

List of Major Corporate Risks

Risks	Main contents	Main countermeasures
Management and strategy risk	Market contraction and structural decline of existing businesses	<ul style="list-style-type: none"> Reestablish the portfolio and M&A strategy Develop new business
	Price competition and pressure on earnings due to intensifying global competition	<ul style="list-style-type: none"> Develop differentiation technology
	Delayed response to decarbonization and recycling	<ul style="list-style-type: none"> Carbon neutral strategy Introduce renewable raw materials
Emerging risk	Changes in industrial structure	<ul style="list-style-type: none"> Clarify ESG strategy Strengthen supply chain resilience
	Changes in procurement structure due to regional concentration risk in the supply chain	
	Changes in product evaluation due to changes in social values and ethics	<ul style="list-style-type: none"> Redefine the social significance of products and engage in dialogue with stakeholders
Geopolitical and macro-environmental risk	Suspension of operations and freezing of funds due to geopolitical tensions	<ul style="list-style-type: none"> Scenario analysis of geopolitical risk Scenario analysis of tariff impact
	Greater import/export restrictions and increased tariff burdens due to trade frictions and sanctions	
	Earnings fluctuations due to volatility in the foreign exchange market	
	Changes in business models due to tighter environmental regulations in various countries	
Environmental and sustainability-related risk	Need to change product design and materials due to stricter PFAS* ¹ regulations and other chemical substance regulations	<ul style="list-style-type: none"> Develop alternative materials Monitor regulatory trends
	Environmental accidents and friction with local communities due to inadequate management of wastewater, exhaust gas, and waste	
	Burden on the entire supply chain arising from mandatory Scope 3 emissions disclosure	<ul style="list-style-type: none"> Collaborate with suppliers
	Rapid changes in raw material and energy costs due to climate change	<ul style="list-style-type: none"> Introduce renewable energy
Quality and product risk	Customer dissatisfaction, withdrawal of certification, and lawsuits due to serious quality problems	<ul style="list-style-type: none"> Strengthen quality assurance system and safety assessment, conduct risk review prior to launch of products
	Long-term social responsibility regarding toxicity and safety of new chemical substances	<ul style="list-style-type: none"> Ensure traceability Reinforce education and training
	Brand damage due to decreased product reliability	<ul style="list-style-type: none"> Collaborate with external experts
Digital and information security risk	Information leakage and shutdown due to cyberattack	<ul style="list-style-type: none"> Introduce multi-layered defense, system redundancy, SOC*² Conduct employee education and incident response training
	Security vulnerabilities revealed	<ul style="list-style-type: none"> Manage external vendors
	Business interruption due to switching or aging of core systems	<ul style="list-style-type: none"> Conduct risk assessment at switchover
Compliance reputation risk	Administrative penalties and loss of social credibility due to violations of security trade and environmental laws and regulations	<ul style="list-style-type: none"> Obtain information on revisions of laws early Deploy specialized personnel
	Litigation and technology leakage due to infringement or violation of intellectual property rights	<ul style="list-style-type: none"> Strengthen patent management system and contract management
	Damage to corporate reputation due to harassment and human rights violations	<ul style="list-style-type: none"> Operate the reporting system and provide human rights training
Human and organizational risk	Decline in technical succession and competitiveness due to aging population and lack of experts	<ul style="list-style-type: none"> Strengthen recruitment of human resources
	Loss of human resources and decline of productivity due to occupational accidents and health risks	<ul style="list-style-type: none"> Reform the personnel system
Business continuity and infrastructure risk	Manufacturing and distribution stoppages due to natural disasters and pandemics	<ul style="list-style-type: none"> Reinforce preventive maintenance and utilize IoT
	Failure to meet supply responsibilities due to facility and infrastructure outages	<ul style="list-style-type: none"> Formulate facility renewal plan
	Operational interruptions and safety incidents due to aging manufacturing facilities	<ul style="list-style-type: none"> Conduct BCP drill

*1 PFAS: Per- and polyfluoroalkyl substances *2 SOC: Security Operation Centers