Risk Management

Investigation of Risk and Countermeasures

The Nitto Group distributes questionnaires on business risk to more than 2,000 management-level employees every year. The purpose of the questionnaires is to investigate and distinguish risks concerning the Group as a whole and risks according to the characteristic features of each business and area, as well as to enhance risk awareness by each management-level employee. Furthermore, we not only provide feedback on the questionnaires in CSR workshops for those employees, but also discuss the unique risks in each base and group company, and considering appropriate countermeasures with everyone.

We have committees to investigate common risks such as product risk* and information security in the Group and to consider suitable countermeasures.

* For more information on product risk management, please see page 30.

Enhancement of Information Security Management

Recently, we are exposed to the risk of information leaks due to negligence and information flow by external attack. Therefore, in fiscal 2015, we consolidated our global management system as part of our enhancement of information security management. We have employees thoroughly abide by the rules we have established for administering the storage and use of information. In addition, we seek to mitigate our security vulnerabilities through technological countermeasures, audits and self-inspections of IT infrastructure. Furthermore, we have begun employee education through e-learning. In order to secure the trust of our customers, we aim for "a state of fewer security incidents* and no information leakage", enhancing our information security management across the entire Group.

* Incidents and accidents including loss of data, virus infection and unauthorized access

Business Continuity Management

By following our Four Basic Policies, the Nitto Group performs Business Continuity Management (BCM) with a strong link between disaster mitigation (approaches to minimize damage caused by disaster) and quick recovery.

We have established a Business Continuity Plan in preparation for an earthquake, pandemic or blackout, any of which could have a considerable impact on our business, and have formed working groups, gathering regularly to confirm the system or function and to conduct training sessions. Furthermore, important decisions are discussed by the Crisis and Risk Management Committee lead by one of Nitto's directors who is involved, seeking to enhance our management system and to improve our ability to respond to contingencies.

■ Major activities in fiscal 2015

IT Infrastructure	• Enhancement of IT system backup structure, including enhancement of it in remote locations
Securing of Procurement Materials	• Promotion of global procurement • Risk management in supply chains • Securing multiple vendors
Decentralizing Production Bases and Alternate Production	• Cooperating with four overseas areas
Securing of Logistics	• Clarifying division of roles in crisis management team • Conducting workshops and training
Establishment of Emergency Task Force and Support Systems	• Securing of communication methods and defining operational rules • Securing relief supplies
Education and Training	• Periodical evacuation drills and training confirming safety procedures • Familiarization of employees with the emergency procedures

BCM at Nitto Europe

Nitto Europe (current Nitto Belgium) has a crisis response plan and prepares for contingencies. In fiscal 2015, in order to verify the effectiveness of the plan, we conducted a joint training exercise with the Genk City Fire Department on the assumption of a chemical spill within the plant. In the future, we will continue to improve our ability to respond to contingencies and enhance mutual cooperation.