

Message from the CRO

Aligning our risk management program to identify risks and support taking on challenges for sustainable growth in an era of change

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Importance of risk management in an increasingly uncertain environment

The business environment surrounding the Group is growing increasingly uncertain due to factors such as geopolitical risks, financial market volatility, and changes in supply and demand in our business domains. In particular, as demonstrated by the turmoil in the Middle East, we recognize that heightened geopolitical tensions can affect a wide range of industries and economic activities through higher energy prices and supply chain disruptions. At the same time, advances in digital technologies, including generative AI, are accelerating and significantly affecting the way business is conducted.

To achieve sustainable growth in this environment, we believe it is important to align a Group-wide program that does not simply avoid risks but identifies the risks we should take and controls them appropriately. To this end, in addition to continuously enhancing and operating our enterprise risk management program, we are focusing on strengthening risk communication. Recently, we identified the risk events to which the Group should pay the greatest attention as “Top risks” and worked to share and enhance risk awareness across the Group. Furthermore, we have introduced and are using a business intelligence risk management dashboard that helps visualize where risks exist and how

they are managed. We have also established forums where sales and business divisions and Corporate Center departments can share their understanding of risks and challenges, thereby deepening discussions that lead to management decisions aimed at clarifying risk appetite and portfolio strategies.

Furthermore, for initiatives in new businesses aimed at driving the *evolution and layering of business models 2.0*, we are building a Group-wide support program that encourages taking on challenges by having relevant departments collaborate from the initial stages of business development to examine risk identification, assessment, and response measures.

Risk management supporting sustainable growth

In preparation for risk events such as natural disasters and cyber incidents, we recognize that improving the effectiveness of our business continuity management strategy is also an important management challenge. The Group continuously develops and aligns its crisis management and business continuity programs, while conducting related training. At the same time, we are strengthening our ability to respond to cyber incidents at each stage of prevention, detection, and response, thereby working to enhance resilience to support business continuity and early recovery.

With the growing use of AI, while capturing opportunities to improve productivity and enhance operations, we are working to establish AI governance to appropriately address the diverse risks associated with AI use, taking into account perspectives such as information management, proper use, mitigating misinformation and protecting intellectual property rights.

Through these initiatives, we will further enhance risk management not only as a means of protecting the stability of the Company’s business operations, but also as a management program that supports sustainable growth. Going forward, we will continue to build a management foundation that allows the Group to take on challenges with confidence in an era of significant change.

Top risks (as of June 2026)

Risk Event				
Geopolitical risk	Cyberattacks	Increase in credit costs	Deterioration in profitability of business investments	Strengthening of tariff policies, export regulations, and other restrictions
Concerns over Japan’s economy and fiscal condition	Large-scale disaster	Foreign currency funding risks	Human capital constraints	Risks related to sustainability response