Material Topic: Risk Considerations in Developing New Products or Services

Material Topic	Risk Description	Risk Category	Risk Severity	Likelihood of Occurrence	Mitigation Measures
Risk Management for New Product and Service Development	The R&D and marketing of new products / services require high investment. If market demand is not properly assessed or the business model is immature, this may lead to extended payback periods or misallocation of resources.	Financial risk	Medium	Medium	Establish a commercial feasibility assessment process for new products (including market size, pricing strategy, and gross-margin estimation); adopt phased investment and project review mechanisms; regularly review KPIs for development projects (schedule, cost, and expected returns) and, where necessary, activate stop-loss or pivot mechanisms.
Risk Management for New Product and Service Development	If new products do not fully comply with regulations in different countries (such as those governing cosmetics, food, medical devices, data protection, and advertising), they may face risks of product withdrawal, fines, or litigation.	Regulatory risk	High	Low–Medium	Introduce a pre-launch regulatory review process in which the legal / regulatory affairs function reviews formulations, labels, claims, and advertising copy; continuously monitor regulatory changes in each market; regularly update internal operating guidelines and provide training to R&D, sales, and marketing teams.
Risk Management for New Product and Service Development	During mass-production ramp-up of new products, insufficient process validation or unstable supply chains may result in quality issues, delivery delays, and customer complaints.	Operational risk	High	Medium	In line with existing quality management systems (such as BRC, FSSC 22000, ISO 9001, etc.), carry out pilot runs and process validation; strengthen dual-sourcing strategies for critical raw materials and supplier qualification reviews; introduce cross-functional New Product Introduction (NPI) review meetings; continuously monitor yield rate, on-time delivery, and number of customer complaints.
Risk Management for New Product and Service Development	If the safety and efficacy of a new product are not sufficiently verified before launch, this may cause adverse reactions among consumers or damage trust in the brand.	Operational / reputational risk	High	Low–Medium	Establish standards for safety and efficacy evaluation of new products; conduct stability tests, efficacy studies, or clinical / human trials depending on product type; define product recall and notification procedures; regularly review data on adverse events and customer complaints and incorporate the findings into R&D improvements.
Risk Management for New Product and Service Development	Where new products / services involve customer or end-consumer personal data (e.g., digital health services, membership platforms), inadequate information security and personal data management may lead to data breaches and penalties.	Regulatory / information security risk	High	Low	In accordance with information security and personal data protection policies, implement access-control, encryption, and audit mechanisms; incorporate privacy protection and information-security requirements at the product-design stage; conduct regular vulnerability scanning and employee information-security training.