

Risk management

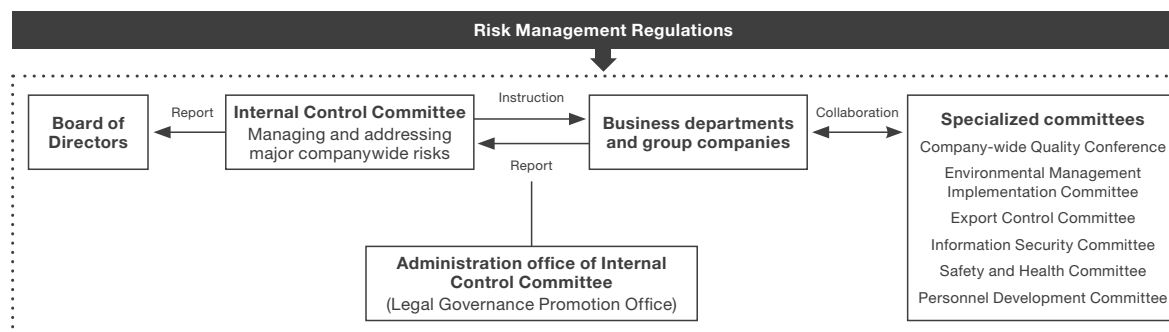
Basic stance

While risks facing businesses are diversifying, the Sansha Electric Manufacturing Group identifies various risks involved in its businesses, constructs a management system to prevent risks from actually materializing, and takes actions to minimize their impact. Our basic stance is to respond swiftly and appropriately under the leadership of top management when any risk becomes a reality.

We have established the Internal Control Committee [P36], which is chaired by the President. We have built a system under which the Internal Control Committee manages and addresses major corporate risks in accordance with the Risk Management Regulations and submits reports to the Board of Directors as necessary. The Internal Control Committee also works together with individual departments and group companies to identify, analyze and assess risks and consider and implement measures to reduce them.

Additionally, we have established several specialized committees, specifically, the Company-wide Quality Conference, the Environmental Management Implementation Committee, the Export Control Committee, the Information Security Committee, the Safety and Health Committee, and the Personnel Development Committee. They are working to manage risks in their individual fields.

Risk management system



Identification of risks

All our business departments and group companies identify the risks involved in their businesses. We analyze and evaluate the frequency of their occurrence, the scale of their impact, and other factors. We thus identify risks to address with priority and take steps to reduce the risks.

Major risk items

	Risk item	Descriptions
Economic and external conditions	Changes in economic conditions	Global economic slowdown and decrease of demand
	International circumstances	Geopolitical risks, country risks, social turmoil and changes in tariffs
	Changes in foreign exchange rates	Impact on global sales activities and procurement
Quality and technology	Quality	Product recalls and liability due to product defects
	Product development	Delays in product development and introduction to markets
	Intellectual property	Risk of intellectual property infringement and litigation
Supply chain	Procurement of parts	Delay in the procurement and supply difficulties of principal parts and disruption of the supply chain
	Changes in the prices of materials	Violent changes in material markets
Business strategies	Competition	Intensification of competition and price competition
	Collaboration with other companies	Risks when unexpected situations hamper continuation of collaboration or alliance with any other company
Laws and regulations and the environment	Legal regulations	Legal action or penalties due to the violation of laws and additional cost burdens due to changes in regulations
	Management of chemical substances	Accidents concerning the handling of chemicals
	Environmental regulations and climate change	New laws and regulations concerning the protection of the environment and adaptation to the changes in policies related to climate change
Other	Information security	Cyberattacks, information leaks or the failure of servers or network equipment due to disasters and other events
	Natural disasters	Damage to working environments and production equipment and disrupted logistics and supply chains
	Ability to secure human resources	Impact of the recruitment of competent personnel and the retirement or resignation of employees on the management of the organization

Risks of businesses, etc. (Securities report for the 91th term) (Japanese only)
https://ssl4.eir-parts.net/doc/6882/yo_ho_pdf/S100W3CS/00.pdf

