushi Takano

Senior Executive Officer, General Manager, Human Resources & General Affairs Department



Hiring People with Disabilities

We hire people with disabilities at 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 Furukawa Company 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.

Extending the Mandatory Retirement Age

As of April 1, 2020, the mandatory retirement age at Furukawa Co., Ltd. was increased from 60 to 65, and human resources systems, wage structures, and severance pay systems were radically revised. These changes create environments that help employees stay motivated, and boost the development of middle-aged and young employees and the passing down of skills by elderly employees.

Visit the following site for more information about employee data
https://www.furukawakk.co.jp/pdf/CSR/e/csr_18.pdf

Respect for Human Rights

Harassment and Discrimination Prohibited

The Furukawa Company Group prohibits all forms of harassment and discrimination, premised on our commitment to recognizing the diverse values of individuals and accordingly creating a rewarding corporate culture absent of human rights violations and discrimination, where individuals are evaluated fairly. Moreover, we resolutely take action against harassment and discrimination based on our internal rules.

Training on Human Rights

The Furukawa Company Group has established a code of behavior calling for its employees to respect basic human rights

and refrain from using discriminatory language, and accordingly has all of its new employees take part in human rights training. Additionally, employees who take part in our employment hierarchy-specific training undergo in-house training pertaining to workplace harassment and other efforts to create pleasant work environments and learn from case studies of specific developments that have given rise to human rights violations.

Cultivating Human Resources

Basic Approach

Premised on its fundamental policy of "what supports limitless development of a company is people," the Furukawa Company Group employs talented individuals who will actively take on all challenges, while striving to recognize the diverse values of individuals and accordingly creating a rewarding corporate culture absent of human rights violations and discrimination, where individuals are evaluated fairly.

Development of Human Resources

We seek to optimize the Group's business framework and maximize its corporate value by developing professional talent and creating work environments that enable employees to exercise their abilities to the fullest.

Employment Hierarchy-specific Training

Our employment hierarchy-specific training helps employees develop the ability to address societal changes while acquiring basic knowledge necessary for their respective positions. The extensive training program is organized by level of the employment-hierarchy, encompassing newly hired, second year, third year, fifth year, eighth year, and tenth year employees, newly appointed managers, and section managers. The training program for newly hired employees incorporates training pertaining to the Ashio Copper Mine's history, antipollution measures, present status of safety management, and afforestation initiatives.



Employee Relations

● Training Tailored to Areas of Expertise and Occupations

We implement training tailored to employees' areas of expertise and professional qualifications, thereby enabling them to gain extensive knowledge and acquire specialized skills in their respective fields. Meanwhile, we actively encourage our employees to participate in external seminars on specialized subjects, and to gain public qualifications. We also endeavor to develop professional talent equipped with extensive knowledge of cutting-edge technologies and social trends by supporting their involvement in educational organizations and academic societies outside of the workplace.

● Personnel Evaluation System

On July 1, 2019, we adopted a role grade system whereby an employee is assigned a grade based on the importance of the role he or she is expected to fulfill. To such an end, we have discontinued our previous system of assigning grades based on professional qualifications. The new role grade system is the basis of our personnel evaluation system, which we use to evaluate employees' job performance, achievement of targets, motivation, and proficiency to guide, cultivate, and develop their potential as well as ensuring their appropriate job placement, all in an effort to establish environments in which motivated employees can flourish with a sense of security.

● 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. The interviews enable managers to furnish feedback to employees regarding their work, achievements, points of self-reflection, and findings of performance evaluations. Upon having reviewed specifics of employee self-assessments, managers then also furnish advice to employees, verify targets that have been established, and share details in that regard. 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 helps fuel their motivation to pursue further personal development.

Employee Health Management

● Promoting Healthy Management, and the Group's Health Declaration

The Furukawa Company Group views the management of employee health in terms of business management, and is devoting energy to healthy management for the purpose of improving performance by reinvigorating the organization through efforts such as improving vitality and productivity. On January 1, 2021, the Group issued a Health Declaration, in which we published even more proactive measures to maintain and improve the health of our employees.

● System and Measures

As specific efforts to promote healthy management, we are managing employee health through medical examinations and other efforts, and implementing various measures to promote employee health.

● Target Achievement: 100% Scheduled Medical Examination Rate

We proactively urge all employees to undergo scheduled medical examinations, and each and every one of them did in fiscal 2021 (Examination rate: 100%).

● Preventing Second-Hand Smoke

We safeguard our employees from the effects of second-hand smoke by setting up separate smoking areas as stipulated under Japan's Health Promotion Act. We are also considering banning smoking during working hours in order to prevent third-hand smoke and inspire smokers to quit.

● Collaborative Health and Data Health

Furukawa Co., Ltd. and the Furukawa Health Insurance Society are working together to plan and consider effective measures based on analysis of medical examination data (status of documented health conditions, etc.). The results of the analysis are also discussed with labor unions, and considerations are underway for joint planning and implementation of various measures.

● Mental Healthcare

We will engage in preventative measures with respect to employee mental health. This will involve setting specific targets geared to ensuring that the company is a safe and pleasant place to work, while striving to maintain positive mental health based on our Mental Health Promotion Plan. Meanwhile, we will strive to help employees who are struggling with mental health issues return to work. This will involve coordinated efforts enlisting occupational physicians, personnel and labor affairs representatives, and supervisors, and will furthermore entail our working in conjunction with specialized institutions and medical specialists from outside the Group.

TOPICS

Recognized as a 2021 Certified Health & Productivity Management Outstanding Organization in the Large Enterprise Category (White 500)

Furukawa Co., Ltd. was recognized as a 2021 Certified Health & Productivity Management Outstanding Organization in the Large Enterprise Category for its efforts with respect to strategically carrying out initiatives with regard to its employees' health from a management perspective, based on findings of the Certified Health & Productivity Management Outstanding Organizations Recognition program implemented by Japan's Ministry of Economy, Trade and Industry (METI).



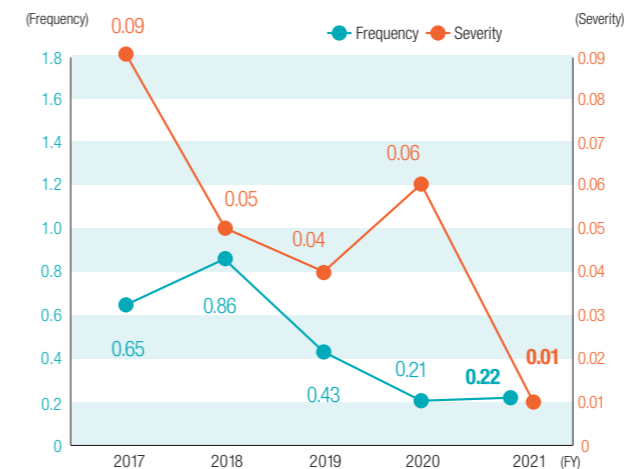
Occupational Safety and Health

● Initiatives to Prevent Work-related Accidents

To prevent work-related accidents, the Furukawa Company Group regularly holds Safety and Health Committee meetings and carries out safety patrols at its respective works and business sites. We also implement systematic training and training tailored to our employees. When it comes to education, personnel who are in charge of safety and health verify the content of training and offer guidance to ensure that training upon hiring and when duties change, special training, factory manager training, and other types of training are provided systematically. We are also enhancing our guidance of personnel who are in charge of safety and health and other employees by systematically implementing risk assessment and regularly revising work procedures and content in an effort to reduce potential risks in the workplace.

In fiscal 2021, the severity significantly improved, although the frequency of occupational accidents remained almost the same level. We are committed to intensifying safety activities toward the elimination of unsafe conditions and behaviors toward our goal of zero accidents and disasters.

● Occupational Safety Record of the Furukawa Company Group: Frequency and Severity of Accidents



● Number of Incidents Requiring Leave of Absence in the Furukawa Company Group

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of incidents requiring leave of absence	3	4	2	1	1

Notes: 1. Accident frequency refers to the rate of occupational accidents with casualties per one million total working hours.
2. Accident severity refers to the number of working days lost per 1,000 total working hours.
3. Frequency and severity are calculated on the basis of incidents requiring leaves of absence of at least four days.

● Occupational Safety and Health Activities

When accidents or disasters occur at any of the Group's works or sites, the Environmental & Safety Management Department visits each location and works with the responsible people there to provide direct safety guidance with the aim of preventing recurrence.

On these visits, the department also checks with cooperating affiliates at the site to ensure that their training is sufficient and the

management systems at their works are free of problems, all in an effort to prevent recurrence.



Safety guidance during an on-site inspection (Osaka Works of Furukawa Chemicals Co., Ltd.)

● Safety Patrols

Each of the Group's works and sites has intensified workplace safety patrols in an effort to eliminate accidents and disasters. In addition to patrols conducted by the leaders and people responsible for safety management at each place of business, members of the Safety and Health Committee conduct safety patrols, and other patrols are conducted to check for the existence—or even the risk—of unsafe behavior or conditions of the workplace.

If unsafe behavior or conditions are discovered, photographs are taken, the behavior or conditions are corrected and guidance is provided immediately, and Safety and Health Committee meetings and other opportunities are taken to spread the information among everyone at the place of business.



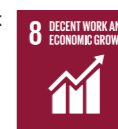
Safety patrol (Sakura Works of Furukawa Unic Corporation)

● Instruction on Safety at Overseas Business Locations

At our overseas business locations, we conduct legally mandated annual inspections of facilities as well as investigations of the status of safety training, emergency contact networks, acquisition of official certifications, implementation of Safety and Health Committee meetings and safety patrols, and more. We also provide guidance and advice with the aim of achieving safe, comfortable work environments and improving the level of management in light of local laws as well as factors such as climate.

Supplier Relations

Relevant SDGs



Ideal image for 2025

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

PLAN & CHECK //

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

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

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

Fiscal 2022 targets

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



DO //

Basic Approach

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

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

Promoting CSR Activities in the Supply Chain

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

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

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

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

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

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

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

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

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

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

[Survey questions about environmental conservation]

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

● Report of Supplier CSR Survey

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

*Delayed due to the pandemic

ACTION //

[Comment from the Responsible Department] Overview of Fiscal 2021

Naoki Ikeda
General Manager, Purchasing Department



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

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

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

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

Training personnel responsible for procurement

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

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

Strengthening Relations with Major Suppliers: Fostering Partnerships

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

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

Providing Technical Guidance to Suppliers

In order to continue to maintain trust in the Group's products, we must maintain trust not only in the company itself, but also in the level of procured goods. Therefore, it is vital to survey, instruct, and manage suppliers—our partners—as to the quality of their products in addition to human rights, environmental issues, safety, and other aspects. Our Purchasing Department is cooperating with core operating companies in the Machinery segment



Offering technical guidance to an affiliate in Japan

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

In fiscal 2021, the methods by which we provided technical guidance to suppliers were limited by the spread of the novel coronavirus. In particular, with our overseas affiliates, we held online meetings featuring videos to check and provide guidance on fabrication processes, material management, quality inspection systems, environmental and safety measures, and more. For cooperating affiliates in Japan, we gained their understanding of the necessity of visits, and then performed the checks and provided guidance in small groups over short periods of time.

Materials Strategy Conferences

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

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

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

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

Community Relations

Relevant SDGs

- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Hosting Field Trip for Ashiko Elementary School

Ashio Rock Drill Co., Ltd. regularly offers social studies field trip for the children of Ashio Elementary School, which is located in the area. In Fiscal 2021, Ashio Rock Drill invited seven third-grade children and their teacher.

The visitors learned about the company's manufacturing process, the methods used to export products to countries around the world, the operating production floor, and more, and then received a tour of the production line for compact pneumatic and hydraulic breakers. The visitors also saw first-hand just how powerfully a rock drill bores through rock. The children expressed their surprise and delight at the display of power. Ashio Elementary School Principal Matsuura said, "I think it is important to use social studies field trips to teach children about their hometowns with the aim of helping them learn by stimulating communication with the community." The company intends to continue hosting these tours in the future.



Contributing to the Community During the Pandemic

Each year, the Chikuhou Office of Furukawa Co., Ltd. invites children who attend Kotake Kodomo-en, a local preschool, to the blueberry farm on company property. However, as a measure to prevent the spread of the novel coronavirus, the office has closed the farm and ceased extending invitations for visits. The preschool has taken pandemic mitigation measures—which include canceling field trips and closing playground equipment—that have limited children's opportunities to go outside.

However, the Chikuhou Office did open the plateau area near the blueberry farm to 64 five- and six-year-olds from the preschool in response to a request from the school, and to expose the children to nature as a way to restore their innate vigor.

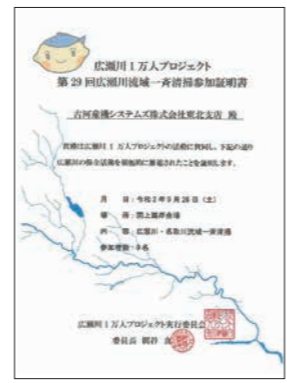
The school later sent a report to the office expressing their gratitude for giving the children more things to smile about. The Chikuhou Office intends to continue searching for ways to contribute to the community while staying on top of measures to prevent the spread of COVID-19.



Volunteer Cleanup Activities of the Furukawa Company Group

Each company in the Group implements volunteer cleanup activities as part of efforts to contribute to their communities. In fiscal 2021, most annual activities were canceled, including volunteer cleanup of Usuiso Beach in Iwaki City, Fukushima Prefecture. Amid these circumstances, the 29th installment of the Hirose River 10,000 People Project, which involves total cleanup of the Hirose River basin in Sendai City, Miyagi Prefecture, was held, and nine people from the Tohoku Branch Office of the Group company Furukawa Industries Machinery Systems Co., Ltd. participated after taking measures to prevent the spread of COVID-19.

Each company in the Group intends to continue participating in activities once they resume, all the while faithfully implementing measures to prevent the spread of COVID-19.

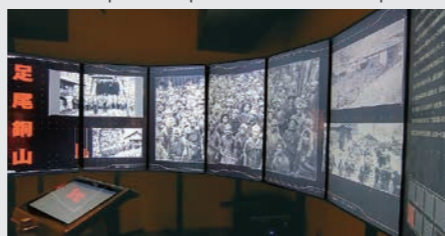


TOPICS

Video depicting the Ashio Copper Mine at the Industrial Heritage Information Centre

A video depicting the Ashio Copper Mine opened to the public at the Industrial Heritage Information Centre in April 2021. The Ashio Copper Mine was chosen as the subject of a video on nonferrous metals in fiscal 2021, and in response to a request from the Centre, Furukawa cooperated with tasks such as discussing the video composition and selecting photographs. The roughly nine-minute video on the Ashio Copper Mine was completed this spring. The narrated video comprises 13 slides showing enlarged photographs both recent and historical. The narration features commentary about the people who lived at the mine in the late 19th and early 20th centuries, as well as each process from mining, dressing, and refining to transportation, power generation, and more. The video also includes information about the company's efforts to prevent pollution and examples of the technology that propelled the company to the present day.

The Centre, which is operated by the National Congress of Industrial Heritage under a contract from the Cabinet Secretariat, disseminates information about Japan's industrial heritages, namely "Sites of Japan's Meiji Industrial Revolution: Iron and Steel, Shipbuilding and Coal Mining," a group of sites registered as UNESCO World Heritages in July 2015. The video is part of a full exhibit of videos explaining heritages from Japan's Meiji Revolution in addition to other industrial heritages, and is shown on the Liquid Galaxy, a stunning panoramic theater consisting of seven large displays.



Video depicting the Ashio Copper Mine, now open to the public at the Industrial Heritage Information Centre

Shareholder and Investor Relations

Relevant SDGs

- 17 PARTNERSHIPS FOR THE GOALS

Basic Approach

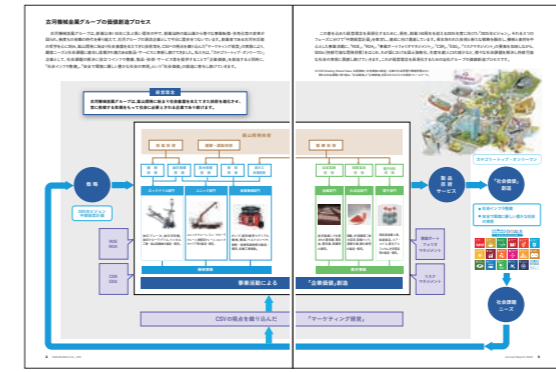
The purpose of the IR activities of the Furukawa Company Group is to provide corporate information including management policies, business descriptions, business strategies, performance and financial information fairly, rapidly, and accurately; build trust-based relationships through dialogue; and earn appropriate valuations of

our corporate value in the stock market; all so that shareholders and investors have a proper understanding of the Group. In addition, our basic stance is to relay the opinions and desires of shareholders and investors with regard to the Group to management as feedback, and otherwise strive for sufficient two-way communication.

Primary IR Activities

Communication with Institutional Investors and Analysts

We hold results briefings, individual IR meetings and small meetings, distribute and publish annual reports (integrated reports), hold tours of our plants and the like, conduct interview surveys, and more as part of our IR activities.



Communication with Individual Investors

We disclose information on our website, distribute and disseminate convocation notices and reports for shareholders, email news releases and updated information on IR sites, and more as part of our IR activities.



Providing Information Online

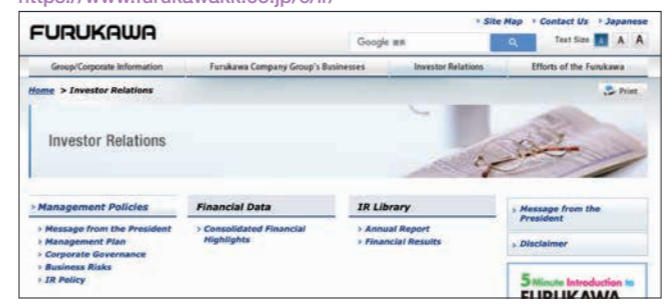
Front page

https://www.furukawakk.co.jp/e_index.htm



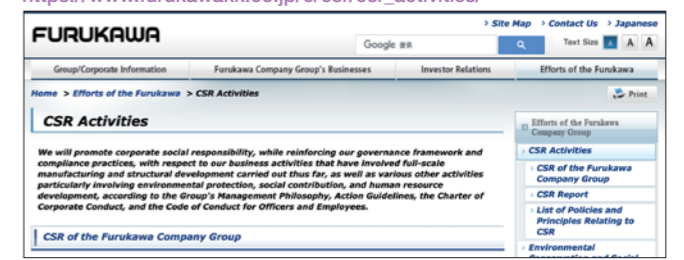
Investor relations (IR Library, financial results briefing materials)

<https://www.furukawakk.co.jp/e/ir/>



CSR activities (CSR report)

https://www.furukawakk.co.jp/e/csr/csr_activities/



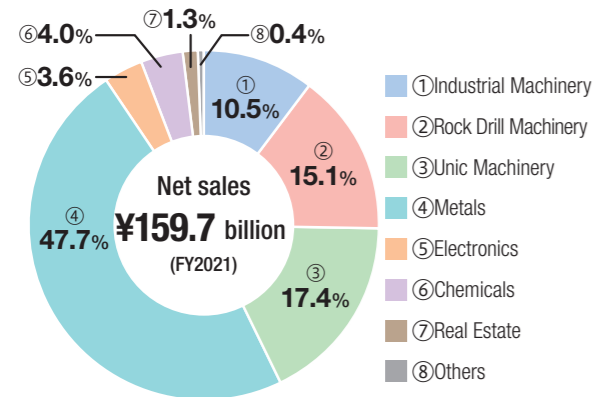
Financial results briefing videos have been distributed since fiscal 2021.

Corporate Information

Company Profile (as of September 30, 2021)

Company Name: Furukawa Co., Ltd.
 Head Office: Tokiwabashi Tower, 6-4, Otemachi 2-chome, Chiyoda-ku, Tokyo 100-8370, Japan
 Representative: Minoru Nakatogawa, President and Representative Director
 Date of Foundation: August 1875
 Date of Establishment: April 1918
 Business: Machinery business (Industrial Machinery, Rock Drill Machinery, Unic Machinery), Materials business (Metals, Electronics, Chemicals), Real Estate business (Real Estate, etc.)
 Capital: ¥28,208.18 million (as of March 31, 2021)
 Fiscal Year-end: March 31
 Employees: 2,752 (consolidated) (as of March 31, 2021)

Departmental Sales Ratio



Business Domain

Machinery business		Industrial Machinery	Furukawa Industrial Machinery Systems Co., Ltd.
		Rock Drill Machinery	Furukawa Rock Drill Co., Ltd.
		Unic Machinery	Furukawa Unic Corporation
Materials business		Metals	Furukawa Metals & Resources Co., Ltd.
		Electronics	Furukawa Denshi Co., Ltd.
		Chemicals	Furukawa Chemicals Co., Ltd.
Real Estate, etc.		Real Estate and Others	Furukawa Co., Ltd.

Stock Conditions (as of March 31, 2021)

Shares

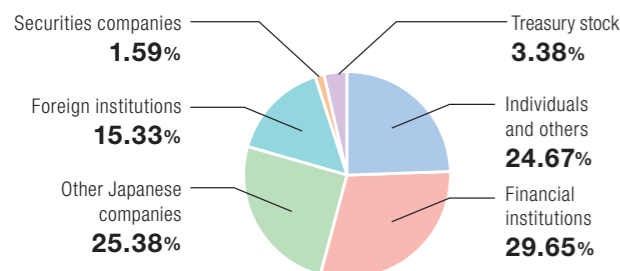
Number of shares authorized:	80,000,000
Number of shares outstanding:	40,445,568
Number of shareholders:	19,987

Principal Shareholders

Name	Number of shares (thousands)	Percentage of Total Shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,482	6.35
Asahi Mutual Life Insurance Co.	2,373	6.07
Seiwa Building Co., Ltd.	1,935	4.95
Custody Bank of Japan, Ltd. (trust account)	1,688	4.32
The Yokohama Rubber Co., Limited	1,341	3.43
Furukawa Electric Co., Ltd.	877	2.24
Fuji Electric Co., Ltd.	862	2.20
Sompo Japan Insurance Inc.	839	2.14
Kawashima Co., Ltd.	756	1.93
Chuo Real Estate Co., Ltd.	687	1.75

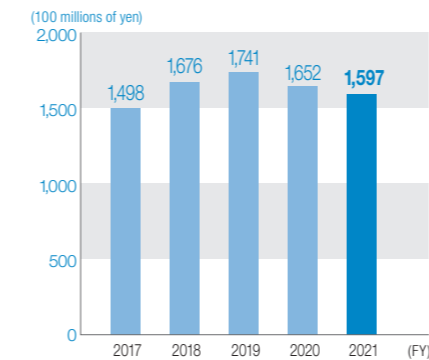
Notes: 1. The Company holds 1,369,919 treasury shares. However, it is excluded from principal shareholders listed as above.
 2. The shareholding ratio is calculated after deducting treasury shares (1,369,919 treasury shares).

Composition of Shareholders

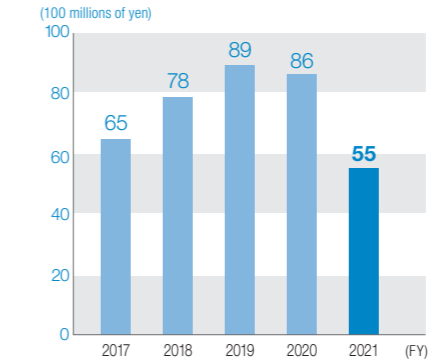


Financial Data (consolidated)

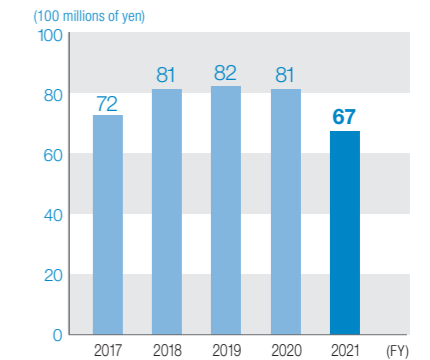
Net Sales



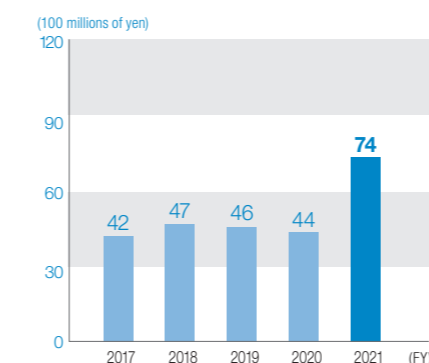
Operating Income



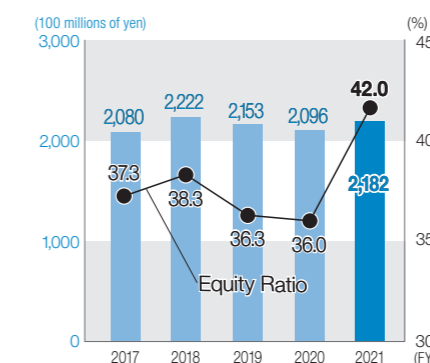
Ordinary Income



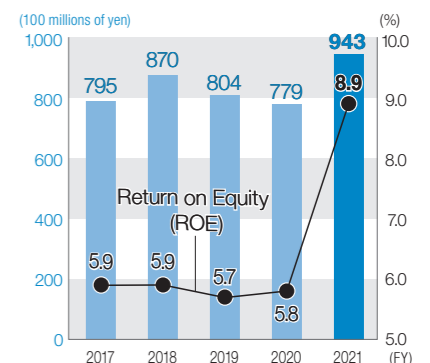
Profit Attributable to Owners of Parent



Total Assets/ Equity Ratio

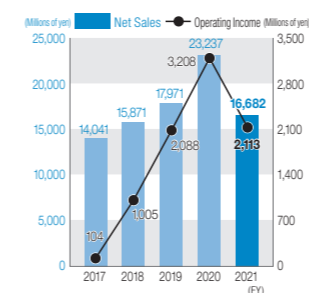


Net Assets / Return on Equity (ROE)

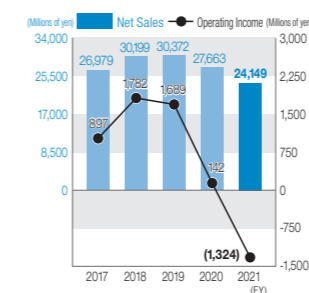


Net Sales and Operating Income by Segment

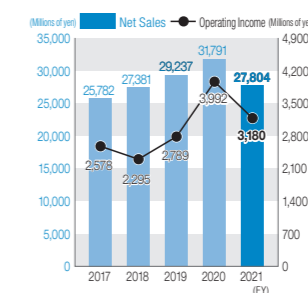
Industrial Machinery



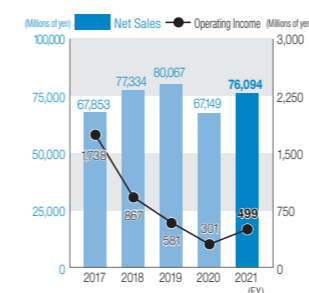
Rock Drill Machinery



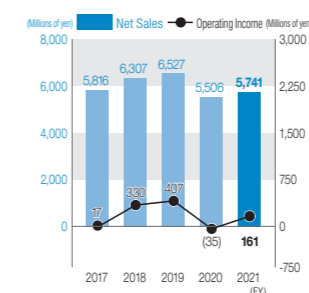
Unic Machinery



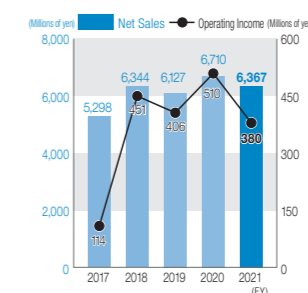
Metals



Electronics



Chemicals



Real Estate

