

Strengthen Business Foundations

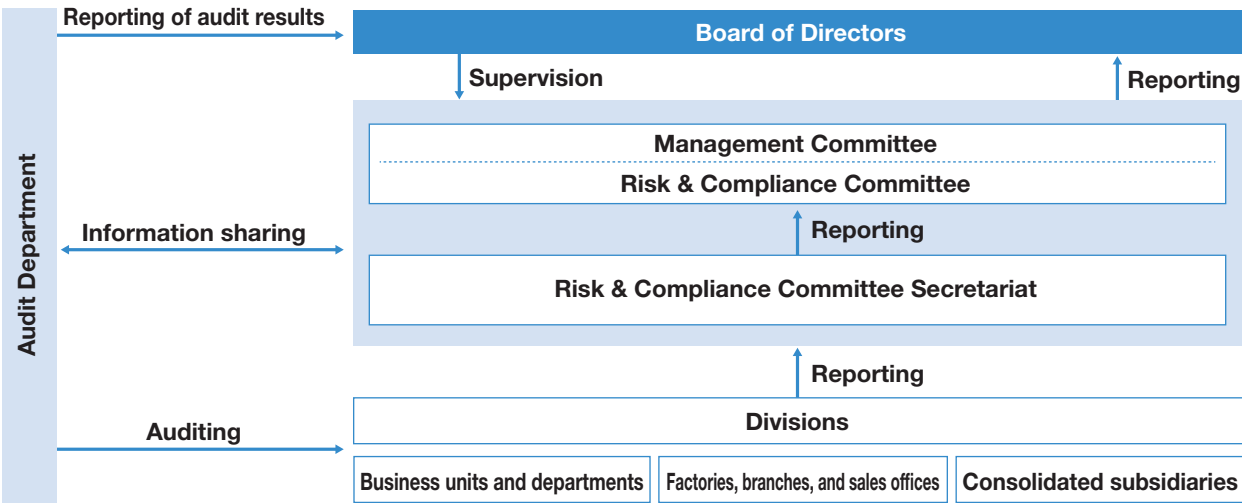
Strengthen Risk Management

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 counter-

measures 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 Executive vice president, senior managing executive officer, and managing executive officer
- Members Senior executive officers and 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

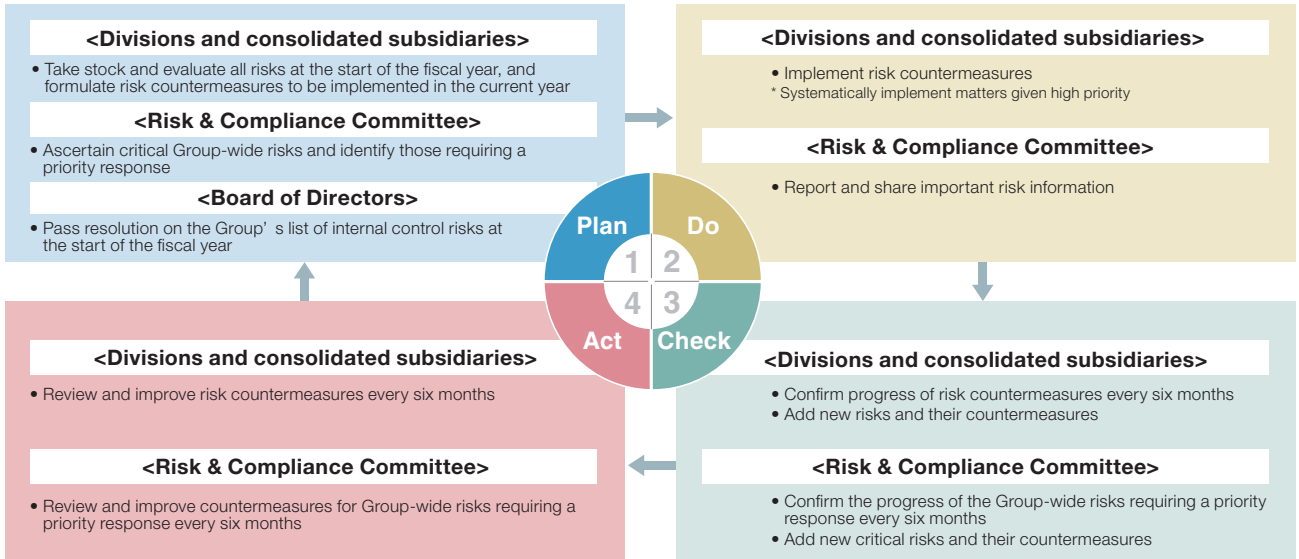
Risk Identification Process

Divisions and consolidated subsidiaries comprehensively identify risks that may affect their business operations to create a list of internal control risks at the start of the fiscal year. The Risk & Compliance Committee then integrates these risks and evaluates them in terms of probability and impact on business. Subsequently, 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 for FY2025

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 economies	• Establishment of a response and public relations structure during the occurrence of risks such as natural disasters and spread of infectious diseases
2 Occurrence of crisis affecting business continuity	• Risk of difficulty in business continuity due to inadequate response to uncertainty	• Sophistication of business continuity management (BCM)
3 System failure and information leakage	• Risk of losing social credibility due to system failure or information leakage caused by cyberattacks and such	• Security reinforcement by integrating domestic and overseas Group networks
4 Delay in responding to environmental issues	• Risk of drop in competitive advantage arising from delay in responding to environmental issues	• Concretization of CO <sub>2</sub> emissions reduction plan

Improvement of Product Safety

Product safety is the responsibility of manufacturers, and we have kept this in mind since RIKEN TECHNOS was established. We are further enhancing our product safety measures and complying with the Japanese Product Liability Act. We have not had a single product liability issue with any of our products for which product liability is a special concern (our products for medical use or our products which have received public certification, such as UL certification).

The Product Safety Committee conducts activities to identify and reduce our risks, including compliance with the Product Liability Act and management of chemical substances. In addition to products for which product liability is a special concern, cases that the overseeing department or the committee sees the need for risk identification and reduction are discussed by the committee to improve product safety.

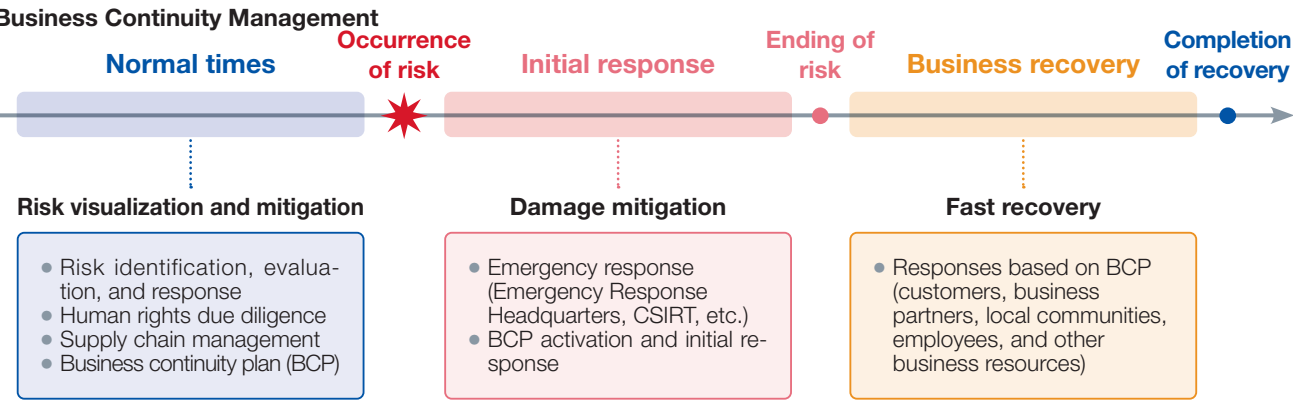
Strengthen Business Foundations Strengthen Risk Management

Business Continuity Management and Response to Emergency Situations

The RIKEN TECHNOS GROUP anticipates various situations—such as natural disasters, cyberattacks, and political and geopolitical risks—to quickly and accurately respond to risks that are becoming more diversified and complex. We have established and are strengthening our business continuity management (BCM) structure to ensure a stable supply of essential products and business continuity. In this way, we strive to minimize management risk from business disruptions and improve the resilience of our entire supply chain. 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)



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 have established and are operating the RIKEN TECHNOS CSIRT as a system to lead cybersecurity 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 information sharing.

Our divisions receive the necessary reports about the sit-

uations 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 Department has established a system that allows the conduct of effective and organizational audits by conducting audits of the Company and 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 Department 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.

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Strengthen Compliance

The RIKEN TECHNOS GROUP practices its corporate philosophy, the RIKEN TECHNOS WAY, and serves as an engine toward the creation of a sustainable society considering the responses to global environmental and social issues as important management challenges. To that end, Group companies promise to fulfill their social responsibilities in accordance with the ten principles in our Code of Conduct.

Compliance Education

Compliance training is continuously conducted for officers and employees of Group companies. We strive to nurture awareness about compliance by informing everyone about the RIKEN TECHNOS WAY and the RIKEN TECHNOS GROUP Code of Conduct as well as by conducting education related to compliance issues in daily operations and similar topics.

The RIKEN TECHNOS GROUP Compliance Manual, which consolidates topics such as the matters to be observed by Group employees and methods of response when an issue has occurred, is made known to our officers and employees as well as consolidated subsidiaries in Japan and overseas, and we make periodic revisions to the manual.



Human Rights and Compliance Training

Compliance Training Conducted in FY2024

Period	Training	Participants	Description
First half	Human rights and compliance training for new employees	New employees	Fundamental knowledge about respect for human rights and compliance; key points to note in work
	Compliance training for officers	Directors, executive officers, etc.	Corporate responsibility and preventive measures for harassment
Second half	Human rights and compliance training	All employees of RIKEN TECHNOS CORPORATION and its consolidated subsidiaries in Japan	Overview of major human rights issues and compliance violations and their preventive measures
	Human rights and compliance training for employees being promoted to managerial positions	Employees being promoted to manager and general manager positions	Human rights and compliance issues that should be noted by managerial staff

Whistleblower System

The Group has formulated the RIKEN TECHNOS GROUP Whistleblower Regulations to formalize the establishment and implementation of the whistleblower system. For employees who wish to make reports or seek advice about doubts regarding breaches of laws, regulations, and the Articles of Incorporations, they can contact the Audit Department or a third-party hotline operated by a legal advisory firm.

Besides general means of communication, we have also established a whistleblower hotline that allows whistleblowers to make reports anonymously. We take rigorous measures to prevent whistleblowers from being identified and make sure that no detriment is suffered by whistleblowers.

Number of Whistleblower Reports (Consolidated)

	FY2021	FY2022	FY2023	FY2024
Number of whistleblower reports (and responses)	6 (6)	2 (2)	4 (4)	6 (6)

Bribery Prevention

We formulated the Basic Policy on Bribery Prevention by RIKEN TECHNOS GROUP and our Group as a whole strives to prevent bribery.

Elimination of Antisocial Powers

In the RIKEN TECHNOS GROUP Basic Policy on Internal Control System, our Group clearly states that we "shall never have any relationships with antisocial powers or organizations that threaten the security and order of civil society" and that we "shall show fortitude and adamantly refuse any unreasonable demands by antisocial powers or organizations."

We are also a member of the Special Violence Prevention Measures Association of the Metropolitan Police Department (Tokubouren) and exchange information with the local police and member companies. At the same time, we also make known our stance of eliminating antisocial powers in the compliance training conducted regularly for our employees.