

### (3) Operational risk

Risk factors	Description of risk/opportunity	Impacts when risk occurs	Group's measures
1) Occurrence of incidents [Priority risk]	<p>&lt;Risk&gt;</p> <ul style="list-style-type: none"> <li>• Occurrence of industrial accident, fire, vehicle or product accidents</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation for losses caused by accidents or fire to products or the affected people, and payment of damage compensation to the affected people</li> <li>• Decrease in revenues and profit due to decline in customer and social trust</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement a facility maintenance plan</li> <li>• Establish an initial response and reporting system in case of an accident, and conduct drills</li> <li>• Share lessons, insights, and good examples within the Company</li> <li>• Create safety workplaces by introducing safety technology (SSCV, etc.)</li> </ul>
2) Compliance violations (violation of the labor law, bribery, infringement on human rights, etc.) [Priority risk]	<p>&lt;Risk&gt;</p> <ul style="list-style-type: none"> <li>• Violation of overtime regulations, etc.</li> <li>• Disagreement with the authority on the interpretation of equal pay for equal work</li> <li>• Violations of laws and regulations such as bribery and competition law</li> <li>• Deviation from social norms</li> <li>• Information leakage</li> <li>• Infringement on human rights including harassments, child labor, and low wage labor</li> <li>• Infringement on intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>• Impairment of corporate value due to decline in social trust</li> <li>• Decrease in revenues and profit due to decline in customer and social trust</li> </ul>	<ul style="list-style-type: none"> <li>• Establish the HTS Group Code of Conduct and educate all employees</li> <li>• Introduce a whistle-blowing system</li> <li>• Conduct investigation and education by legal divisions in each region</li> <li>• Establish a structure to manage an attendance management system</li> <li>• Clarify wage calculation method</li> <li>• Establish a specialized IP division and educate all employees</li> </ul>
3) Deterioration in service quality [Priority risk]	<p>&lt;Risk&gt;</p> <ul style="list-style-type: none"> <li>• Loss of customer trust</li> <li>• Deterioration in service quality and delays in delivery, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease in revenues and profit due to decline in customer and social trust</li> <li>• Compensation for losses such as reimbursement due to the incidents</li> </ul>	<ul style="list-style-type: none"> <li>• Manage KPIs by quality control divisions</li> <li>• Quality control through process management</li> <li>• Conduct monitoring based on the internal control system, perform audit, and enhance support</li> </ul>
4) System failure [Priority risk]	<p>&lt;Risk&gt;</p> <ul style="list-style-type: none"> <li>• Significant delay in work or suspension of operations due to power outage or system failure caused by natural disasters</li> <li>• Significant delay in work or suspension of operations due to system failure at external service providers</li> <li>• Delay in operations due to deterioration of system response</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation or penalty for customers' opportunity loss due to delay in work</li> <li>• Impairment of corporate value due to decline in social trust</li> <li>• Decrease in revenues and profit due to decline in customer and social trust</li> <li>• Expenses related to recovery or renovation</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce redundant system</li> <li>• Prepare alternative means in case of failure</li> <li>• Strengthen backup measures for system recovery and conduct on-site training</li> <li>• Implement measures for each service used and BCP</li> </ul>