

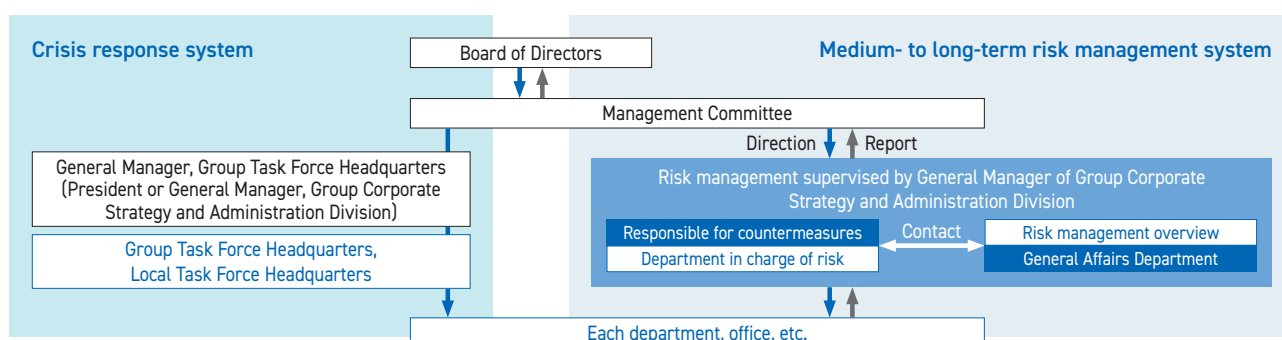
⑥ Governance

Risk Management

Our approach and policies (vision)

Based on the “Toagosei Group Risk Management Regulations,” the Group designates a department in charge of each risk and implements appropriate risk countermeasures, including the formulation of a business continuity plan (BCP) and risk management for the purpose of prevention and avoidance, led by the department in charge. In addition to each department evaluating and responding to risks, the Management Committee and Board of Directors regularly assess the overall risk picture of the Group and confirm the adequacy of countermeasures, to ensure swift response to risks and management of company-wide risks. In the event that a risk materializes, a Group Task Force is established to respond flexibly to the crisis situation.

Risk management system



Risk management and BCP

To continue business operations even in the event that a risk is materialized, our Group has formulated the BCP that determines the standards for businesses that should be prioritized to continue operation, as well as the target recovery time according to the damage status.

The Toagosei Group has established the “Toagosei Group Crisis Response Rules” that specify the organizational framework and concrete measures in the event of a crisis. Moreover, the “Emergency Action Manuals” have been prepared according to respective phenomenon and office, and training is conducted regularly.

In addition, risks are assessed based on their probability of occurrence and degree of impact, which are then used for overall risk management and to prioritize countermeasures.

Potential risks

- Natural disasters
- Factory accidents
- Changing market needs and intensifying competition
- Regulations, legal revisions, trade restrictions, deterioration of international relations, etc.
- Impairment of non-current assets
- Product liability, recall, inferior quality, etc.
- Information security
- Soaring prices of raw materials, fuel, and other materials and changes in the prices of crude oil and naphtha
- Infectious and communicable diseases
- Suspension of raw fuel and material supplies and supply chain interruption
- Environmental pollution and calls for sustainability
- Foreign exchange fluctuations
- Human rights and compliance risks

Crisis response training

We conduct crisis response training under a range of different scenarios, to ensure that we can take swift and appropriate action in the event of a crisis incident. We use a variety of training methods based on the circumstances of each situation and the approach we take, including training demonstrations and drills based on diagrams. Issues identified during the training are also shared with each department, and actions are taken to improve them.

In 2025, we implemented crisis response drills based on the assumption of an earthquake directly under the Tokyo metropolitan area. In addition to confirming our initial response in the event that the Head Office building's functions are suspended, we are strengthening our response capabilities for a prolonged crisis situation by conducting work tests at satellite offices using dormitories and company housing, which also serve as BCP bases, as venues.

Information security risk countermeasures

Multi-layered defense is used for security measures at entrances, exits and interior levels. The main countermeasures include firewalls, anti-virus software, behavior detection, and restrictions on sending and receiving e-mails.

In addition, to respond to the increase in cyberattack risks, such as the increasing sophistication of ransomware, we conduct monitoring and security diagnostics via security vendors and are promoting the update of measures based on the diagnostic results. Furthermore, in anticipation of system failures caused by cyberattacks, we are moving ahead with the verification of our BCP structure and striving to brush up our BCPs.