

RISK MANAGEMENT

Risk Management Structure

JASDEC has established the Basic Policy on Risk Management, which defines basic aspects of risk management activities by the JASDEC Group, to ensure the soundness and reliability of the Group as a provider of settlement infrastructure. Our basic thinking on risk management is outlined below.

OVERALL POLICY ON RISK MANAGEMENT

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| Framework | I | JASDEC Group emphasizes the importance of risk management, and will strive to instill this emphasis in each department and office. |
| | II | JASDEC Group, in order to ensure sound management of operations, will take comprehensive measures to manage each risk, while ensuring that the increasing diversity and complexity of operations is reflected appropriately in the risk management structure. |
| Management Policy | III | JASDEC Group shall periodically specify, analyze and appraise risks, and will implement risk countermeasures and monitor the status of risk management as necessary. In the event that a risk materializes, JASDEC Group shall identify the cause, take measures to prevent recurrence and, with due consideration of available management resources, endeavor to minimize risk to the entire Group. |
| | IV | JASDEC Group shall remain highly cognizant of the particular importance of managing Information system risk, and shall endeavor to minimize this risk by using standardized administrative procedures for planning, development and operations of information systems, maintaining a consistent level of information system quality, and preparing a robust and up-to-date emergency response framework in case of disaster or damage. |
| Responsibility | V | Directors and employees shall maintain a high awareness of risk, and endeavor to ensure that business operations are carried out properly at all times, based on an understanding that the materialization of risks could significantly damage JASDEC Group assets and bring about significant losses. |
| | VI | Each department and office shall endeavor to conduct proper risk management, and if a risk materializes in the course of conducting operations shall promptly report to the Integrated Risk Management Council while taking necessary measures to minimize the impact of the materialized risk. |

JASDEC has established the Integrated Risk Management Council under the chairmanship of the Chief Risk Officer (CRO), with members that include executive officers and heads of departments. We have also established units to manage each risk category under the overall coordination of the Risk Management Department. By creating these organizations, we are building a structure capable of providing comprehensive risk management for the JASDEC Group.

FUNCTIONAL FRAMEWORK OF RISK MANAGEMENT

