

Develop an Enterprise Risk Management System

Policies and Strategies

The Furukawa Company Group will strengthen and expand its enterprise risk management system to strengthen its management foundation with a view toward growth. We will also work to enhance corporate value by engaging in business practices that take into consideration the Group’s CSR/ESG issues.

The Risk Management Committee established at Furukawa Co., Ltd., works to protect lives and property and minimize damage and loss when risks that could interfere with the Group’s business activities materialize.

Framework

Risk Management

The Risk Management Committee was established to manage all risks faced by the Furukawa Company Group. The Committee evaluates the risks of each Group company and division and examines and assesses measures to deal with those risks. When a risk is judged to pose a danger of seriously affecting Group

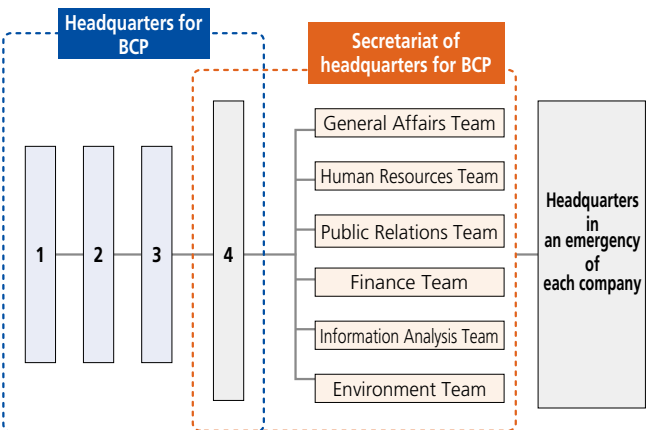
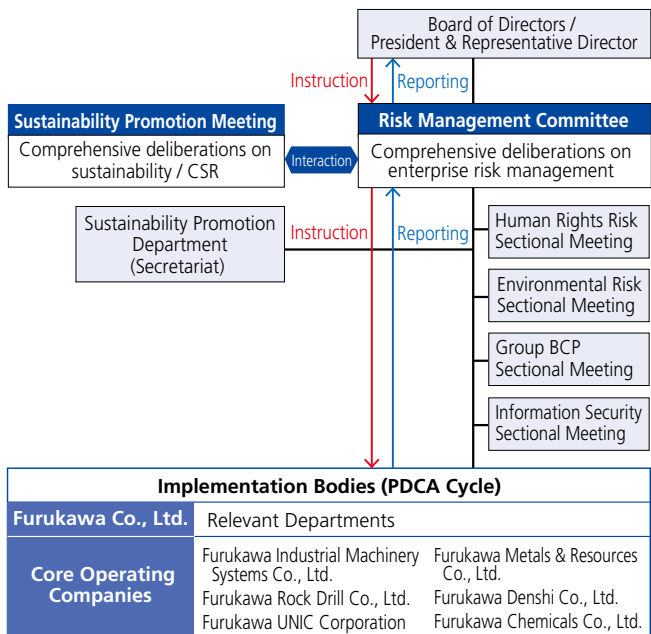
management, the Committee works to effectively manage that risk by reporting its evaluation results and the pros and cons of countermeasures to the Board of Directors. In principle, the Risk Management Committee meets twice a year.

Under the Risk Management Committee are four subordinate organizations: Human Rights Risk Sectional Meeting, Environmental Risk Sectional Meeting, Group BCP Sectional Meeting, and Information Security Sectional Meeting. These work to resolve various issues related to such matters as human rights, climate change (including carbon neutrality), business continuity (when crises occur), and information security. In terms of compliance, the Compliance Committee takes the lead by working in collaboration with other relevant bodies to address compliance-related matters.

Business Continuity Management (BCM)

The Group has established a BCM system, led by the Group BCP Sectional Meeting. This system oversees the development, review, and revision of BCPs for each Group company.

The Group BCP structure for handling emergencies is shown below.



1. Director-generals of headquarters for BCP
2. Vice Director-generals of headquarters for BCP
3. Committee members of headquarters for BCP
4. Chief Secretariat of headquarters for BCP

Initiatives

Risk Assessment

The Furukawa Company Group assesses a wide range of risks, including those related to sustainability, such as climate change. Specifically, we identify potential risks for each Group company based on its business environment, evaluate major risk items in terms of potential frequency and severity, and consider countermeasures. For certain risks, we develop scenarios to assess their potential impact. We also continuously review the effectiveness of our risk assessments and countermeasures.

Information Security

The Group possesses confidential information and personal information related to R&D, production, sales, and other activities. To prevent system failures, as well as the leakage of confidential and personal information due to external attacks, unauthorized access, or malware infections, we are strengthening network security and enhancing system maintenance and updates as part of our protection and preservation measures. We are also working to strengthen our information management system by ensuring that all officers and employees comply with our information management rules and various guidelines. For example, we distribute security-related news to all Group officers and employees, and conduct security training sessions and email drills at least once a year. These efforts are aimed at improving Groupwide security literacy.

Furthermore, we have developed the Incident Response Manual to prepare for potential issues or crises involving computers and networks. We also plan to engage a security assessment service to ascertain the status of the Group's overall cyber risk countermeasures.

Addressing Country Risk

The Group engages in production, procurement, and sales activities on a global basis to expand its sales network, strengthen cost competitiveness, and reduce foreign exchange risks. Therefore, various factors may arise that could cause problems, including local political instability, sudden economic slowdown, deterioration of public safety, trade sanctions, differences in culture and legal systems, special labor-management relations, and terrorism. Such problems could hinder the smooth execution of the Group's business and affect its performance. In addition, geopolitical risks, such as the situations in Ukraine and the Middle East, have affected the Group's business performance in various ways, including a decrease in sales, an increase in costs due to higher prices of steel and other raw materials and fuel, and delays in marine transportation. Depending on future developments, these factors could persist for an extended period.

In response, the Group is working to address country risk by diversifying its supply chain and ensuring stable procurement through long-term contracts. We also collaborate with other Group companies to gather information and mitigate risks.

Promoting BCM

We have identified potential natural disaster risks at key business locations and developed BCPs for risks that could have a significant impact on our operations.

To ensure the safety of officers and employees in the event of a disaster and swiftly confirm the extent of damage at each location, we regularly conduct safety confirmation drills using our safety confirmation system and disaster reporting drills using transceivers installed at each key business location for emergency use. We also review the contents and management methods of our stockpiles of food, beverages, and other items.

● Natural Disaster Risk by Business Location

	Head Office	Oyama Tochigi Works	Takasaki Yoshii Works	Sakura Works	Osaka Works	Iwaki Works
Earthquakes	◎	○	○	○	◎	◎
Floods	△	○	○	×	○	×
Landslides	×	△	×	×	×	×
Tsunami	×	×	×	×	◎	×
Typhoons	○	○	○	○	○	○

Potential risk magnitude: ◎ High ○ Medium △ Low × Very low