



Basic approach

As for risks that harm the Hodogaya Chemical Group, including illegal conduct, poor quality, natural disasters, infectious diseases, and information leaks, the Group has created its own risk management system to minimize damages.

In order to maintain and increase corporate value, fulfill its social responsibilities as a company, and generate sustainable growth for the Group, efforts are made to raise the risk awareness of all officers and personnel and promote risk management by all personnel.

Risk Management Committee

The Hodogaya Chemical Group has a Risk Management Committee in place, in accordance with the Risk Management Committee Rules.

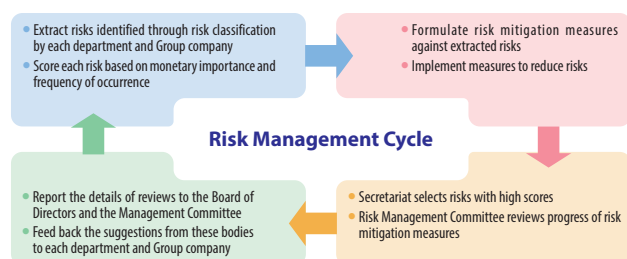
The Committee holds regular meetings to share risk awareness, develop measures to reduce risks, review the progress of such measures, and take initiatives to minimize damages based on the Crisis Management Regulations, across the Hodogaya Chemical Group as a whole.

The Committee provides and reports on the details of their discussions to the Board of Directors and the Management Committee.

Risk management structure



Risk Evaluation Procedures



* In particular, risks that impede KGI/KPI are recognized as Key Risk Factors (KRFs)

Overall Risk Awareness for FY2024

For the current fiscal year, the Risk Management Committee recognizes the following as overall risks.

- (1) Continuing high inflation
- (2) Extended period of tight monetary policy (for Japan, maintaining loose monetary policy → continuing yen weakness)
- (3) Less financial support as public debt grows
- (4) Clash between democracy and authoritarianism, movement toward a multi-polar world, and political divisions due to collapse of the middle class in Europe and the U.S.
- (5) Decoupling of global economy, stagnant Chinese economy, rekindled material inflation

Details of FY2023 Deliberations

Deliberations by the Risk Management Committee in FY2023 were primarily regarding such issues as sales risk, manufacturing risk, purchasing and procurement risk, which are based on the risk management cycle depicted in the figure to the left.

Information Security

The Hodogaya Chemical Group recognizes that keeping company information classified and ensuring information security are the basics in business and one of our social responsibilities.

We have established Information Security Policy in which the appropriate acquisition, use, disclosure, and management of information, information protection activities, security measures, and compliance with applicable laws and regulations, including the Unfair Competition Prevention Act and regulations on insider trading, are specified.

Also, we conduct training for all personnel to increase their awareness of information security.

VOICE



To protect what is common sense at Hodogaya Chemical Group

As a member of the IT Planning and Administration Department, I am involved in not only maintaining and operating systems but also raising employees' awareness of information security. Not simply relying on systems countermeasures, we regularly provide information and work to maintain and raise awareness by conducting annual practical training using simulated phishing emails so that each person views information security as something that involves them. In addition, we try to create an environment that makes it possible to promptly respond to events, including emergencies, by making it easy for people to consult and seek advice even regarding minor points during routine operations. We will implement various initiatives with the goal of further improving information security, which supports the Hodogaya Chemical Group's business activities.

(T.M, IT Planning & Administration Department)