Risk Management

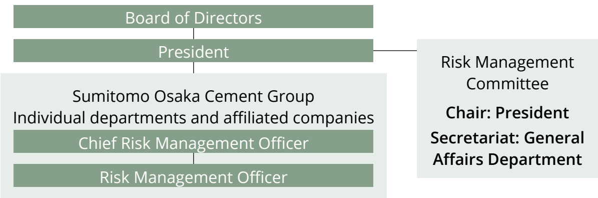
Risk Management Structure

Our Risk Management Committee, chaired by the President, was established to identify, evaluate, and respond to risks facing the entire Group. Additionally, we formulated the Regulations of the Risk Management Committee to clarify the roles and responsibilities of the committee.

The Risk Management Committee prepares a risk management action plan each fiscal year and monitors its progress. Audits on the status of risk management are carried out by the Internal Audit Department, and the results are reported to the Risk Management Committee.

The Risk Management Committee takes appropriate action, when necessary, based on those results, and reports the results of the audits to the Board of Directors.

Overview of the Risk Management Committee Implementation Framework



Business Continuity Initiatives

1) Natural disasters (large-scale earthquakes, etc.)

Since the introduction of its risk management framework in fiscal 2006, the Sumitomo Osaka Cement Group's business continuity planning (BCP) has been based on the assumption that a large-scale disaster, such as a major earthquake, would occur. Our BCP is formulated and implemented by our head office, the Kochi, Ako, Tochigi, and Gifu plants, Hachinohe Cement Co., Ltd., and the Advanced Materials, Optoelectronics, and Cement-Related Products divisions. In the event of a major earthquake—in addition to our initial response measures to earthquakes and tsunamis—we take steps to maintain company-wide command and control functions, as well as to back up our system data.

Furthermore, for departments where we have adopted the BCP system, we conduct regular training at each facility every year, and make continuous improvements such as reviewing manuals to further reduce risk. In our head office BCP training, we conduct exercises to simulate information gathering and sharing by related divisions at the head office in the event that a Nankai Trough earthquake impacts our Kochi Plant, and confirm each division's understanding of their roles.

2) Information Security Measures

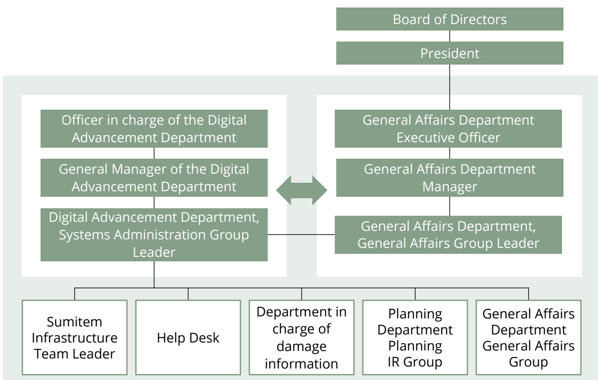
Under the "Basic Rules on Information Management," which defines the basic matters required for information management, the Group has established its "Basic Rules on Information Security" for the purposes of protecting tangible and intangible information assets, as well as information infrastructure related to business activities, from external threats, and of promoting business activities safely and smoothly. The Group is working on information security activities under a management system based on these rules.

Due to the need for timely response to external cyberattacks, which have become a major issue in recent years, we have been working to strengthen information security by appropriately introducing new security services and other such measures, and by establishing the infrastructure necessary to use them. Additionally, in response to cyberattacks that are becoming increasingly sophisticated and diverse, we will conduct regular status assessments, and implement improvements and supplementary measures.

We will also strengthen measures against internal information leaks caused by employees, either intentionally or due to negligence, and build a safe and secure information system environment that takes business productivity into consideration.

Moreover, in the event of an information security incident, the Company has established procedures for setting up a response team linked with the relevant departments or groups, and for taking necessary actions in order to minimize the damage.

Computer Security Incident Response Team (CSIRT) Structure



Major Initiatives in Fiscal 2024

July	2024:	Risk management review
September	2024:	Awareness survey on potential risks
November	2024:	Computer security incident response training (CSIRT training)
January	2025:	BCP formulation for the Tochigi and Gifu plants
March	2025:	Head Office BCP training (simulating a Nankai Trough earthquake: cooperation with sites on the Pacific side)

Note: In addition to the above, BCP and fire drills will continue at individual sites.

Review of Risk Management

The risk environment impacting the Company is changing, with natural disasters becoming both more frequent and more severe due to recent climate change, the emergence of new highly virulent infectious diseases, and the increased risk of information leaks due to rapid changes in work styles. Accordingly, in light of these circumstances, as well as to align with our "SOC Vision 2035" that we formulated in 2023, we revised our risk management framework in fiscal 2024.

To minimize the frequency of risk occurrence and, in the unlikely event that a risk does manifest, to minimize the impact of the resulting damage, the Risk Management Committee rigorously implements the PDCA cycle by monitoring from various angles whether individual risk issues and corresponding mitigation measures are being properly applied, and will continue to manage progress using a countermeasures roadmap within the Group.

Moreover, to respond flexibly to changes in the business environment, we will continue to work toward reducing the risks surrounding the Company by regularly identifying company-wide risks and reviewing the identification of priority risks on an annual basis.

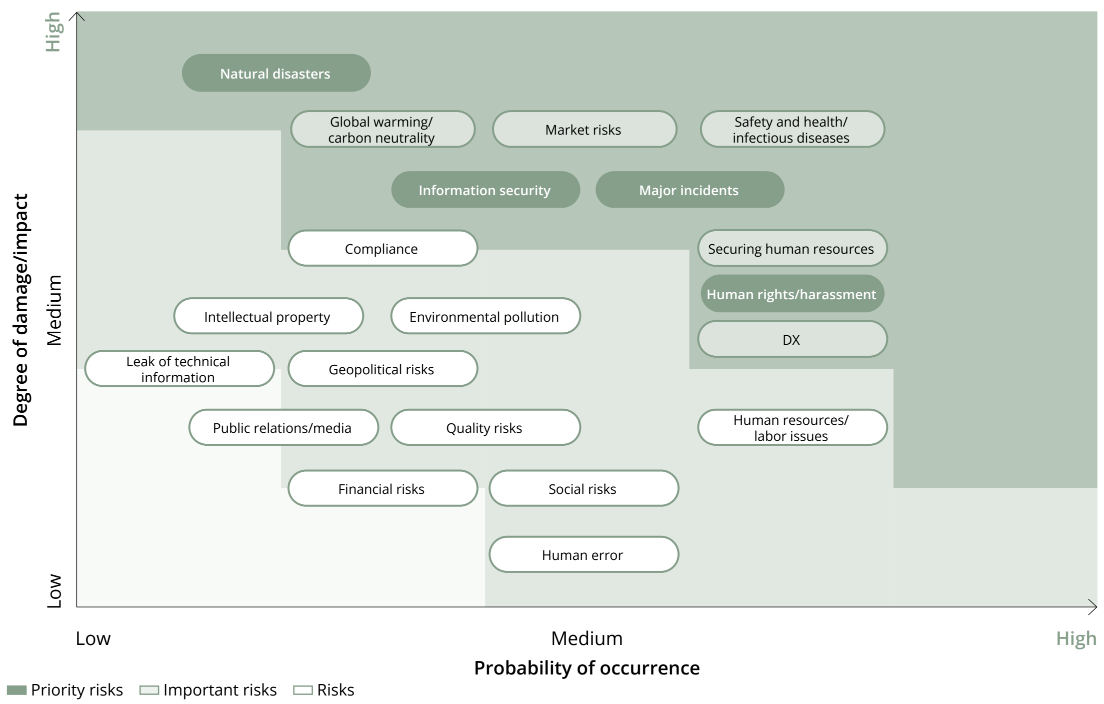
Status of Priority Risks

In our risk mapping process, we identify the significant risks that should be addressed as a priority, and in fiscal 2024 we pinpointed "natural disasters," "information security," and "human rights and harassment."

We work to mitigate risks by implementing a wide range of measures. For example, regarding natural disasters, the Tochigi and Gifu plants completed their integration of the BCP system. For information security, we established a dedicated Digital Advancement Department, while for human rights and harassment, we adopted human rights due diligence protocols and set up a human rights hotline.

In terms of priority risks for fiscal 2025, we will focus on taking measures against the same three risks as highlighted in fiscal 2024, but with the addition of "major incidents."

Risk Mapping



Basic Policy on the Protection of Personal Information

Following the basic principles of Japan's Act on the Protection of Personal Information, we consider the appropriate handling of personal information to be an important management task and, as such, we have established our own personal information protection policy. In accordance with this basic policy, we have established an in-house organizational structure for the proper handling and protection of personal information, as set out in our "Regulations for the Protection of Personal Information."

Information Disclosure

Engagement with shareholders and investors requires that they have an understanding of the Sumitomo Osaka Cement Group's current situation and management plans through accurate and timely disclosure of information. It is also important for them to broadly understand our businesses. We carry out investor relations (IR) activities using a wide range of tools, including briefing sessions and facility tours.

Disclosure Policy

Basic Policy

Sumitomo Osaka Cement Co., Ltd. ("the Company," "we" or "our"), conducts fair and equitable information disclosure in a timely and appropriate manner. In order to provide accurate information to stakeholders, including our shareholders, the Company ensures that information disclosed is not boilerplate or lacking in detail.

Disclosure Methods

The Company discloses information required for timely disclosure via TDnet (Timely Disclosure Network) and press releases, as well as on the Company's website, in a timely manner, in compliance with relevant regulations such as the Financial Instruments and Exchange Act and based on the Timely Disclosure Rules as defined by the Tokyo Stock Exchange.

For information that is not covered by the Timely Disclosure Rules, the Company makes every effort to disclose information in a prompt and fair manner via their website and the media, if the Company deems that the information is useful for shareholders, investors, and other stakeholders.

Quiet Period

The Company sets a quiet period from approximately two weeks before the final settlement date for each fiscal quarter, in order to prevent the leakage of financial results information and to ensure fairness, during which period the Company refrains from commenting on or answering questions related to the financial results. Even during these quiet periods, however, the Company will disclose information on amendments to forecasts of financial results or dividends in a timely manner in accordance with the listing regulations set forth by the Tokyo Stock Exchange and other rules.

Feedback to Management

The Company actively engages in mutual communication with capital market participants such as shareholders, investors, and securities analysts. The division in charge of IR conveys the opinions gleaned from such communication to management executives and the Board of Directors as feedback that is considered when formulating the management plans.

Status of Dialogue with Shareholders and Investors

We hold financial results briefings on our annual and interim results in order to foster understanding of the Group's management status among institutional investors and analysts. In addition, we aim to reduce information asymmetry in the market and to improve corporate value by promoting prompt and fair information dissemination and dialogue with shareholders, other investors, and securities analysts, including sitting for individual interviews with securities analysts and institutional investors, both from Japan and overseas. The following is a summary of the Company's dialogue with shareholders and investors in fiscal 2024.

Main correspondents
- Financial results briefings: President, officers in charge of the Corporate Planning and Administration Departments, the division in charge of IR
- Individual dialogue: Officers in charge of the Corporate Planning and Administration Departments, the division in charge of IR

Overview of shareholders and investors with whom we have conducted dialogue
We held 127 dialogue sessions with both domestic and foreign institutional investors, totaling approximately 87 companies.

A detailed breakdown of our disclosure policy is available at the following link: https://www.soc.co.jp/ir/disclosure/

Main themes and concerns during our dialogue sessions
Status of negotiations on raising cement sales prices, trends in the price of coal used, trends in domestic cement demand, the state of the electrostatic chuck business, and our approach to shareholder returns, among others.

Status of feedback to management and the Board of Directors regarding views expressed during dialogue sessions
Opinions obtained through dialogue with shareholders and investors are reported to the Board of Directors on a quarterly basis, and are used to examine matters requiring improvement, as well as to formulate management plans and strategies.

Enhancement of financial results presentation materials

We endeavor to provide comprehensive financial results presentation materials to help deepen understanding of our business performance and management. We are working to improve these materials by including key points about our business performance, with an emphasis on clarity. Additionally, starting from the full-year results for fiscal 2024, we will be publishing transcripts of our financial results briefings for institutional investors and securities analysts—including Q&A sessions—on our website. This initiative aims to ensure fair information disclosure and to promote understanding, making the content accessible not only to attendees but also to a broader investor audience.

Explanatory Materials for Financial Results https://www.soc.co.jp/ir/document/document03/

[Explanation and Q&A] FY2024 (Ended March 31, 2025) Financial Results Briefing (External Website) https://finance.logmi.jp/articles/381891 (in Japanese only)

Examples of topics discussed at our financial results briefings
- Cement price hikes and future outlook
- Electrostatic chucks in the Advanced Materials Business
- Differences between business-specific medium-term management plan targets and the current fiscal year plans