

## Procedures for Identifying Risks and Specifying / Managing Priority Risks

### 1. Risk Identification

Identify risks at each department by performing a full review of each responsible operation and relevant laws/regulations, and taking into consideration the status of priority risk management during the previous fiscal year.

### 2. Risk Categories

Identified risks are assessed according to impact and likelihood of occurrence, and then categorized from I to IV within the matrix shown below.

#### Criteria

##### ◆ High Impact

- Very high level of monetary impact (damages, earnings reduction)
- Casualties incurred
- Organizational survival and strategic targets significantly impacted
- Company image and reputation severely damaged
- Local communities heavily affected

##### ◆ High Likelihood of Occurrence

- High likelihood of occurrence at least once during the fiscal year
- Actual occurrence during the past three years  
(However, possible to establish evaluation criteria tailored specifically to the circumstances of each department)

Impact	High	II	I
	Low	IV	III
		Low	High

Occurrence potential

### 3. Specifying Priority Risks

Based on the categories listed above, one or more priority risks are selected from risks categorized under I (II if there is no I; from III if there is no I or II)

### 4. Establishing Risk Countermeasures, Management Items and Targets

Establish countermeasures for priority risks as well as management items and targets in order to implement these countermeasures (it is desirable to establish quantitative management items/targets to extent possible, but it is possible to set these on a qualitative basis if obtaining qualitative items proves difficult)