

Ideal image for 2025

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

Fiscal 2019 targets and assessments	Outcome
1 Implement the FMEA*1 approach with respect to risk assessment (product development) and design	★★
2 Reduce risks associated with overseas procurement (respective machinery companies)	★★
3 Streamline collection of data from inspections and trials (respective machinery companies)	★★★★
4 Engage in initiatives involving quality assurance frameworks (respective materials companies)	★★

★★★★Target achieved: ★★★Target partially achieved: ★Target not achieved



Fiscal 2020 targets
1 Implement the FMEA approach with respect to risk assessment (product development) and design
2 Reduce risks associated with overseas procurement (respective machinery companies)
3 Streamline collection of data from inspections and trials (respective machinery companies)
4 Enable visual monitoring of change points (respective machinery companies)
5 Take steps to eliminate risk at the stage of development and design (respective machinery companies)
6 Engage in initiatives involving quality assurance frameworks (respective materials companies)

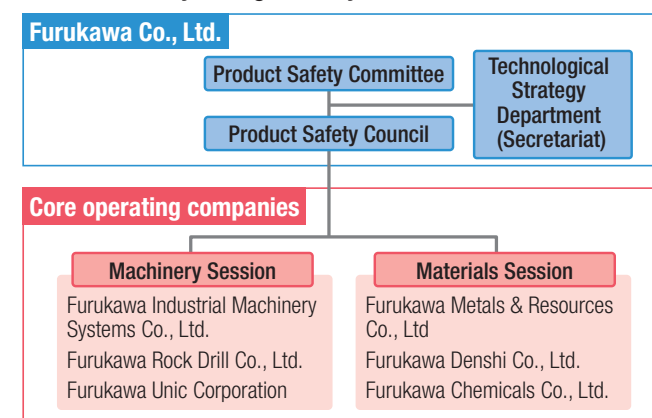
## Product Safety Management System

Established within the headquarters of Furukawa Co., Ltd., the Product Safety Committee consists of the Product Safety Council comprising product safety officers of core operating companies and subordinate to the Product Safety Committee, and separate product safety sessions consisting of the Machinery Session and the Materials Session. These sessions promote efforts that involve complying with regulations on manufacturing, quality assurance and product safety, and manufacturing products that customers can use safely with peace of mind, based on the Group's Product Safety Basic Policy and its Product Safety Action Guidelines.

The Product Safety Council are held with the aim of improving Group-wide product safety and evaluating initiatives related to product safety. The council underpin efforts firstly geared to improving product reliability with the aim of heightening product safety levels. In fiscal 2019, they involved ongoing efforts carried over from fiscal 2018 with respect to confirming progress of risk assessment initiatives from the perspective of preemptive risk prevention.

Moreover, in the sessions, which consist of members capable of discussing matters from the standpoint of on-site operations, we took steps to raise awareness of factory-wide quality control and quality assurance, in addition to engaging in discussions that also enlisted managers from the design realm and other divisions apart from quality control.

### Product Safety Management System



## Session Initiatives

### Machinery Session

The Machinery Session has been taking steps geared to the key tasks of reducing complaints, monitoring production change points, and curbing risk that arises during procurement, premised on the concept of "making products that satisfy our customers."

The session has been placing its focus on change points in terms of factors primarily attributable to complaints, particularly with respect to modifications involving design, manufacturing methods and processes. In so doing, the session has been attempting to bring about consistent approaches among our business sites through operations that involve visually monitoring change points in product development and at assembly locations.

Given that incorrect dimensions constitute many of our component defects, we have been addressing such issues by improving analytic accuracy and increasing inspection speed. In that regard, we have been using coordinate measuring machines, optical emission spectrometers and other precision measuring devices with respect to complex-shaped parts that take time to measure and parts that are difficult to gauge.

We have also been turning to complaint-data applications, resulting in faster searches of complaints and swifter use of data in analyzing root causes, preventing recurrence, and preparing risk assessment materials for subsequent product development.

Going forward, the session plans to improve the quality and efficiency of inspection by having inspections carried out using tablet devices.

The Machinery Session and the three core operating companies in the machinery segment will engage in joint training activities with the aim of developing consistent skills at each level of the employee hierarchy.

In so doing, we aim to develop our brand such that everyone associates it with the notion that achieving fewer complaints results in customer satisfaction, through efforts to enhance our on-site strengths extending from product development to manufacturing locations.

### Materials Session

Based on a customer-oriented approach, the Materials Session takes steps to improve our quality assurance system encompassing

[Comment from the Responsible Committee] Overview of Fiscal 2019

## Quality assurance encompassing all products for the sake of our customers

Our Product Safety Committee engages in various initiatives to ensure that our products are safe and satisfactory with respect to all products manufactured by the Furukawa Company Group and delivered to our customers. We accordingly aim to guarantee that the quality of our products for overseas procurement, production and factories overseas, and export embody the pride of Japanese manufacturers.

In fiscal 2019, we checked multiple aspects of our prevailing systems in order to strengthen our quality assurance system at respective business sites, and otherwise in Japan we laterally adopted new systems associated with quality inspections conducted to improve quality.

In fiscal 2020, we will strengthen our quality assurance system. In addition to taking on tasks as yet unachieved from the previous fiscal year, this will involve further promoting change point controls that are focused on the main causes of complaints and engaging in activities to reduce risk associated with the initial phase business processes.



Tatsuki Nazuka

Product Safety Committee Chairperson, Director, Senior Executive Officer, General Manager, Technology Division

components procured overseas with the goal of achieving zero market complaints, with respect to materials that are widely used in electronic devices and other products.

Our risk assessment efforts involving materials has entailed providing SDS\*2 and other forms of risk data, while also taking action to keep defective products from being released. To such ends, we have been working to achieve highly reliable design and automating inspections by implementing an FMEA approach focused on oversight of change points, given the substantial risks that would materialize

should we release defective products. The Materials Session accordingly engages in activities to heighten skills at the respective companies, which involves sharing such information.

As a result of such efforts, we achieved zero market complaints in fiscal 2019. Likewise, we aim to achieve zero market complaints again in fiscal 2020, 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.

### TOPICS

## Initiatives of Group Companies

### Development of drill simulator by Furukawa Rock Drill Co., Ltd.

Furukawa Rock Drill Co., Ltd. and the Advanced Technology Department of Furukawa Co., Ltd.'s Technology Division jointly developed a drill simulator that acts as a tool for enabling operators to develop greater proficiency in handling our blast hole drills, which is our mainstay product that includes hydraulic crawler drills and hydraulic down-the-hole drills. The drill simulator utilizes VR technology with a head-mounted display to provide a realistic portrayal of drilling, thereby enabling users to experience simulated drilling operations amid a sensation of actually sitting in the cab of a blast hole drill. Blast hole drill operations differ greatly from operations of other construction machines that mainly handle loads, particularly because blast hole drills call for special operating techniques, and they are subject to limitations with respect to where and when they may be used for actual drilling. As such, we hope to see our drill simulator being put to use as a tool for facilitating communications with operators.



Image displayed on the blast hole drill simulator screen



Hands-on demonstration at the 2019 Construction & Survey Productivity Improvement EXPO (CSPI-EXPO)

\*1 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.

\*2 SDS: Abbreviation for Safety Data Sheet

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 no accidents or disasters at suspended and abandoned mines)

Basic Approach

Based on its Charter of Corporate Conduct and Basic Environmental Management Principle, the Furukawa Company Group works to reduce environmental risks and harmonize its business activities to the global environment, and it is determined to contribute to the realization of a sustainable society.

With respect to measures against global warming, the Group is currently formulating its Fourth Medium-term Reduction Targets

covering a 10-year period from fiscal 2020. These take account of the outcomes of the Third Medium-term Reduction Targets covering the period from fiscal 2015 to fiscal 2019 and are based on our Vision for 2025.

In continuing our environmental conservation activities, we are implementing preventative measures while enhancing and reinforcing responses to risks.

Furthermore, our business activities are conducted with consideration to their impacts on the environment and the aim of protecting biodiversity.

Key Environmental and Safety Targets and Results (Fiscal 2019)

Target achieved; Target partially achieved; Target not achieved

Key fiscal 2019 targets	Fiscal 2019 results	Achievement
<b>1 Operation and promotion of effective environmental management systems by each Group company</b> <ul style="list-style-type: none"><li>Promoting continuous improvement of operations in accordance with the revised EMS standard</li><li>Properly responding to the establishment and amendment of environment-related laws and ordinances</li><li>Enhancing responses to demands from inside and outside the Group</li><li>Promoting preventative measures through effective use of environment-related data</li></ul>	<ul style="list-style-type: none"><li>Improvement processes were checked in environment and safety audits, and guidance was provided concerning problems identified, if any</li><li>Information on environmental laws and ordinances was communicated timely and promptly and disseminated horizontally</li><li>During environment and safety audits, items to be complied with (e.g., environmental laws and ordinances) were clarified and the unit's response to them was checked</li><li>Environmental measurement results were analyzed and initiatives were taken to reduce risks</li></ul>	Target achieved
<b>2 Promotion of continuous improvement for the reduction of environmental impact</b> <ul style="list-style-type: none"><li>Reducing greenhouse gas emissions (by improving efficiency of production facilities and manufacturing processes, etc.)</li><li>Reducing the use of water resources (including promoting the reduction of impacts on aquatic environments)</li><li>Reducing total emissions including waste and converting waste into valuables</li><li>Reducing the volume of emissions of chemical substances to the atmosphere</li></ul>	<ul style="list-style-type: none"><li>We increased productivity and implemented energy-saving devices, but did not achieve our reduction target</li><li>We took measures to save and reuse water in each plant and visualize water consumption, but did not achieve our reduction target</li><li>We improved our product packaging methods, promoted use of reusable shipping cartons, and the like, but did not achieve our reduction target</li><li>We improved our methods of spraying on coatings and preventing volatilization, but did not achieve our reduction target</li></ul>	Target partially achieved
<b>3 Promoting biodiversity protection activities</b> <ul style="list-style-type: none"><li>Promoting research on measures for reducing the environmental impact on biodiversity</li><li>Promoting continuous tree-planting, forest management, and biodiversity restoration activities</li></ul>	<ul style="list-style-type: none"><li>Created list of people- and eco-friendly products, researched ecological pyramid of organisms living in Ashio area, and other activities</li><li>Continued tree-planting, including various planting parties, promoted management of forests owned by the Company, worked to revive fireflies</li></ul>	Target achieved
<b>4 Enhancement of preventative measures to realize zero disasters</b> <ul style="list-style-type: none"><li>Enhancing the environmental and safety management system</li><li>Enhancing education to improve the capabilities of personnel responsible for the environment and safety</li><li>Reducing the number of facility and environmental accidents, setting the target at zero</li><li>Reducing the industrial accidents rate (Target: Severity rate of 0.03 or lower)</li></ul>	<ul style="list-style-type: none"><li>Strengthened management system with environment and safety audits, site safety inspections, and the like, and gave guidance to strengthen Safety and Health Committee operations</li><li>Checked state of environmental and safety training and gave guidance. Also checked state of staff's important official qualifications relating to operations and gave guidance as necessary</li><li>There were both facility and environmental accidents, so we did not achieve our target</li><li>The number of industrial accidents was lower than the previous fiscal year, but we did not meet our severity rate target</li></ul>	Target partially achieved

Environmental and Safety Activity Targets for Fiscal 2020

Environmental protection and safety and health activities	<b>1 Continuous improvement of environmental performance (CO<sub>2</sub>, water, waste, chemical substances)</b> <ul style="list-style-type: none"><li>Reducing greenhouse gas emissions (by improving efficiency of production processes, etc.)</li><li>Reducing emissions of chemical substances by improving productivity and carefully maintaining and managing abatement equipment</li></ul>	Reducing the use of water resources	Reducing total emissions including waste and converting waste into valuables
	<b>2 Strengthening workplaces by forming collaborations between sites</b> <ul style="list-style-type: none"><li>Promoting continuous improvement of operations in accordance with the revised EMS standard</li></ul>	Stimulating communication internally and externally	
	<b>3 Strengthening preventative measures through analysis of various data</b> <ul style="list-style-type: none"><li>Making effective use of facilities and environmental and safety data needed for operation</li></ul>		
	<b>4 Understanding laws, ordinances, and requirements and strengthening practice</b> <ul style="list-style-type: none"><li>Strengthening monitoring of compliance with relevant laws and ordinances</li></ul>		
	<b>5 Conducting environment and safety audits useful for everyday operations</b> <ul style="list-style-type: none"><li>Strengthening workplaces through environmental protection and industrial safety and health activities</li><li>Reducing the number of environmental and facility accidents, setting the target at zero</li></ul>	Strengthening preventative measures and recurrence prevention through environment and safety audits	Reducing the industrial accidents rate (Target: Severity rate of 0.03 or lower)
	<b>6 Promoting specific initiatives for the reduction of environmental risks</b> <ul style="list-style-type: none"><li>Promoting specific initiatives on measures for reducing environmental risk to biodiversity</li></ul>	Promoting continuous tree-planting, forest management, and animal and plant species restoration activities	
Management of suspended and abandoned mines	<b>1 Strengthening workplaces by passing on knowledge and skills</b> <ul style="list-style-type: none"><li>Conducting employee training to increase knowledge and skills</li></ul>	<b>3 Maintenance at final disposal sites and in shafts</b> <ul style="list-style-type: none"><li>Thorough everyday inspections</li><li>Conducting employee training to increase knowledge and skills</li></ul>	
	<b>2 Maintaining and managing mine run-off treatment facilities</b> <ul style="list-style-type: none"><li>Thorough everyday inspections</li><li>Conducting employee training to increase knowledge and skills</li></ul>		

[Comment from the Responsible Committee] Overview of Fiscal 2019

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 more efficient. We moreover practice environmental conservation that is mindful of the impact our business activities as a whole have on the global environment and biodiversity. This includes the entire span of activities from product planning and development to use, consumption, and disposal. In fiscal 2019, we introduced a new system for aggregating environmental data. With this system, we can get prompt activity updates from our plants and other sites. Also in fiscal 2019, we promoted environmental conservation activities based on our medium-term reduction plan and worked to reduce environmental impacts.

Looking to fiscal 2020 and beyond, we continue to focus our efforts on environmental conservation activities to achieve our Vision for 2025. We will work on reducing environmental risk and harmonizing our business activities to the global environment.



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

Environmental Management

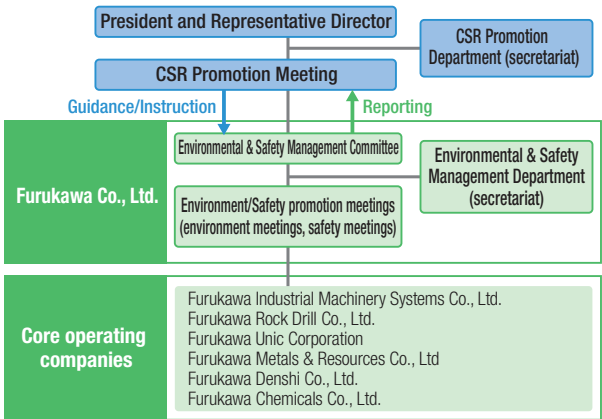
**Environmental Management Committee**

Important items relating to environmental management at the Furukawa Company Group are put forward and discussed by the Environmental Management Committee, whose members include top personnel from each production base and others. At the Committee meeting held in April 2019, results of evaluations of environmental and safety activities for fiscal 2019 and targets for environmental and safety activities for fiscal 2020 were reported, discussed, and approved. Results of the Third Medium-Term Reduction Plan were also reported and discussed and members also discussed the Fourth Medium-Term Reduction Plan.

(\*The name of the department to which the Committee belongs was changed to the Environmental & Safety Management Department on July 1, 2019, and accordingly the Committee was renamed the Environmental & Safety Management Committee.)



Environment and Safety Promotion System



**[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, works of core operating companies rotate as meeting location  
Meeting frequency: Once a year (starting in fiscal 2020, environment meetings and safety meetings are being held separately)

TOPICS

Furukawa Wins Development Bank of Japan's Highest Environmental Rating for Fifth Consecutive Year

Furukawa gets financing from the Development Bank of Japan Inc. (DBJ) based on our DBJ Environmental Rating. Furukawa obtained DBJ's highest environmental rating on November 30, 2018. The DBJ praised Furukawa for proactively raising productivity and reducing environmental impact by persistently improving production processes. Examples mentioned included the Group-wide operation of the environmental management system and implementation of new environmental impact monitoring and remote control systems at each base. Our initiatives to define eco-friendly products in each of our wide range of business domains and to boost sales of those products won acclaim also. In addition, the DBJ noted Furukawa offers society value with products from many perspectives, including thorough training of salespersons and employees involved with the manufacturing of our eco-friendly products. For these and other efforts, we earned the highest rating for a fifth consecutive year in recognition of our "especially advanced efforts in consideration of the environment."



Visit the following site for more information about Furukawa's Basic Environmental Management Principle and Environmental Conservation Activity Policies  
» <https://www.furukawakk.co.jp/e/csr/environment/>



Environmental Efforts

Environmental and Safety Audits

The Group conducts scheduled Environmental and Safety Audits each year. The aim of these audits is to emphasize correctional measures in response to accidents and disasters that have occurred, in addition to preventive measures. Environmental and Safety Audits were conducted in fiscal 2020 to resolve matters to be corrected, improve environmental performance (CO<sub>2</sub> emissions, water consumption used, total emissions including waste), support the initiatives of each place of business toward eliminating accidents and disasters, and contribute to the improvement of daily operational levels.

In the event of a major disaster or accident or ongoing disasters, we hold detailed discussions with on-site managers to determine the causes, and then offer instruction for formulating measures to prevent recurrence, and engage in other activities to continuously ensure safety in the workplace.



Environmental and safety audit in Osaka Works of Furukawa Chemicals Co., Ltd.

The Third Medium-Term Reduction Targets and Results of the Fifth (Final) Year

The Furukawa Company Group is currently pursued activities for the achievement of the Third Medium-Term Reduction Targets covering the period from fiscal 2015 to fiscal 2019. The results of the reduction efforts in fiscal 2019, the fifth and final year, are detailed below. The reason for our failure to achieve the reduction targets in the final fiscal year of the initiative is largely due to the fact that the Third Medium-Term Reduction Targets were established in fiscal 2014; the targets do not fully reflect Vision for 2025, the manufacturing plans of companies in our core businesses, and other information published since then, nor do they account for the fact that business locations in some regions sourced all of their power from hydropower at the time, whereas they also use electric power from power companies now.

We are presently formulating the Fourth Medium-Term Reduction Targets for the ten-year period starting in fiscal 2020, and basing them on Vision for 2025 and the results of the Third Medium-Term Reduction Targets.

Reduction rate results in fiscal 2019

	FY2019 reduction rate targets	FY2019 reduction rate results
CO <sub>2</sub> emissions	3%	-13%
Water resource used	2%	-9%
Total emissions including waste	5%	-13%

\* The targets and results are compared to values from fiscal 2014.

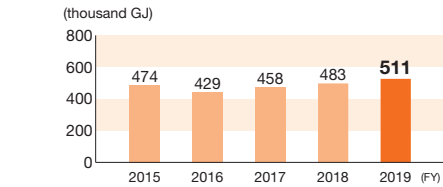
Material Flow of the Furukawa Company Group (Fiscal 2019)

INPUT					
Category		Volume used	Category		Volume used
Total energy consumption	Volatile oil (gasoline)	33kℓ	Fuel oil A	221kℓ	City gas 889 thousand m <sup>3</sup>
	Kerosene	301kℓ	Liquefied petroleum gas (LPG)	359t	
	Diesel oil	195kℓ			
Total water withdrawal	Clean water	141 thousand m <sup>3</sup>	Industrial water	550 thousand m <sup>3</sup>	Groundwater 0 thousand m <sup>3</sup>

OUTPUT	
CO <sub>2</sub> emissions	26 thousand t-CO <sub>2</sub>
Wastewater volume	477 thousand m <sup>3</sup>
Total emissions including waste	7,160t

INPUT

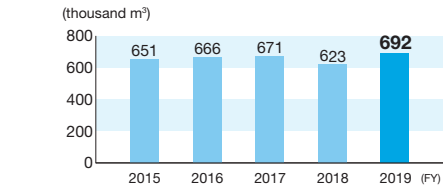
Energy consumption



Energy consumption recorded a 6% increase year on year due to increased production in the Unic Machinery and Electronics segments, despite our efforts to reduce consumption by introducing energy-saving equipment, changing production lines to shorten idle time, and reducing the travel distance of loading, unloading, and transportation machinery.

Nonetheless, Furukawa Co., Ltd. has earned the top ranking of S Class in each of the four years since the Operator Class Evaluation System was instituted under the Energy Conservation Act in fiscal 2016.

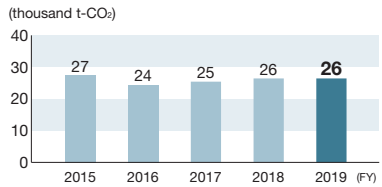
Water resources withdrawn



Water resources input recorded an 11% increase year on year due to increased production in the Unic Machinery and Electronics segments, despite our efforts toward water intake control (visualization) and improving water supply and wastewater pipes.

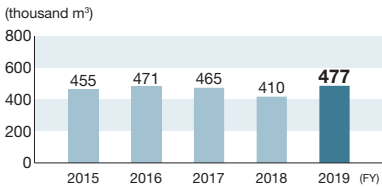
OUTPUT

CO<sub>2</sub> emissions



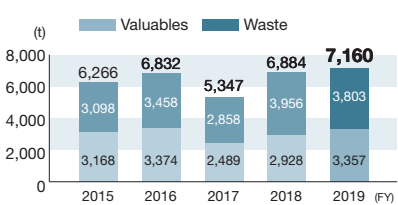
Energy consumption increased 6% year on year. CO<sub>2</sub> emissions rose 2% due to the CO<sub>2</sub> emissions factor.

Wastewater volume



Water consumption increased 11% year on year. In addition, wastewater volume increased 16% due to a decline in the production of products with water as the primary raw material.

Total emissions including waste



Total emissions including waste increased 4% year on year due to the impact of increased production throughout the Group and other factors. However, our subdivision of resources resulted in a 15% increase in valuables.

TOPICS

Our Website\* Now Features a List of Human- and Eco-Friendly Products

The Group is undertaking initiatives based on the concept of manufacturing products that are human- and eco-friendly in every stage from new product development and design to manufacturing, usage, and disposal. We have leveraged the technology we cultivated through mine development and proactively introduced new technology to make contributions to society. The list includes human- and eco-friendly products that resulted from these efforts.

The Group intends to continue providing human- and eco-friendly products and services, and contributing to the realization of a sustainable society.

\* Japanese site only



TOPICS

Initiatives for Achieving SDGs

Our Environmental and Safety Management Department is responsible for promoting the Group's environment-related initiatives for achieving SDGs. We are working to identify and take action regarding specific contributions and products from the Group's product lineup that contribute to the achievement of 9 of the 17 SDG targets.

SDG	Initiative	Contribution to SDG
1	Strengthening safety management	Contributing to the achievement of SDG 1 by strengthening safety management.
2	Strengthening safety management	Contributing to the achievement of SDG 2 by strengthening safety management.
3	Strengthening safety management	Contributing to the achievement of SDG 3 by strengthening safety management.
4	Strengthening safety management	Contributing to the achievement of SDG 4 by strengthening safety management.
5	Strengthening safety management	Contributing to the achievement of SDG 5 by strengthening safety management.
6	Strengthening safety management	Contributing to the achievement of SDG 6 by strengthening safety management.
7	Strengthening safety management	Contributing to the achievement of SDG 7 by strengthening safety management.
8	Strengthening safety management	Contributing to the achievement of SDG 8 by strengthening safety management.
9	Strengthening safety management	Contributing to the achievement of SDG 9 by strengthening safety management.

Visit the following site for principles and policies for Environmental and Safety Audits:

» <https://www.furukawakk.co.jp/e/csr/environment/>



Management of Chemical Substances

In fiscal 2019, the number of chemical substances handled that are required to be reported under the PRTR\*1 system increased by one from the previous fiscal year to 15. Thanks to new equipment at some plants, we were able to significantly decrease atmospheric emissions of toluene, ethylbenzene, xylene, and other substances.

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	
		FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018	FY2019
53	Ethylbenzene	40,038	32,069	0	0	0	0	0	0	0	0	2,509	1,911
75	Cadmium and its compounds	0	0	0	0	0	0	0	0	0	0	4	2,507
80	Xylene	57,642	47,052	0	0	0	0	0	0	0	0	4,544	3,802
87	Chromium and chromium (III) compounds	3	1	0	0	0	0	0	0	0	0	7	0
243	Dioxins	8.5	8.5	0	0	0	0	0	0	0	0	0.07	0.05
272	Copper salts (water-soluble, except complex salts)	0	0	0	0	0	0	0	0	7	11	0	0
296	1,2,4-trimethylbenzene	4,110	5,592	0	0	0	0	0	0	0	0	363	440
297	1,3,5-trimethylbenzene	669	1,519	0	0	0	0	0	0	0	0	1	180
300	Toluene	54,868	42,766	0	0	0	0	0	0	0	0	2,838	1,949
308	Nickel	0	0	0	0	0	0	0	0	0	0	0	0
332	Arsenic and its inorganic compounds	0	9	0	0	0	0	0	0	0	0	1,987	2,226
374	Hydrogen fluoride and its water-soluble salts	0	0	14	12	0	0	0	0	0	0	1,436	1,726
412	Manganese and its compounds	55	6	0	0	0	0	0	0	0	0	28	32
438	Methylnaphthalene	16	13	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	1	0

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 2019 reached ¥402 million. The Group has introduced energy-saving equipment and enhanced preventative measures with the aim of promoting environmental conservation. As a result, pollution prevention costs account for 71% of the total.

Costs totaled ¥1,187 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)

Category		Content of the principal activities	Investments	Costs
Breakdown	(1) Business area costs		357	764
	Pollution prevention cost	Cost for preventing air pollution and water pollution	285	570
	Global environment conservation cost	Cost for saving energy and maintenance and management of forests owned by the Company	68	37
	Resource circulation cost	Cost for recycling, waste processing, and effective use of water	4	157
(2) Upstream and downstream costs	Cost for recycling, recovering and re-commercialization of products from the market		0	185
(3) Administration cost	Cost for operating ISO 14001 standards, environmental education, cleanup and greening of business sites		28	62
(4) R&D cost	R&D cost to develop products that contribute to environmental conservation		17	174
(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			402	1,187

Environmental Conservation Benefit

Environmental conservation benefit category	Environmental performance indicator (unit)	FY2018	FY2019	Difference from the previous fiscal year
Environmental conservation benefit related to resources input into business activities	Total energy input volume (thousand GJ)	483	511	Increased by 28 thousand GJ
	Input volume of water (thousand m³)	623	692	Increased by 69 thousand m³
Environmental conservation benefit related to waste or environmental impact originating from business activities	Volume of greenhouse gas emissions (thousand t-CO₂)	26	26	No change
	Total emissions including waste (t)	6,884	7,160	Increased by 276 t

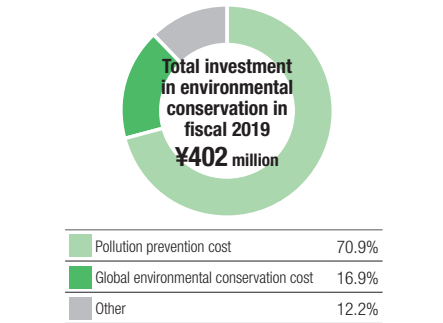
Economic Impacts of Environmental Conservation

The economic impact deriving from resource circulation (gains on sale of valuables, etc.) for fiscal 2019 was ¥204 million, a year-on-year increase of ¥42 million, as a result of subdividing the resources. In addition, 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, essentially identical to the figure from the previous fiscal year.

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.	204
	Reduction of electric power purchasing costs due to the operation of steam turbine generators	43
Total		247

Breakdown of Environmental Conservation Cost Invested



Promotion of Biodiversity Protection Activities

Hosting the 10th Ashio Cherry Tree-Planting Drive (March 2019) and 5th Furukawa-no-mori Tree-Planting Drive (April 2019)

As a distinct greening activity of the Group, we organize Ashio Cherry Tree-Planting Drives with the aim of planting 1,000 cherry saplings on company property in the Ashio area. The first drive was held in March 2009, and we have held drives each year since then. The 10th tree-planting drive in March 2019 drew 81 participants, including Group employees and their family members, and they planted 60 double-flowered cherry trees to bring the total number of trees planted to 540.

In addition, in April 2019, the 5th Furukawa-no-mori Tree-Planting Drive was held on Furukawa Co., Ltd. property in the matsuki area, Ashio-machi of Nikko City in Tochigi Prefecture. The drive drew 107 participants from the 24 corporate members of the Tochigi Furukawa Association, and they planted 40 sargent cherry trees.

The Tochigi Furukawa Association was established in 1966 to promote the mutual development of the Furukawa Group in Tochigi Prefecture, and launched this tree-planting drive in 2016 to commemorate the 50th anniversary of the association's founding. We intend to continue implementing these activities in the future.



The 10th Ashio Cherry Tree-Planting Drive

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 systematically promote prevention work to ensure the safety of shafts, dumps, and water treatment plants and other mine runoff treatment facilities.

Although more than 45 years have passed since the closing of the Ashio Copper Mine, acidic mine runoff with heavy metal content continues to flow from the mine; thus, our Ashio Office uses a three-shift system to operate the Nakasai Water Treatment Plant 24 hours a day, 365 days a year.

In 2018, we constructed an additional reserve system for the milk of lime supply equipment of the neutralizing processing facilities, a critical part of the process at the Nakasai Water Treatment Plant. We are also adding more emergency generators to prepare for power outages, and making efforts to ensure safety-oriented operations and prevent accidents that threaten the environment.



The newly installed milk of lime supply equipment and emergency generators

Firefly Rehabilitation Project at the Site of the Former Kune Mine

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 is engaging in a *genji-botaru* firefly (*Luciola cruciata*) rehabilitation project at the site of the former Kune Mine in the Tenryu ward of Hamamatsu City in Shizuoka Prefecture.



A *genji-botaru* firefly larva in its habitat at the Kune Mine

\*1 PRTR: Pollutant Release and Transfer Register



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 work environments where it is possible to create new forms of value by maximizing the abilities of each and every employee.

Fiscal 2019 targets and assessments

Achievement

1Cultivate human resources

Promote job-specific human resources cultivation

★★★★

2Promote work-life balance

Implement telework options on a trial basis

Expand application of the flextime system

★★★★\*

3Promote diversity

Actively employ women in career-track positions and foreign employees

Redouble efforts to hire people with disabilities

★★★

\*Slight increase in the number of employees using flextime

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

Fiscal 2020 targets

1Cultivate human resources

Introduce new employee programs

Consider revisions to the personnel evaluation system

Review possibility of increasing the retirement age

2Promote work-life balance

Implement telework options

Expand application of the flextime system

3Promote diversity

Actively employ women in career-track positions (The percentage of women among new graduate hires shall be 20% or higher)

Redouble efforts to hire people with disabilities (The percentage of employees with disabilities in the Furukawa Company Group shall be 2.0% or higher.)

[Comment from the Responsible Department] Overview of Fiscal 2019

We will create work 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 work-life balance, and promoting diversity. 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



Workstyle Reforms of the Furukawa Company Group

The Furukawa Company Group has been promoting work style reforms with the aim of improving labor productivity and creativity based on the development of each employee and creating healthy and rewarding work environments for all members of our diverse workforce by reducing overtime work and encouraging employees to take more paid annual leave.

Three Aspects of Work Style Reform and Related Considerations

Improvement of work environments	Automate and computerize operations, revamp layouts, review personnel allocations, shorten meetings, effectively manage meetings
Review of systems and working conditions	Increase the number of departments adopting the flextime system, implement teleworking, adopt discretionary work systems, institute zero-overtime days
Reform of mindsets	Making people conscious about the improvement of efficiency

Quantitative Targets of Work Style Reforms

	Fiscal 2019 results	Fiscal 2020 target
Prescribed working hours (a)	1,891 hours	1,891 hours
Extra working hours*1 (b)	305 hours	186 hours
Hours of paid annual leave taken*2 (c)	79 hours	78 hours
Total actual working hours (a) + (b) - (c)	2,117 hours	1,999 hours

\*1 25.40 hours/month → 15.50 hours/month  
\*2 Achieved three-year target of 10 days

Initiatives for Achieving Positive Work-Life Balance

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.

Initiatives in Fiscal 2019

- Considered options for introducing employment system that would ensure stringent oversight of working hours
- Set days on which employees are encouraged to take paid annual leave and urged employees who have used a low proportion of such leave (fewer than 5 days) to take time off
- Implemented telework options on a trial basis
- Held seminars on balancing work with parenting and other caregiving obligations

Promoting Diversity

Empowering the Female Workforce

Furukawa Co., Ltd. has been focusing its efforts on actively recruiting and employing female talent. To such ends, we drew up our Action Plan for Promoting Support for Female Employees on April 1, 2016, and have been otherwise expanding systems geared to empowering our female employees.

Action Plan for Promoting Support for Female Employees (April 1, 2016 to March 31, 2021)

Target No. 1	Ensure that women account for at least 20% of all new graduate hires.
Target No. 2	Employ at least 10 female managers.
Target No. 3	Establish a re-employment program for retirees
Target No. 4	Encourage employees to take paid annual leave at an average rate of 12 days per person per year
Target No. 5	Ensure that at least 10 male employees take parental leave.

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.

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 hiring decisions on nationality. Moreover, we strive to deepen partnerships that transcend nationality as we promote a spirit of mutual respect for individual differences.

Employment of Older Workers After Their Retirement

In accordance with our Continued Employment Rules, we rehire employees who want to continue working after reaching the official retirement age of 60. Such employees who have returned to work after retiring play active roles in training our mid-level and younger employees, thereby imparting skills they have developed over their long careers.

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 conduct calling for its employees to respect basic human rights and refrain from using discriminatory language, and accordingly has all of its newly hired employees take part in human rights training. Moreover, we also strive to create pleasant work environments through other efforts that involve having employees learn from case studies of specific developments that have given rise to human rights violations. For instance, this involves providing in-house training pertaining to workplace harassment to employees who are taking part in our employment hierarchy-specific training.

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.

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 ends, we discontinued our previous system of assigning grades based on professional qualifications, and have assigned employees roles that they are expected to fulfill. We will revise our personnel evaluation system by April 1, 2020, and accordingly hope to achieve a more robust professional environment in terms of empowering our motivated employees in a manner that ensures their peace of mind. This will involve our endeavoring to guide, cultivate and develop the potential of such employees, as well as ensuring their appropriate job placement, upon assessing them with respect to factors that include their job performance, achievement of targets, motivation and proficiency.

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, which thereby helps fuel their motivation to pursue further personal development.

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Employee Health Management

At the Furukawa Company Group, we monitor the health of our employees particularly through our regularly scheduled physical examinations and special physical examinations for our employees who handle specified hazardous substances. Meanwhile, on the basis of such physical examination outcomes we also provide health-related guidance and provide support with respect to employee health maintenance. We also safeguard our employees from the effects of second-hand smoke by setting up separate smoking areas as stipulated under Japan's Health Promotion Act.

In fiscal 2018, we strengthened our partnership with Furukawa Health Insurance Society, and embarked on efforts that involve planning and overhauling various initiatives, drawing on physical examination data. We are going to work to achieve lower rates of smoking among our workforce while encouraging a higher proportion of employees to engage in regular exercise.

We will also 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 the Furukawa Group Company 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.

Smoking and Regular Exercise Among Furukawa Company Group Employees

According to a survey of employees who are 40 years of age and older

Smoking rate	31.7%	Employees who exercise*	23.1%
	(2.9% fewer than in the previous year)		(1.9% fewer than in the previous year)

\* This refers to the percentage of employees who exercise to the point of generating slight perspiration for no less than 30 minutes per exercise session, and who have been exercising at least twice per week for at least one year.

TOPICS

Recognized as a 2019 Certified Health & Productivity Management Outstanding Organization in the Large Enterprise Category (White 500)

Furukawa Co., Ltd. was recognized as a 2019 Certified Health & Productivity Management Outstanding Organization in the Large Enterprise Category (White 500) 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).



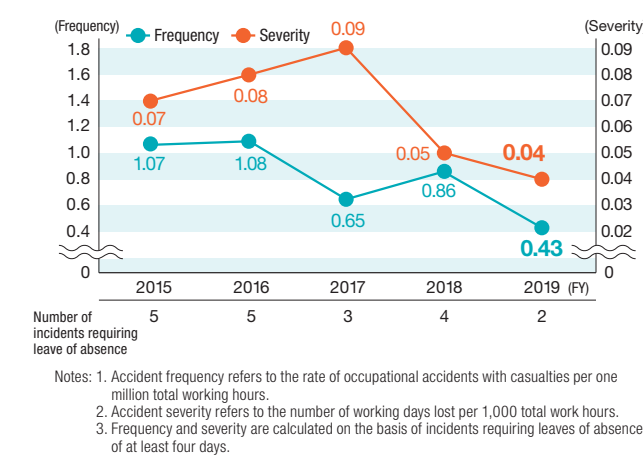
Occupational Safety and Health

Initiatives to Prevent Work-related Accidents

To prevent work-related accidents, the Furukawa Company Group regularly holds Health and Safety 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, we plan and regularly implement medium- to long-term skills training for personnel who are in charge of safety and health. Moreover, we are taking steps to provide more robust guidance to our managers and employees, given the importance we place on taking consistent action in terms of carrying out risk assessments, addressing near-miss incidents, proposing solutions, and using the finger-pointing and calling approach to occupational safety in achieving our goal of zero accidents or disasters.

In fiscal 2019, we achieved better safety results in terms of lower frequency and severity of occupational accidents. Going forward, we will strive to achieve zero work-related accidents or disasters in part by preventing their recurrence. Such efforts will involve carrying out investigations into root causes of such instances that have occurred, in conjunction with on-site managers.

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



Safety Measures and Education

At each of the Furukawa Company Group's works and sites of business we are taking steps to develop a more acute awareness of dangers by repeatedly carrying out "KYT" hazard prediction training geared to preventing work-related accidents. Our safety management staff members facilitate efforts of participants, and thereby more effectively conduct training, by turning to examples of past incidents selected based on the nature of work performed at the respective workplaces.

Such training is carried out using the basic four-step approach of KYT (hazard prediction training). Participants in such training initially pinpoint conceivable hazards by referring to illustrations in that regard, and then narrow down the choices through discussions on key points of danger. Finally, the participants verify and reinforce the team's decisions using a finger-pointing and choral declaration routine where participants point at the same time while simultaneously uttering a safety slogan.

Participants are ultimately able to discover, understand and find solutions to dangers associated with the workplace and work-related tasks through such training, thereby returning back to their workplaces equipped with such knowledge.



KYT (hazard prediction training)

Occupational Safety and Health Activities

As part of our occupational safety and health activities, we implement education and training on cardiopulmonary resuscitation and use of automated external defibrillators (AED) as part of our occupational safety and health activities at our respective factory and business locations. It is important that employees repeatedly undergo training that entails properly following such procedures, even in cases where they have dealt with such real-life emergencies. We intend to create opportunities for many employees to take part in such training, particularly given that there have been instances where cardiopulmonary resuscitation and AEDs have been used to save lives of employees suffering heart attacks at Furukawa Company Group works.



Instruction on Safety at Overseas Business Locations

At our overseas business locations, we conduct annual surveys particularly regarding local implementation of mandatory inspections of facilities, work environment measurements, and safety education. We furthermore provide guidance and advice with the aim of helping to bring about safer and more comfortable work environments, in light of factors such as local laws, climate and natural features.

Employee Data

Employee Diversity (calculated on a consolidated basis, excluding figures stated in the Notes)

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019	Remarks
Number of employees	Persons	2,456	2,521	2,616	2,690	2,757	
	Male	-	2,238	2,257	2,299	2,342	
	Female	-	283	359	391	415	
Average age Non-consolidated basis	Age	43.7	44.8	45.8	46.8	46.4	Domestic employees
	Male	45.3	47.0	47.7	49.0	48.7	
	Female	35.2	35.3	36.4	37.2	36.9	
Years of continuous employment Non-consolidated basis	Years	17.4	18.4	19.2	20.3	19.8	Domestic employees
	Male	18.4	19.9	20.4	21.7	21.4	
	Female	12.3	11.9	13.2	13.9	13.2	
Number of managers	Male	536	533	528	514	490	
	Female	8	8	10	11	9	
Percentage of female managers	%	0.33	0.32	0.38	0.41	0.33	
Number of foreign national employees	Persons	426	447	527	585	590	
Percentage of employees with disabilities Non-consolidated basis	%	2.19	2.55	3.35	3.49	3.48	
Number of older employees (60 and older)	Persons	107	111	102	107	105	Domestic employees
	Male	107	106	97	102	102	
	Female	0	5	5	5	3	
Number of recent graduate hires * Hired in Japan	Persons	39	47	49	43	62	Employees of Furukawa Co., Ltd.
	Male	36	42	45	39	53	
	Female	3	5	4	4	9	
	Foreign nationals	0	0	0	0	3	
	Persons	10	10	6	0	2	Employees of Furukawa Co., Ltd.
Number of persons no longer employed by Furukawa among the aforementioned *1	Male	9	9	6	0	2	
	Female	1	1	0	0	0	

\*1 Refers to the number of employees who have resigned for personal reasons and those who are no longer employed at behest of the Company, not including those transferred, etc.

Work-life Balance (non-managerial employees of Furukawa Co., Ltd.)

	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees taking parental leave	Male	-	25	36	35	33
	Female	-	4	6	8	6
Percentage of employees taking parental leave	Male	%	68.6	100	85.4	86.8
	Female	%	100	100	100	100
Average number of days taken for parental leave	Male	Days	21.8	3.5	13.9	21.4
	Female	Days	293.0	387.7	421.5	499.0
Percentage of employees returning to work after having taken parental leave	%	100	100	100	100	100
Number of employees taking caregiver leave	Persons	0	0	0	0	1
Prescribed working hours	Hours	1,891	1,891	1,891	1,891	1,891
Extra working hours	Hours	315	286	248	322	305
Hours of paid annual leave taken	Hours	71	72	75	76	79
Total actual working hours	Hours	2,136	2,105	2,064	2,138	2,117
Overtime hours (monthly average)	Hours	26.27	23.80	20.65	26.85	25.40
Percentage of paid annual leave taken	%	44.3	45.5	47.4	48.2	51.0



Ideal image for 2025

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

Fiscal 2019 targets and assessments	Achievement
1 Further improve the precision of CSR surveys of major suppliers	★★★★
2 Interview suppliers about CSR activities	★★★
3 Expand the scope of CSR surveys to include the major suppliers of other group companies	★★★★
4 Formulate specific measures to strengthen control (QCD*1 + CSR) of major suppliers	★★★★
5 Continue Groupwide CSR-oriented procurement activities	★★★★

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



Fiscal 2020 targets
1 Further improve the precision of CSR surveys of major suppliers
2 Conduct interviews about CSR activities tailored to the circumstances of individual suppliers
3 Strengthen management (QCD + CSR) of major suppliers
4 Foster partnerships with suppliers
5 Continue Groupwide CSR-oriented procurement activities

[Comment from the Responsible Department] Overview of Fiscal 2019

Promoting CSR Activities in the Supply Chain

In fiscal 2019, we began to consider methods for individual interviews based on the results of analysis of CSR promotion questionnaires and additional questionnaires issued to major suppliers in fiscal 2018.

In addition, to impart the Group's CSR Promotion Guidelines to even more suppliers, we broadened the scope of CSR promotion questionnaires to include major suppliers of the subsidiaries of core operating companies in the Machinery segment, and conducted questionnaires accordingly.

We intend to use the results of the questionnaires conducted to date and individual interviews to be conducted from now on to further deepen partnerships.

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

Naoki Ikeda  
General Manager, Purchasing Department



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 collaborate with suppliers to encourage procurement activities that take CSR into consideration.

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.

Transition of CSR Procurement Initiatives

		FY2015-2016	FY2017-2018	FY2019-2020
Policy establishment		2014: • Established Furukawa Company Group Basic Procurement Policies		
		2015: • Created Furukawa Company Group CSR Guidelines for suppliers		
		2015: • Prepared questionnaires for suppliers	2017: • Prepared additional questionnaires for suppliers	
CSR surveys	Questionnaire surveys (operating companies)		2016: • Conducted questionnaire surveys (Target: Major suppliers) (Furukawa Co., Ltd.) (Core operating companies in the Machinery segment) (Furukawa Denshi Co., Ltd.)	2018: • Conducted questionnaire surveys (Target: Major suppliers) (Furukawa Castec Co., Ltd.) (Asio Rock Drill Co., Ltd.) (FRD Iwaki Co., Ltd.)
	Additional questionnaire surveys (operating companies)		2017: • Conducted questionnaire surveys (Subject: Major suppliers) (Furukawa Chemicals Co., Ltd.)	
	Interview surveys		2017: • Conducted additional questionnaire surveys (Target: Major suppliers) (Furukawa Co., Ltd.) (Core operating companies in the Machinery segment) (Furukawa Denshi Co., Ltd.) (Furukawa Chemicals Co., Ltd.)	2018: • Conducted additional questionnaire surveys (Target: Major suppliers) (Furukawa Castec Co., Ltd.) (Asio Rock Drill Co., Ltd.) (FRD Iwaki Co., Ltd.)
Internal training	CSR and CSR procurement		2017: • Furukawa Co., Ltd. (Target: Purchasing Department employees) • Core operating companies in the Machinery segment (Target: section managers of Purchasing Department) • Core operating companies in the Machinery segment (Target: Purchasing Department employees)	2018: • Furukawa Castec Co., Ltd. (Target: Responsible person in Purchasing Department)
			2018: • Furukawa Chemicals Co., Ltd. (Target: Responsible person in Purchasing Department)	2019: • Asio Rock Drill Co., Ltd. (Target: Responsible person in Purchasing Department)
				2019: • FRD Iwaki Co., Ltd. (Target: Responsible person in Purchasing Department)
SDGs, ESG, other			2018: • Core operating companies in the Machinery segment, headquarters (Target: Purchasing Department general managers and section managers)	
			2018: • Materials Division of headquarters (Target: Purchasing Department employees)	

1 Follow-up on questionnaire survey results

In fiscal 2019, we considered methods of following up in response to the results of the questionnaire surveys. In addition, we began to conduct individual interviews of some suppliers, and confirmed the questionnaire survey content and explained the purpose of the Group's CSR procurement activities a second time.

2 Broadening the scope of CSR surveys to include major suppliers of subsidiaries

With our sights set on further promoting CSR activities throughout the supply chain in fiscal 2019, we further expanded the scope of CSR surveys to include major suppliers of subsidiaries of core operating companies in the Machinery segment, and conducted briefings of the Group's guidelines, questionnaires, and additional questionnaires accordingly.

3 Strengthening relations with major suppliers: Fostering partnerships

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

Thus, in order to cement these partnerships, we intend to use CSR initiatives to deepen mutual understanding and foster trust-based relationships.



A production briefing at the Takasaki Yoshi Works of Furukawa Rock Drill Co., Ltd.

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. The Purchasing Department of Furukawa Co., Ltd. is cooperating with core operating companies in the Machinery segment to offer guidance, recommendations, and other support to suppliers as necessary.

As an example of our activities in fiscal 2019, we visited an affiliate that fabricates components for can manufacturing, and confirmed and offered guidance on their material management and quality inspection systems for each fabrication process, and on environmental issues, and safety measures.



Offering technical guidance to an affiliate in Japan

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 (Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa Unic Corporation).

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 2019, participants examined in detail and exchanged opinions on strengthening supplier management geared toward fostering partnerships, a core element of Vision for 2025 for the Procurement Division.

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.

\*1 QCD: Abbreviation for quality (Q), cost (C), and delivery (D)



## Participating in Volunteer Cleanup of Usuiso Beach in Iwaki

On Saturday, July 7, 2018, Furukawa Company Group companies participated in a volunteer cleanup of Usuiso Beach in the city of Iwaki. The event was hosted by the Iwaki Furukawa Association, and the participating companies included Furukawa Industrial Machinery Systems Co., Ltd. (headquarters and Tohoku Branch Office), Furukawa Denshi Co., Ltd., Iwaki Semiconductors Co., Ltd., FRD Iwaki Co., Ltd., and Furukawa Co., Ltd. (formerly Iwaki Kosan).

Usuiso Beach underwent infrastructure construction to repair damage caused by the tsunami resulting from the Great East Japan Earthquake. During the construction, the Iwaki Furukawa Association engaged in volunteer cleanup activities at other sites. Now the construction is complete, and the association restored Usuiso Beach as the focus of volunteer cleanup events, starting with this year's event.

More than 120 association members participated in the cleanup event, including more than 30 employees of the Furukawa Company Group.



## Hosting Tours of Industrial Heritages

Each year, the Ashio Office of Furukawa Co., Ltd. hosts special public viewings of industrial heritages at the request of the Nikko City Board of Education.

In July 2018, we hosted public viewings of the Furukawa Kakemizu Club, the site of the Honzan Smelter, and the site of the former village of Matsuki. In December 2018, we hosted public viewings of the Watarase Company Housing and Bathing Area.

Each time, we received more applications than spaces available for the viewings, which reminded us of people's high level of interest in industrial heritages in the Ashio area. The Ashio Office intends to continue cooperating by hosting these tours to encourage understanding of the value of preserving and using these industrial heritages.



Site of the Honzan Smelter

Site of the former village of Matsuki

## Participating in the Hirose River 10,000 People Project (27th Hirose River Basin Total Cleanup)

Furukawa Industrial Machinery Systems Co., Ltd. participated in the Hirose River Basin Total Cleanup, an event hosted by the Hirose River 10,000 People Project Organizing Committee, a 184-member group to which the company belongs. This year's event, the 27th, was held on April 20, 2019, and seven people from the Tohoku Branch Office of Furukawa Industrial Machinery Systems participated. The event was blessed with good weather—although chilly at first, it heated up later on—and everyone left with a refreshing feeling. The Tohoku Branch Office intends to continue to make efforts to maintain the cleanliness of the Hirose River through activities hosted by the committee.



## Hosting a Ceremony to Commemorate the Opening of the Furukawa Ashio History Museum

On April 3, 2019, a ceremony was held to commemorate the opening of the Furukawa Ashio History Museum. At the ceremony, President Miyakawa and other key people from the company joined Nikko City Mayor Kazuo Oshima and several others in the tape-cutting. The museum had operated under the NPO Ashio History Museum, but operations were transferred to the company, and we changed the name to Furukawa Ashio History Museum.

The museum features a display of over 30,000 materials, pictures, ores, and other valuable items donated or entrusted to the museum by people with connections to the Ashio Copper Mine and the company. To coincide with the ceremony, we partially renovated the museum and expanded the exhibitions, adding the first rock drill made in Japan, dioramas from Honzan Primary School that are evocative for the people of Ashiomachi, and more. Mayor Oshima remarked that tasking Furukawa Co., Ltd. with the museum's operation would further stimulate civic activity given that the company had established Ashio as the best mine in Asia, and the company's history of pioneering environmental measures.



From right to left, Honorary Curator Nagai; Director Ogino; President Miyakawa; Nikko City Mayor Oshima; Executive Officer Kuno; General Manager Yamazaki

## 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 (twice each year, at the end of the fiscal year and second quarter), individual IR meetings and small meetings, distribute and disseminate annual reports, hold tours of our plants and the like, conduct interview surveys, and more as part of our IR activities.



A financial results briefing for analysts

### 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.

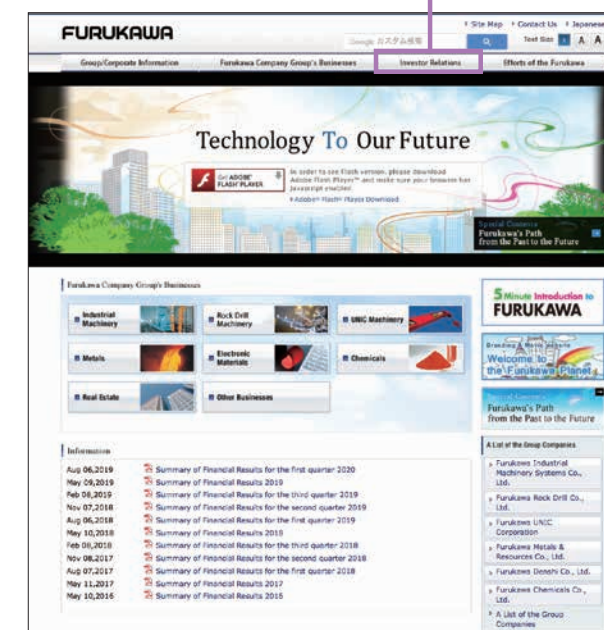


Visit the following site for reference documents for Shareholder's Meeting (text file)  
<https://www.furukawakk.co.jp/e/ir/>

## Providing Information Online

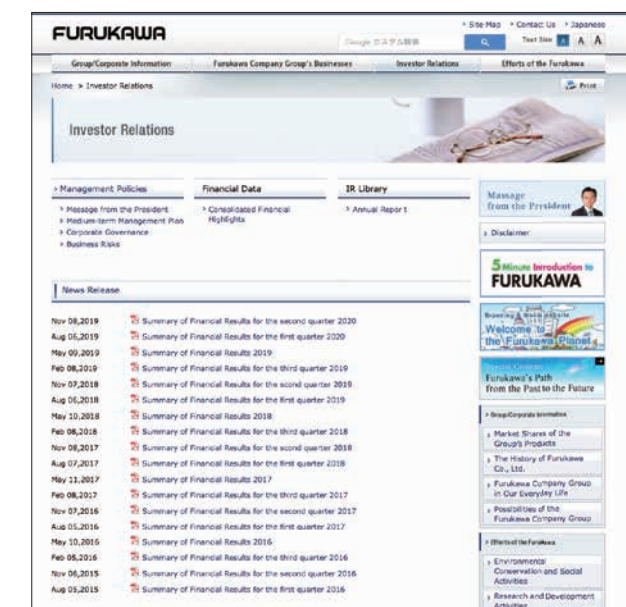
Front page

[https://www.furukawakk.co.jp/e\\_index.htm](https://www.furukawakk.co.jp/e_index.htm)



Investor relations

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



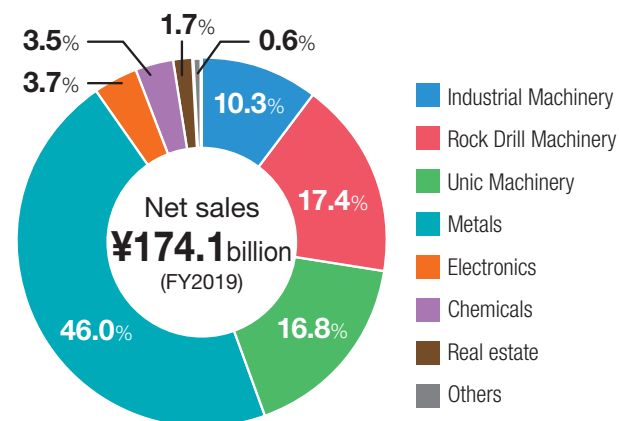


# Corporate Information

## Company Profile (as of March 31, 2019)

Company name: Furukawa Co., Ltd.  
 Head office: Marunouchi Nakadori Building, 2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8370, Japan  
 Representative: Naohisa Miyakawa, 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  
 Fiscal year-end: March 31  
 Employees: 2,757 (consolidated)

## Departmental Sales Ratio

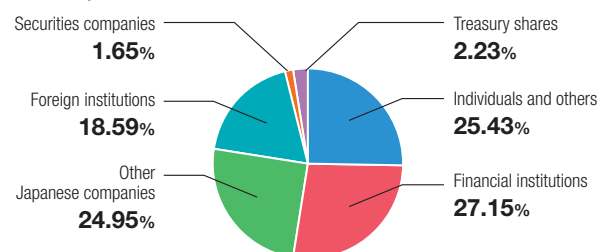


## Stock Conditions (as of March 31, 2019)

### Shares

Number of shares authorized:	80,000,000
Number of shares outstanding:	40,445,568
Number of shareholders:	20,874

### Composition of Shareholders



## 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.

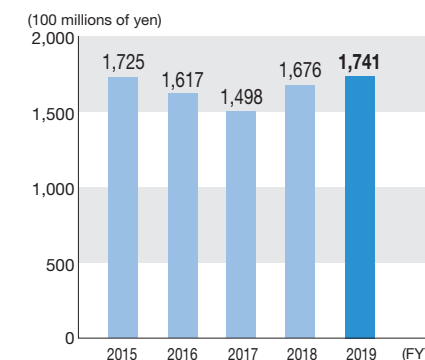
### Principal Shareholders

Name	Number of shares (thousands)	Stockholding ratio (%)
Asahi Mutual Life Insurance Co.	2,373	6.00
The Master Trust Bank of Japan, Ltd. (trust account)	1,893	4.78
Seiwa Sogo Tatemono Co., Ltd.	1,503	3.80
The Yokohama Rubber Company, Limited	1,341	3.39
Japan Trustee Services Bank, Ltd. (trust account)	1,052	2.66
Furukawa Electric Co., Ltd.	877	2.21
Fuji Electric Co., Ltd.	862	2.18
Sompo Japan Nipponkoa Insurance Inc.	839	2.12
Chuo Real Estate Co., Ltd.	687	1.73
Juniper	664	1.68

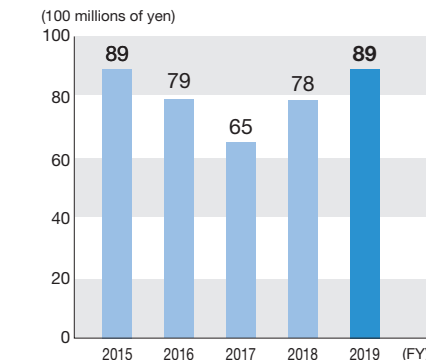
Note: 1. The Company holds 904,102 treasury shares. However, it is excluded from principal shareholders listed as above.  
 2. The stockholding ratio is calculated after deducting treasury shares (904,102 treasury shares).

## Financial Data

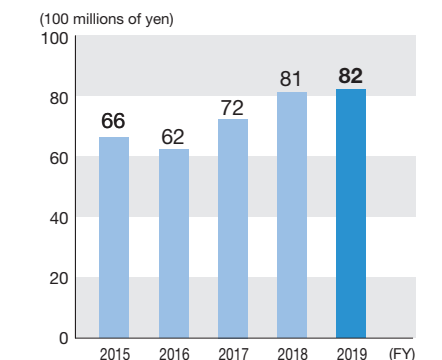
### Net Sales (consolidated)



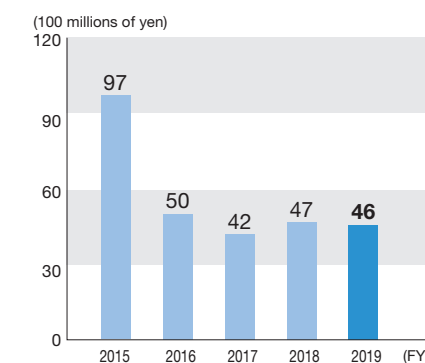
### Operating Income (consolidated)



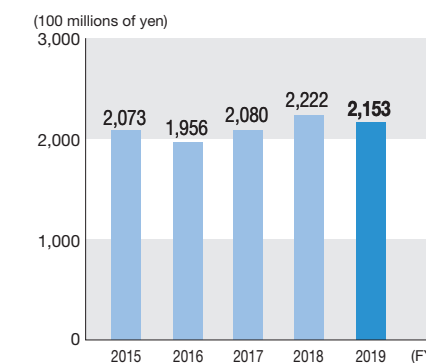
### Ordinary Income (consolidated)



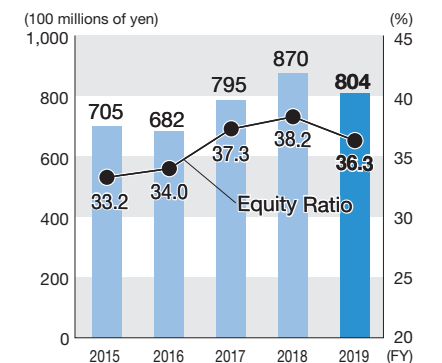
### Profit Attributable to Owners of Parent (consolidated)



### Total Assets (consolidated)

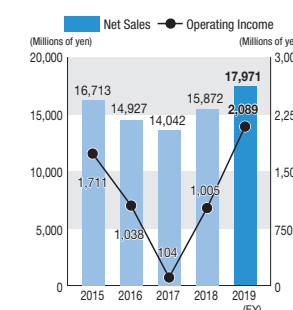


### Net Assets (consolidated)

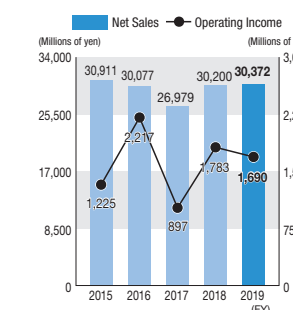


## Net Sales and Operating Income by Sector

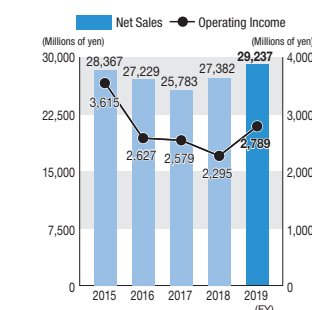
### Industrial Machinery



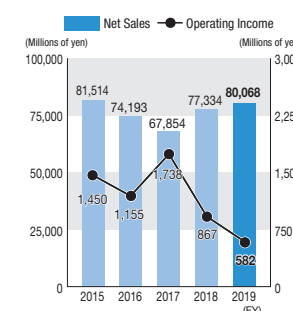
### Rock Drill Machinery



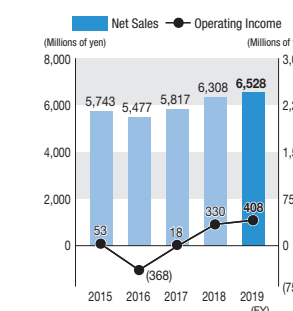
### Unic Machinery



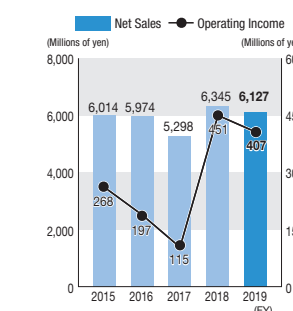
### Metals



### Electronics



### Chemicals



### Real Estate

