

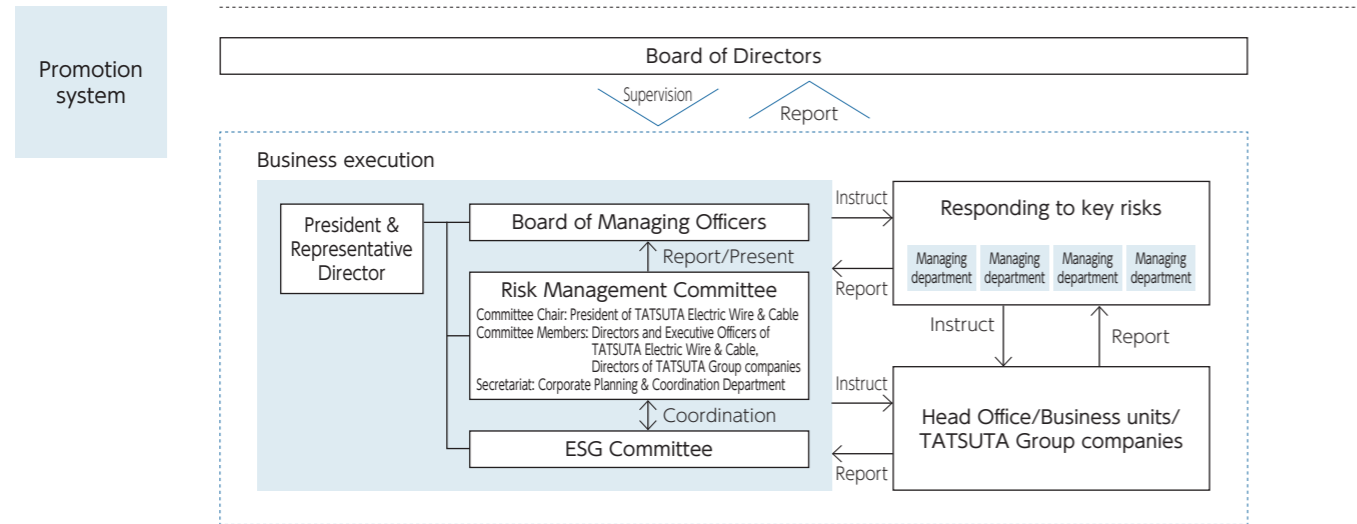
## Steady Operation of Various Management Systems

- Environmental management system ▶P21
- Quality management system ▶P33
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### Risk Management

The various risks facing the TATSUTA Group include those with the potential to materially affect the TATSUTA Group's financial position, operating results, cash flow, and medium- to long-term strategy, depending on the scale and duration of the risk occurrence. At the TATSUTA Group, in addition to ascertaining and analyzing these risks and responding appropriately, we have established and operate a Group-wide framework to minimize the impact of risks when they emerge and prevent recurrence.

**Risk Management Policy** | At the TATSUTA Electric Wire & Cable Group, we strive to maintain and enhance the Group's corporate value by preventing or minimizing damage and losses, monitoring trends in the business environment to accurately ascertain and appropriately respond to risks.



In the TATSUTA Group, at meetings of the Risk Management Committee, the importance of each kind of risk facing the Group is quantitatively evaluated, as far as possible, based on the potential scale of damage and frequency of occurrence. A department is designated to manage each risk considered especially serious, and the Risk Management Committee, which meets biannually, checks on the status of its risk management and implements countermeasures, as necessary.

At its meeting at the beginning of the fiscal year, the Risk Management Committee checks on the status of risk management for the previous fiscal year and establishes the risk management policy for the current fiscal year. At its meeting at the start of the second half of the fiscal year, the Risk Management Committee checks on the status of management for the interim period. The content of discussions by the Risk Management Committee is reported to the Board of Managing Officers and the Board of Directors. The Board of Managing Officers and the Board of Directors monitor risks through monthly revenue and expenditure outlooks, business execution status reports, etc., supervise risk response, and through these activities strive to avoid risks manifesting and respond swiftly if they emerge.

**Key risks, response measures and initiatives**

Key risks	Details of risks	Initiatives
Risks related to management strategy	ESG activities	Based on the understanding that sustainable development of society is fundamental for the sustainable growth of the TATSUTA Group, we have established materiality items, specific initiatives, and KPIs, in view of social issues and the demands and expectations of our stakeholders. We aim to contribute to realizing a better society and its sustainable development through these activities.
	Climate change	Global initiatives against climate change are underway, and the key challenge is reduction of greenhouse gases thought to cause climate change. The TATSUTA Group recognizes risks and opportunities based on the TCFD recommendations, and addresses these issues appropriately. The Company's initiatives to address the TCFD recommendations are described in detail under "Indicators and targets" on p. 20.
	Developing new businesses	We are actively investing in new business development, including collaborations with other companies, to meet the important challenge of fostering new businesses that will become the next pillars of TATSUTA's business. These investments are based on a careful decision-making process, including an analysis of their effect and risks, and the use of external resources, as necessary.

Key risks	Details of risks	Initiatives
Risks related to management strategy	Technical innovation	Our basic strategy is to gain a high share and revenue in advanced, niche markets where the TATSUTA Group has a technological advantage. To this end, we appropriately ascertain and respond to the latest technological and market trends, as well as customer needs. We also endeavor to maintain our technological advantage through collaboration with leading-edge startups.
Risks related to economic conditions, the business environment, etc.	Procuring raw materials	In the procurement of raw materials, we have established a BCP response to avoid the risk of production stoppages due to a shortage of raw materials through measures such as purchasing from multiple suppliers and ensuring appropriate inventory levels in anticipation of emergencies.
	Changes in the price of raw materials	We appropriately monitor changes in the price of our main raw materials and implement responses such as hedging transactions to avoid the impact of price changes and transferring these changes onto the price of our products.
	Competition	We aim to maintain and increase our sales volume by avoiding price competition and differentiating through measures such as the continuing development and launch of high-value-added products, stable supply, early delivery, and enhanced after-sales service.
	Legal regulation	We endeavor to monitor and respond swiftly to trends across a wide range of environmental, commercial, trading, fair competition, and other regulation in Japan and overseas, including the use of external resources, as well as standardize our business operations to ensure regulatory compliance.
	Natural disasters	We implement various measures from a BCP perspective to prepare for any impediment to the Group's business activities or supply chain due to large-scale damage or other issues resulting from natural disasters. We strive to ensure the safety of interested parties and maintain a stable supply of products.
	Large-scale epidemics	In the event of a large-scale epidemic, the Group regards securing the safety of society and employees as a maximum priority issue, and will implement various measures to prevent the occurrence of any internal clusters of infection.
Risks related to business activities	Equipment malfunction	We have endeavored to establish production systems at multiple sites, and implement countermeasures such as daily or regular equipment maintenance to prevent stoppages, the systematic renewal of equipment, and maintaining strategic stocks of important components.
	Quality	We produce products in accordance with the quality management system set forth in the ISO standards and other quality management standards recognized by users, as well as continually strive to enhance and strengthen our quality management system and take every precaution to ensure quality management.
	Changes in demand	We endeavor to construct flexible production and sales systems to maximize profits in periods of economic expansion and secure profits in periods of economic decline.
	Intellectual property	We protect proprietary technologies by obtaining patents and other intellectual property rights in Japan and overseas, as well as take full precautions regarding the rights of other corporate groups to prevent intellectual property rights violations or other issues.
	2024 problem in logistics	We are endeavoring to address the 2024 problem in logistics and improve the efficiency of logistics in part by reviewing our distribution system and constructing a new distribution center.
	Information security	We have established information security systems and are strengthening safety measures, including the acquisition of ISMS certification in the functional films business.
Risks related to management strategy	Product improvement and development	We strive to provide characteristic products and services that satisfy customer needs, such as electromagnetic interference (EMI) shielding film.
	Compliance	We have established the Compliance Committee to ascertain trends in legal and regulatory reform and our state of compliance, as well as set up internal and external whistleblower helplines, and strive to ensure legal and regulatory compliance through the implementation of measures such as regular employee education.