

# Risk Management System

## Risk management system

UBE suitably manages Group risks and stipulates risk management rules based on the Basic Policy for Establishing Internal Control adopted by the Board of Directors. In this way, a Groupwide risk management framework has been established for all UBE Group companies. To oversee and promote risk management activities across the UBE Group, the President appoints a director or executive officer to serve as the Chief Risk Officer (CRO). The CRO is supported by the Risk Management Department, which acts as the secretariat for risk management.

For management risks that may significantly affect the entire UBE Group, deliberations are first held by the Risk Management Committee and then submitted to the Strategic Management Meeting (Sustainability Committee) for further discussion regarding risk identification, management policies, and the effectiveness of countermeasures. The Board of Directors oversees these activities by receiving regular reports on the outcomes of such deliberations. Management risks are categorized into strategic risks and operational risks. Individual officers are appointed to oversee each risk theme. Under this system, each responsible officer evaluates the risk and the effectiveness of countermeasures from a Groupwide perspective, and then provides guidance and instruction to relevant departments for the implementation of risk management measures in the following fiscal year.

Through these Groupwide risk management activities, the UBE Group strives to reduce risks, minimize damage and prevent escalation when risks materialize, and ensure that management is able to make appropriate decisions on matters such as instructions and resource allocation. By maintaining this system, we aim to support the Group's sustainable growth and enhance corporate value.

## Risk management system and operations

Since its introduction in FY2018, UBE's risk management system has been continuously improved. In FY2024, in addition to reviewing risk themes in response to changes in the internal and external business environment, we enhanced our framework by introducing a two-tier risk management structure (see diagram below). This system combines top-down risk management led by executives through the UBE Risk Management System for key management risks, with bottom-up autonomous risk management carried out by division heads through the Divisional Risk Management System. The aim is to further improve the quality of Groupwide risk management.

Furthermore, at UBE Corporation headquarters, we introduced a Headquarters Management System based on

ISO standards (such as ISO 9001 for Quality Management Systems). This system strengthens our ability to address stakeholder disclosure requirements and customer expectations, and synchronizes the management PDCA cycles of our business units, sites, and Group companies that hold ISO certifications. This alignment reinforces our risk management capabilities as a global specialty chemicals company.

Through this two-tier management framework, which links top-down and bottom-up PDCA risk management cycles across the UBE Group, we are building and promoting a comprehensive risk management system that enables us to appropriately manage risks across the entire Group.

Detailed information on the "Risk Management" is available on the UBE Group's website:  
<https://www.ube.com/ube/en/sustainability/governance/risk/>

### UBE Group risk management framework

