

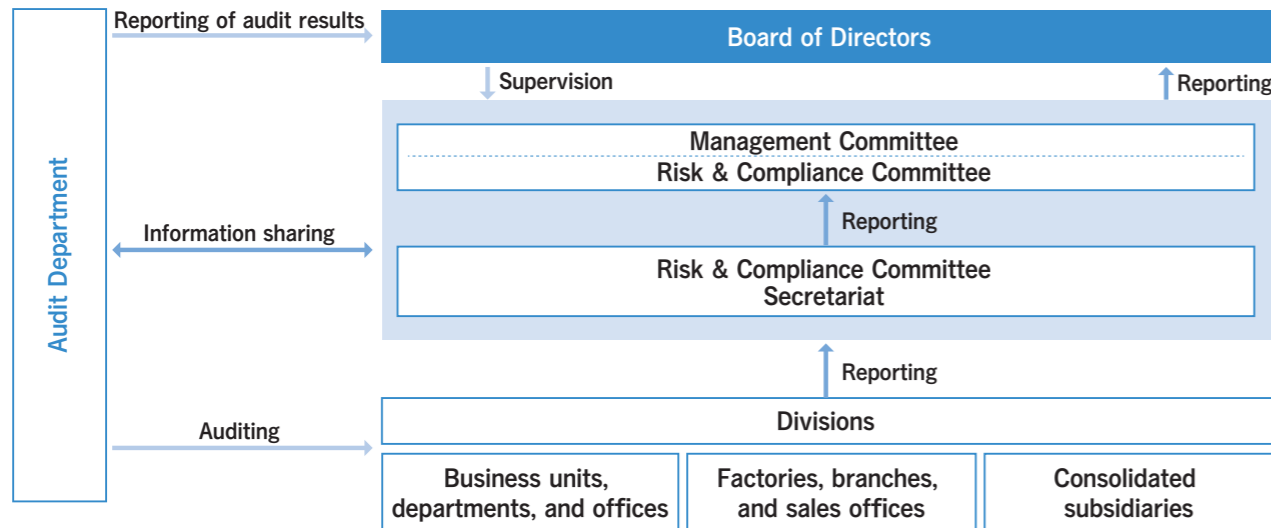
Strengthen Risk Management

The RIKEN TECHNOS GROUP sees factors that affect the achievement of corporate goals as risks, and undertakes thorough risk management. Based on the RIKEN TECHNOS GROUP Basic Policy on Risk & Compliance, our basic policy for risk management and compliance is to practice the RIKEN TECHNOS WAY, comply with the Code of Conduct, ensure the soundness of management, ensure stable business continuity, prioritize human life, instill the spirit of compliance, and eliminate or mitigate factors that hinder stakeholder interests.

Risk Management System

At the RIKEN TECHNOS GROUP, the Risk & Compliance Committee centrally and comprehensively manages risks faced by Group companies to enhance the effectiveness of risk management and further improve compliance. Besides listing, analyzing, and evaluating the Group's overall risks, the committee understands critical risks, identifies risks to be handled with priority, and

formulates countermeasures for those risks. In addition, the committee carries out comprehensive risk management for the Group as a whole, such as confirming the progress of risk countermeasures every six months, making revisions to them, and instructing the relevant departments to carry out improvements as necessary.



Composition of Risk & Compliance Committee		Chaired by the president & CEO, the Risk & Compliance Committee comprises all executive officers who are members of the Management Committee, with outside directors participating as observers. In principle, meetings are held once every six months, and the details of the committee's activities are reported to the Board of Directors as appropriate.
Chairperson	President & CEO	
Vice-chairpersons	Senior managing executive officer and managing executive officer	
Members	Executive officers	
Observers	Directors who are Audit & Supervisory Committee members	

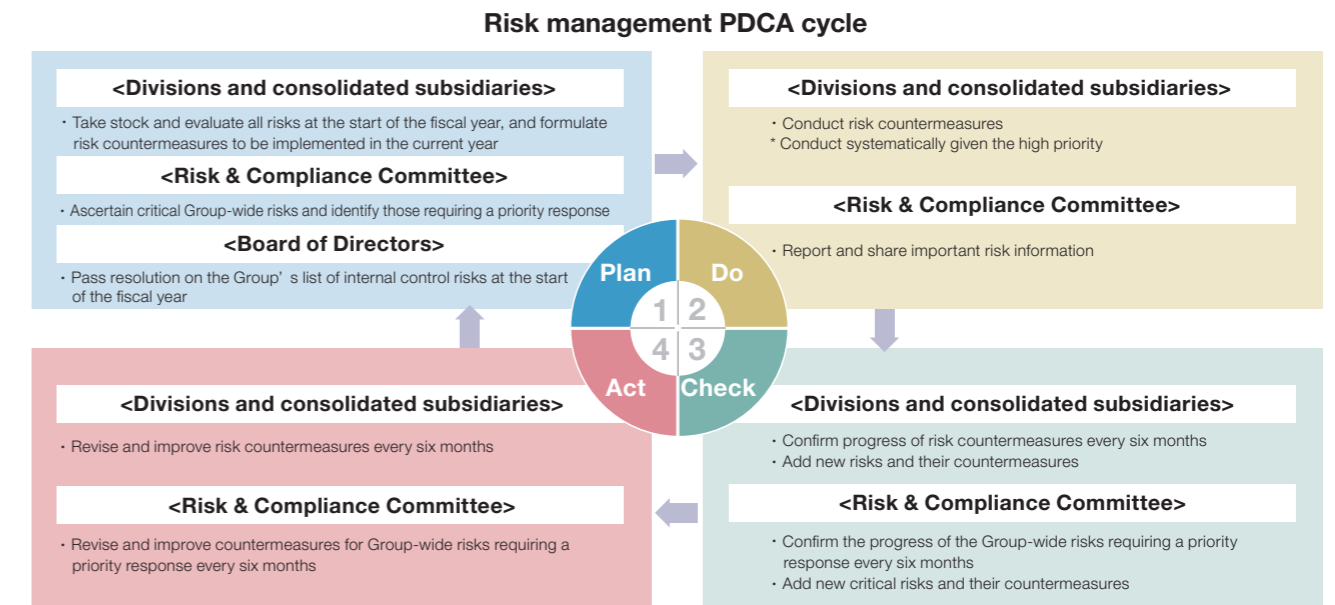
- ### Activities of the Risk & Compliance Committee
- Establishment of systems related to company-wide risk management and compliance, determination of promotion measures, and raising of awareness about initiatives
 - Evaluation and analysis of progress in risk management, and consideration of countermeasures
 - Development of compliance manual, and evaluation of implementation state of company regulations, etc.
 - Determination of structures, systems, etc. that are effective for compliance

Risk Identification Process

At the start of the fiscal year, divisions and consolidated subsidiaries comprehensively derive the risk that may affect their business operations to create a list of internal control risks. These risks are then integrated and evaluated at the Risk & Compliance Committee, after which the committee identifies Groupwide risks to be handled with priority throughout the

fiscal year that should involve the active participation of the management.

To enhance Group governance (internal control), we implement risk management that is consistent Groupwide by understanding risks comprehensively across the entire Group and implementing a PDCA cycle for their countermeasures.



Overview of risks requiring a priority response in the RIKEN TECHNOS GROUP and their countermeasures

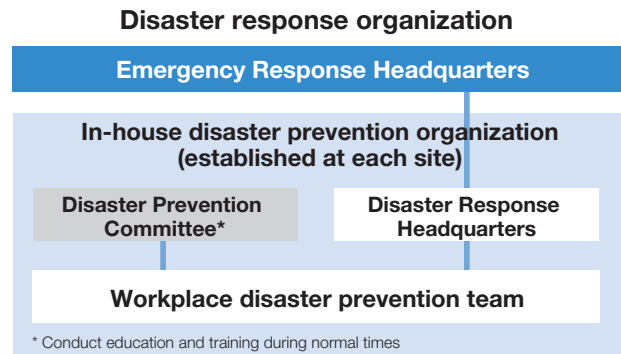
Risks requiring a priority response	Risk overview	Countermeasure overview
1 Natural disasters and spread of infectious diseases	• Risk of impediment to business from large-scale natural disasters, the spread of infectious diseases, and other such events as well as adverse impact to the Company's financial state due to significant slowdown in the domestic and global economy	• Establishment of a specific response structure during the occurrence of risks such as natural disasters and spread of infectious diseases • Formulation of plans in preparation for the occurrence of risks
2 System failure and information leakage	• Risk of losing social credibility due to system failure or information leakage caused by cyberattacks and such	• Strengthening of IT security and promotion of IT literacy education • Establishment of a response structure during the occurrence of an incident
3 Environmental incident	• Risk of difficulty in continuing operations at factories adjacent to private homes due to delay in responding to environmental incidents and such	• Response to environmental issues (odors, noise, vibration)
4 Facility deterioration	• Risk of production disruption due to facility malfunction • Risk of difficulty in repair due to being unable to procure equipment components	• Formulating of medium- to long-term facility renewal plan and facility malfunction responses
5 Delay in responding to environmental issues	• Risk of inadequacies in responding to environmental laws and regulations • Risk of drop in competitive advantage arising from delay in responding to environmental issues	• Improvement of chemical substance management system • Reevaluation of CO ₂ reduction plan
6 Logistics cost increase and logistics delays	• Risk of delivery cost increase due to a shortage of drivers such as from the "2024 problem" in logistics • Risk of difficult in responding to delivery dates due to reduction in number of delivery trips	• Review of delivery sites and delivery methods

Business Continuity Plan and Business Continuity Plan and Response to Emergency Situations

At the RIKEN TECHNOS GROUP, we formulate our business continuity plan (BCP) in preparation for emergency situations such as natural disasters, fires, and terrorism, stating matters such as priority products and the roles of each department in recovery activities. We also put in place a system for minimizing damage and losses by stating the organizational structure during emergency situations, specific procedures of each employee, and other such matters in the Emergency Response Basic Regulations and Disaster Response Procedural Manual and conducting regular training.



Evacuation training (Mie Factory)



Fire-fighting training (Gunma Factory)

Information Security

To strengthen cybersecurity measures, our Group has formulated the RIKEN TECHNOS GROUP Information System Management Regulations and the RIKEN TECHNOS GROUP Information Security Regulations. We are strengthening IT security and taking measures against the risk of information leakage and other risks. We also try to minimize information security risks through access restriction, data encryption, and other methods, and have installed the latest protection system.

As an initiative to improve employees' literacy, at the IT security lectures conducted annually for all employees, we share measures to prevent information security incidents—such as virus infection and information leakage—and the responses to take when an incident occurs. In addition, we conduct practical education through targeted email attack training.

Management of Consolidated Subsidiaries

The Corporate Planning Division ensures efficiency and soundness of Group management by providing guidance on the building of internal control systems at consolidated subsidiaries and promoting the sharing of information.

Our divisions receive the necessary reports about the situations at consolidated subsidiaries—such as the state of management and the financial situation—based on the RIKEN TECHNOS GROUP Regulations for Management of Consolidated Subsidiaries. The Corporate Planning Division undertakes management and supervision by arranging an operational report meeting attended by the president and relevant executive officers, at least twice a year for domestic consolidated subsidiaries and at least once a year for overseas consolidated subsidiaries. The aforementioned regulations also state the report recipients and reporting method in the event of a risk occurring at a consolidated subsidiary to put in place a system for fast and appropriate response.

Internal Audits

The Audit Office implements a system that allows the conduct of effective and organizational audits by conducting joint audits in Japan and overseas in collaboration with the Audit & Supervisory Committee. Reports on the state of internal audits are provided by the Audit Office to the Audit & Supervisory Committee as well as to the Management Committee and Board of Directors. An effective dual reporting line is also put in place, including giving regular monthly reports to the president & CEO.