

■ Detailed Risk List

Category	Item	Time-frame	Liability	Impact	Potential financial impact	Assumed Risks	Assumed Impact	Responses	
Transition Risk	Market	Increase in material costs	Short~long	Very likely	Medium	B/E	<ul style="list-style-type: none"> <li>Stop operation of plants and stall transport caused by worldwide natural disasters and human disasters, etc.</li> <li>A chain of shortage of parts and materials and rise in transportation cost, labor cost and energy cost involved with the above.</li> <li>Rise in electricity and gasoline (transportation) cost caused by the international status.</li> <li>Adopt eco-friendly materials.</li> <li>Adopt materials and technology with low-environmental loads.</li> </ul>	<ul style="list-style-type: none"> <li>Decreased profit due to increase material procurement and logistics cost.</li> <li>Reduce customers caused by inevitable price raise.</li> <li>Increase in price cost by adopting eco-friendly materials (change in material costs, labor cost for evaluating products, manufacturing methods).</li> <li>Increased costs due to adopting materials and technology with low environmental loads.</li> </ul>	<ul style="list-style-type: none"> <li>Transfer costs in response to price increases by continuously mutual understanding with suppliers and customers.</li> <li>Reduce manufacturing costs in anticipation of medium to long-term increases in the cost of raw materials and reduce costs through planned product redesign and introduction of alternative parts and materials.</li> </ul>
	Market	Growing environmental awareness among customers and investors	Medium~long	More likely than not	Medium	C/D	<ul style="list-style-type: none"> <li>A slowdown demand and declined corporate value due to the increased negative criticism against initiatives for products with high environmental loads.</li> <li>Eco-friendly products and service have occupied larger ratio of determination in purchasing.</li> <li>A rapid tidal change in the industrial product field.</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in sales due to the inconsistency of our products' conventional added values with customers' needs</li> <li>Decrease competitive power of our major products with high market share due to the delayed eco-friendly consideration</li> <li>Decline in the corporate value by being excluded from investment target.</li> <li>Decrease in sales due to long-life use and repairment tendency.</li> </ul>	<ul style="list-style-type: none"> <li>Position environmental strategy as one of the priority items in the medium- to long-term plan, set materiality KPIs relating to the environment, such as increasing the cumulative ratio of enhanced eco-friendly products among new products, and check progress.</li> <li>Promote to develop technology on a continuing basis relating to consideration and introduction of eco-friendly packing materials and components.</li> <li>Engage in regular dialogues with investors and disclose appropriate information through IFRS and CDP, etc.</li> </ul>
	Technology	Delay relative to competitors in the transition of existing and new products to low-emission/low-carbon technologies	Medium~long	About as likely as not	Medium	C	<ul style="list-style-type: none"> <li>Appear other company's new products with generating added values of responding to the environment in the industrial product field, which results in the increase in customers' needs.</li> <li>Enforce new regulations of the amount of GHG emissions.</li> <li>Increased failure risk of industrial equipment due to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Appear competitor's eco-friendly products for our products with high market share, and increase the risk of decreased branding due to the failure to know the tendency and market signal in a timely manner.</li> <li>Increase in a potential risk of losing a market share.</li> <li>Increase in cost for maintaining and improving market competitiveness.</li> <li>Tarnish our brand images caused by other company's preceding services of eco-friendly products.</li> </ul>	<ul style="list-style-type: none"> <li>Systematically incorporate technologies that we do not have and integrate them with our core technologies through long-term collaboration with other companies.</li> <li>Obtain and respond to regulatory information appropriately</li> <li>Expand operating temperature products with a range of temperatures that can be used in warm and cold regions.</li> </ul>
	Current regulations	Tendency of carbon pricing	Short~medium	Very likely	Medium-high	B/E	<ul style="list-style-type: none"> <li>Fasten the increased worldwide tendency of measures for climate change and reduction of CO2 emissions.</li> <li>Introduce carbon tax and increase tax rate by each country's government.</li> <li>Introduce carbon pricing in Japan (after 2028), which resulted in addition of carbon tax on energy price and the increased cost of low materials.</li> </ul>	<ul style="list-style-type: none"> <li>Rise in indirect cost of plants involved with increasing energy resource using cost caused by the acceleration of switch to the renewable energies.</li> <li>Lose customers due to decreasing profit or inevitable price raise caused by the above.</li> <li>Increased equipment investment by replacing existing equipment.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce the impact of rising energy purchase prices through the planned introduction of self-consuming renewable energy.</li> <li>Plan and implement planned upgrades to energy-saving equipment.</li> <li>Reduce indirect costs through efforts to save energy and improve the operating rate of factories.</li> <li>Drive decarbonization activities through the introduction of ICP.</li> </ul>
Physical Risk	Urgent/Chronic	Natural disasters (heavy rain, hail, snow/ice, cyclones, hurricanes, typhoons, floods, inundation, earthquakes) and temperature rise	Short~long	likely	Medium-high	D	<ul style="list-style-type: none"> <li>Increased frequency of natural disasters such as topical heavy rain and natural disasters such as cyclone, hurricane and typhoon, and extreme change of rain and weather patterns due to the impact of the global warming.</li> <li>Decrease production activities involved with the above (power supply shortage, damage to equipment, employees' unable to attend, etc.) due to frequent occurrence of disasters including abnormal weather in all over the world.</li> <li>Spread epidemics such as a new virus caused by climate change.</li> </ul>	<ul style="list-style-type: none"> <li>Delay and stop production due to the suffering of our production bases, employees and their families, stop supplying electricity, and employees' unable to attend caused by natural disasters.</li> <li>Difficulty of procuring low materials and delayed delivery due to disruption and confusion of supply chain caused by natural disasters.</li> <li>Decrease in production output and sales involved with the above.</li> </ul>	<ul style="list-style-type: none"> <li>Enhance BCP measures to enforce the company's resilience.</li> <li>Assess and review supply chain risks.</li> <li>Prepare hazard maps of manufacturing sites and find potential risks.</li> <li>Formulate recovery plans for each site and develop manuals for employee work procedures.</li> <li>Change manufacturing sites to be multi-skilled for flagship products.</li> <li>Ensure that employees affected by disasters are fully aware of how to confirm their safety as soon as possible.</li> </ul>

A: Increase in direct costs B: Increase in direct and indirect costs C: Reduced sales due to decreased demand for products and services D: Reduced sales due to decreased production capacity E: Increase in capital expenditure