

Strengthen Business Foundations

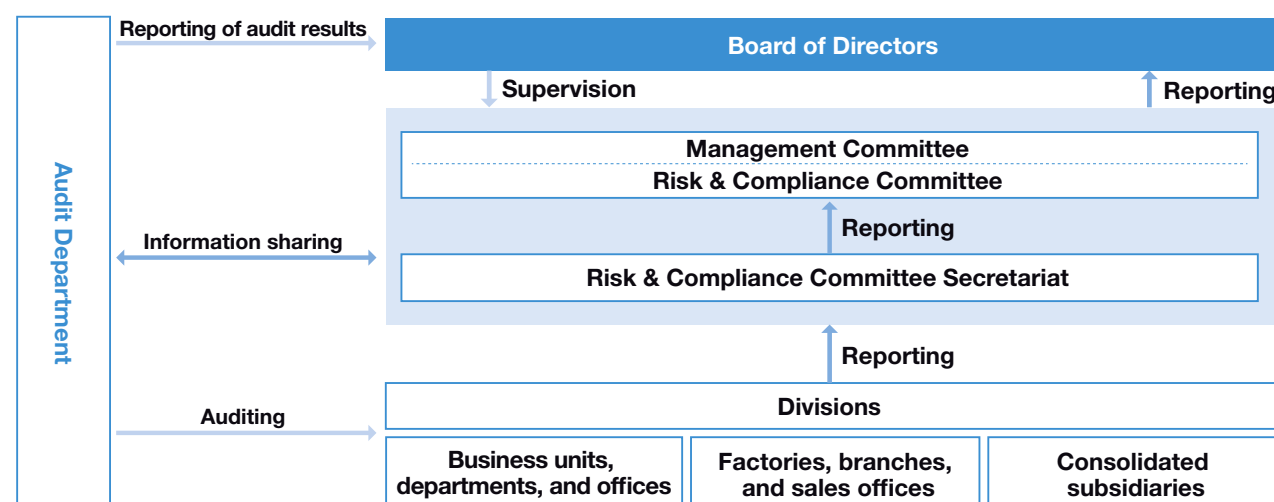
Strengthen Risk Management

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 is to address risk management and compliance from the viewpoint of practicing the RIKEN TECHNOS WAY, complying with the Code of Conduct, ensuring the soundness of management and stable business continuity, prioritizing human life, instilling the spirit of compliance, and eliminating or mitigating 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 identifying, analyzing, and evaluating the Group's overall risks, the committee understands critical risks, identifies risks requiring a priority response, and

formulates countermeasures for those risks. Furthermore, the Committee identifies and evaluates human rights risks. 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

Chairperson	President & CEO
Vice-chairpersons	Senior managing executive officer and managing executive officer
Members	Executive officers
Observers	Directors who are Audit & Supervisory Committee members

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.

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 how the company regulations, etc. are being implemented
- Determination of structures, systems, etc. that are effective for compliance

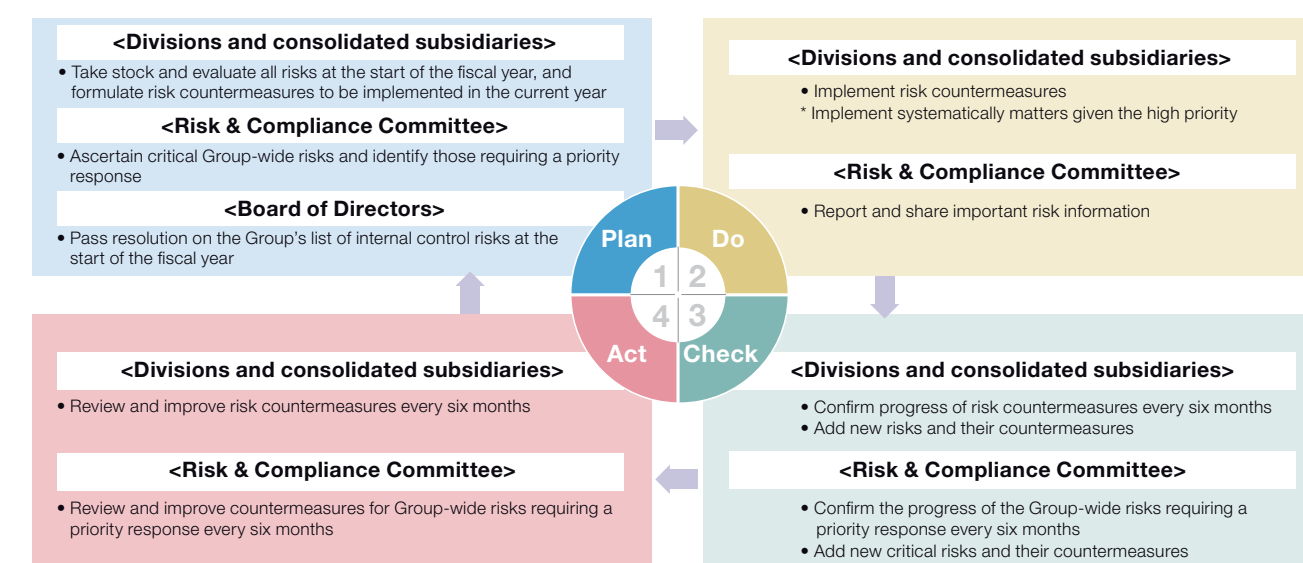
Risk Identification Process

Divisions and consolidated subsidiaries comprehensively derive the risk that may affect their business operations to create a list of internal control risks at the start of the fiscal year. These risks are then integrated and evaluated at the Risk & Compliance Committee, after which the committee identifies Group-wide risks requiring a priority response

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 Group-wide by understanding risks comprehensively across the entire Group and implementing a PDCA cycle for their countermeasures.

Risk Management PDCA Cycle



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 activities 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 response structure during the occurrence of risks such as natural disasters and spread of infectious diseases • Establishment of Business Continuity Management (BCM) System
2	System failure and information leakage	• Risk of losing social credibility due to system failure or information leakage caused by cyberattacks and such	• Planning and implementation of improvement measures based on the Group-wide IT security level check • Security reinforcement by improving the Group communication network
3	Facility malfunction and excess and idle facilities	• Risk of production disruption due to facility malfunction • Risk of becoming unable to operate management assets efficiently because of facility excess or idle facilities	• Reinforcement of facility maintenance system • Leveling out of production volume and improvement of the operating rate
4	Inadequate response to chemical substance-related laws and regulations	• Risk of losing public trust due to inadequate response to chemical substance-related laws and regulations	• Continuous improvement of chemical substance management system • Improvement of design review (DR) and product safety check
5	Delay in responding to environmental issues	• Risk of drop in competitive advantage arising from delay in responding to environmental issues	• Concretization of CO ₂ emissions reduction plan

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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.



Emergency Response Training (R&D Center (Tokyo))

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, and are strengthening IT security and taking measures against the risk of information leakage and other risks. We also strive to minimize information security risks through access restriction, data encryption, and other methods, and have installed the latest protection system.

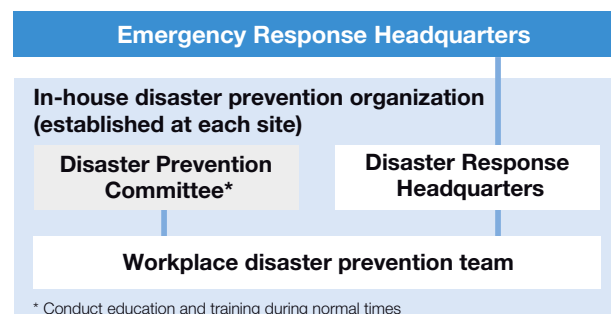
As an initiative to improve employees' literacy, at the IT security lectures conducted annually for all employees, we share measures to prevent information security incidents such as virus infection and information leakage and the responses to take when an incident occurs. In addition, we conduct practical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

Furthermore, we established and started the operation of RIKEN TECHNOS CSIRT in FY2023 as a system to lead cyber security incident prevention activities and measures against such incidents when they occurred.

Management of Consolidated Subsidiaries

The Corporate Planning Division, as the division in charge of comprehensive business management of consolidated subsidiaries, ensures efficiency and soundness of Group management by providing consolidated subsidiaries with guidance on building internal control systems and promoting

Disaster Response Organization



Fire-fighting Training (Mie Factory)

information sharing.

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 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.

The Corporate Planning Division arranges an operational report meeting of consolidated subsidiaries, attended by the president & CEO and relevant executive officers, at least twice a year. The Division also holds an information-sharing meeting semi-annually, attended by all consolidated subsidiaries to share information on the establishment of new group regulations, amendments to existing regulations, risk events in the Group, and good practices measures against these risk events, among others.

Internal Audits

The Audit Office has established a system that allows the conduct of effective and organizational audits by conducting audits of consolidated subsidiaries 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 the Board of Directors. An effective dual reporting line is also put in place, including giving regular monthly reports to the President & CEO.