

Risk management

Basic approach

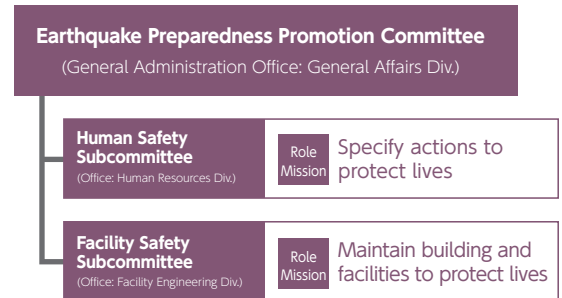
Business environments are becoming increasingly diverse and are experiencing major changes, including climate change, resource depletion, tension in international affairs, large-scale disasters and spread of the pandemic, supply chain disruptions and other issues impacting business activities, and instability of society due to growing divides. These social and environmental challenges are having a severe impact on companies' value creation and business models. Such conditions have made risk management one of the most important challenges for

management, so we are working to minimize risks and both enrich and enhance risk management. Specifically, we classify threats to business management as either "risks" (matters yet to materialize) or "crises" (emergencies that have materialized). We then focus on preventive measures that eliminate risks before they become crises, and on prompt and accurate initial and recovery responses that minimize damage in the event of a crisis occurring.

Promotion framework

In line with our risk management rules, the General Affairs Officer is responsible for risk management and for promoting risk management across the company. In the event of a crisis occurring, a companywide emergency control headquarters is established and a system is established to deliver a crisis response on a companywide basis.

Example: Framework for reviewing earthquake preparedness



Annual policy and example of initiatives

Twice a year, at the midpoint and at the end of the fiscal year, the Corporate Planning Committee discusses and approves the risk management progress review, annual policy, and approach going forward. The fiscal 2022 policy is

to focus on improving the company's business continuity plans in light of issues such as the increasing seriousness of climate change and disruptions in supply chains.

(1) Risk map overhaul

During the annual overhaul of Aichi Steel's companywide risk map (matrix of priorities and impacts on management), all risk factors on the risk map were checked and risk measures were largely confirmed to have been taken.

(2) Flood control measures for super typhoons, etc.

One issue identified during the risk map overhaul was flood prevention for buildings and equipment, which was considered as a measure against storm surges from super typhoons on the scale of Typhoon Vera (Isewan Typhoon) and heavy rains from linear rain bands.

(3) Emergency drills

If an earthquake were to occur in the Nankai Trough, it is predicted that the Tokai Region, where Aichi Steel's manufacturing sites are concentrated, would be impacted enormously. To prepare for such a situation, we conduct companywide evacuation drills twice a year, hold nighttime drills, and have meetings to confirm procedures for evacuating production lines, with a focus on initial response measures to minimize damage. We also conduct simulations once a year, with the companywide emergency control headquarters controlling everything from the initial earthquake through to confirming the status of damage, and formulating a recovery plan. In fiscal 2022, we conducted our first firefighting training in collaboration with the Tokai City Fire Department, from initial efforts to extinguish a fire to use of fire hoses, as part of efforts to strengthen our disaster preparedness.