

The UACJ Group practices risk management on a Group-wide basis, and regards all situations that could interfere with the realization of its corporate philosophy as risks (see p. 37). In fiscal 2020, we implemented activities based on a major policy of the Group, “Improving risk management—building and

constructing systems for risk management together,” with the goal of strengthening and utilizing risk management in our daily operations. Reports on risk management activities at the Group are reported regularly to the Board of Directors.

Risk Management Systems

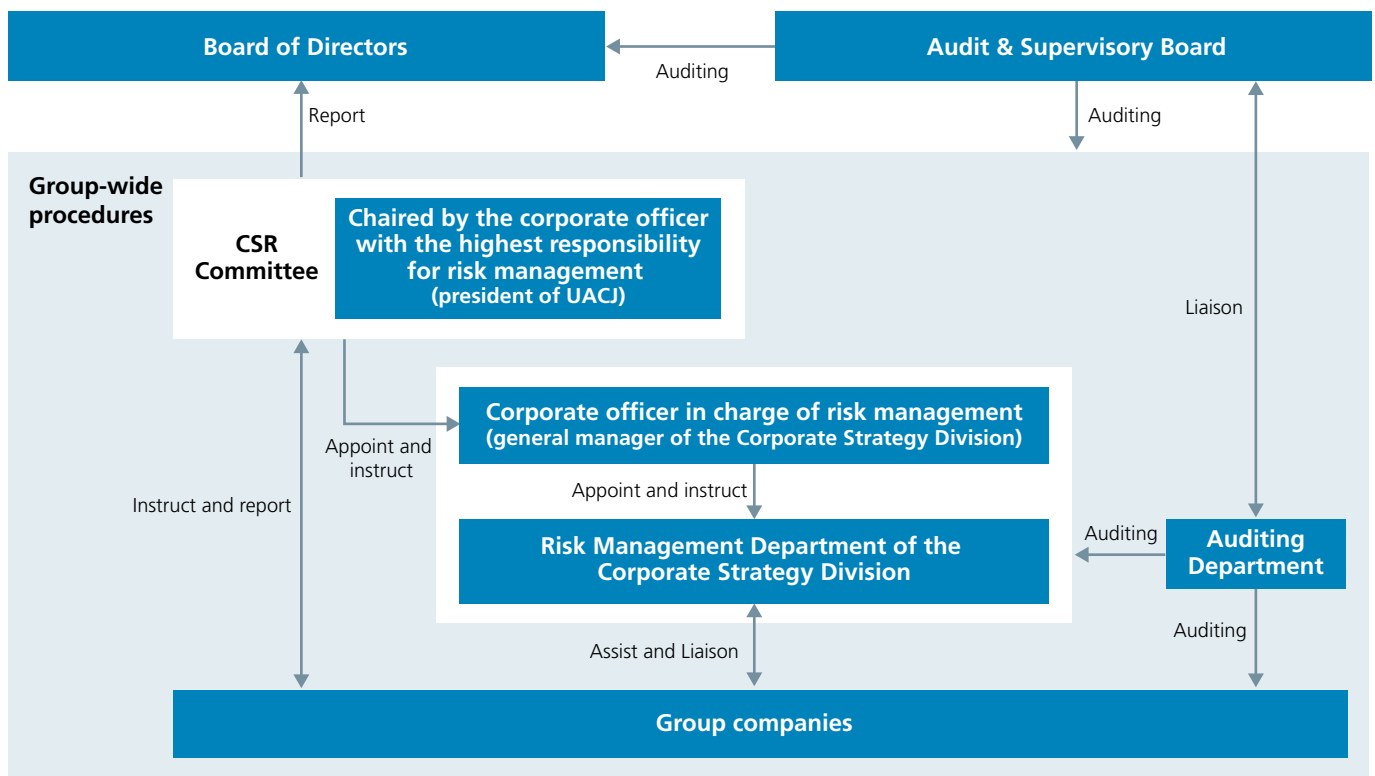
At the UACJ Group, the risk management activities of each Group company are checked by the CSR Committee, which is headed by the company president. Thereafter, issues with risk management activities and the PDCA cycle throughout the Group are discussed, risks for the entire group assessed, and decisions made to address them.

In fiscal 2020, a Risk Management Department was established as an administrative department tasked with

risk management.

Additionally, staff members responsible for promoting the strengthening of risk management in everyday operations have been assigned to each business division and relevant department, where they promote the implementation of risk management across the entire Group in coordination with these organizations.

Risk Management System



Establishment of Group-wide rules on risk management

The UACJ Group reviewed its existing risk management initiatives, and on July 1, 2021, enacted the Group Basic Risk Management Policy, Risk Management Rules, Crisis Management Guidelines, and BCM Management Guidelines as Group-wide rules. This has clearly defined the systems used for administration of risk management throughout the Group in both emergencies and under normal circumstances. These rules are already in place at all Group companies in Japan, and we plan to extend them to cover

Group companies overseas in future.

The Basic Policy stipulates, for the UACJ Group, (1) the purpose of risk management, (2) a definition of risk, (3) a code of conduct intended to provide a visual representation of risk and make risk a personal issue during normal times, and in emergencies to provide an end solution based on defined priorities, and (4) defines a system of management with the company president as the chief executive.

Identifying and addressing key risks

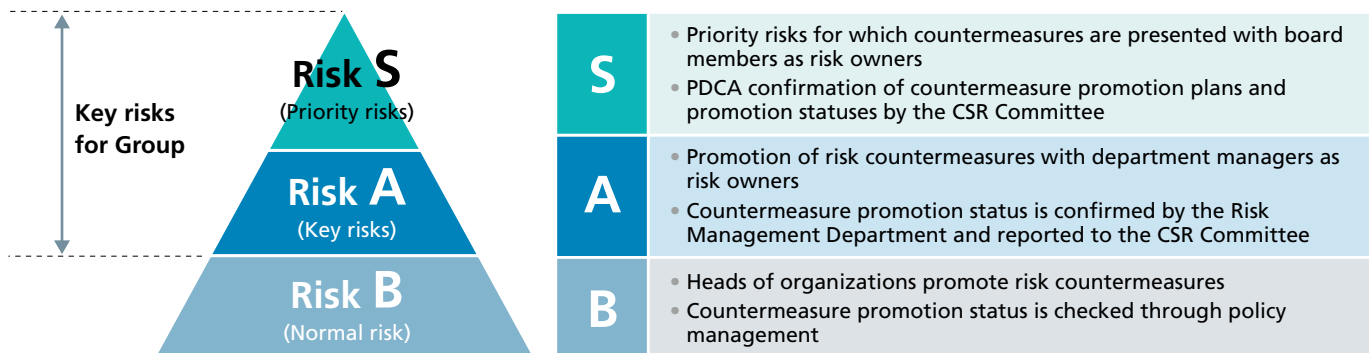
The UACJ Group redefined its risk categories in fiscal 2020 to allow it to be more effective in taking the actions needed to address key risks to the Group. Executive officers, full-time Audit and Supervisory Board members, and board members also performed risk assessment for risks identified in the risk management activities within the Group in fiscal 2020. Intrinsic risk¹ and residual risk² levels were scored for each risk

item and the selected items classified into three levels of risk based on their score: "Risk S," "Risk A," and "Risk B." Of these, "Risk S," and "Risk A," the key risks for the Group, were assigned respective risk owners, who are promoting the responses needed to control risk.

¹ Risk when no action was taken to address risk

² Risk remaining after action was taken to reduce risk

UACJ risk categories



BCM (Business Continuity Management) activities

In fiscal 2020, we formed an information exchange committee comprising the staff responsible for promoting BCM promotion at each business to ensure the thorough implementation of BCP³ throughout Group companies in Japan. Using UACJ's preparations for natural disasters and measures against COVID19 as examples, we have created BCP templates for use in major earthquakes and to address the spread of infectious diseases, and are utilizing them at all of

our businesses, in an initiative intended to improve BCM throughout the Group.

We have also conducted surveys on the current state of BCM and awareness of major crises at Group companies overseas. In fiscal 2021, we will work to strengthen BCM in Japan and overseas.

³ Business Continuity Plan

Permeation of risk management within the company

In fiscal 2020, we promoted workshops as part of our efforts to improve our adoption of risk management as a key policy of the Group.

From September 2020 to March 2021, with the personnel tasked with promoting risk management acting as a secretariat, we held workshops for executives from each business division and relevant department. We formulated risk countermeasures based on the issues identified in these workshops, and in fiscal 2021, incorporated them into the policies of each division. By treating risks



Workshop at UACJ trading

as a personal matter for each person, we created a foundation for risk management in our daily work.

We are also hoping to ingrain risk management into our daily tasks, inviting nominations of people who have taken the initiative in involving adjacent departments from the standpoint of risk management, and presenting them with a Risk Management MVP award.

We publish "RISK MANAGEMENT PRESS," an in-house PR publication that summarizes the status of the activities and initiatives described above, analyzes risk, and introduces decisions made regarding risk management, and also release information on risk management through the corporate intranet. Both of these are efforts to further encourage employees to embrace risk management.



The RISK MANAGEMENT PRESS