

Basic Policy on Internal Control Systems

In order to permanently develop corporate value through corporate activities based on the management philosophy, the Company shall establish the following basic policy regarding the system to ensure the transparency, efficiency and soundness of management of the Company and its group companies (hereinafter referred to as the “Basic Policy on Internal Control System”), in accordance with the Companies Act and the Regulations for Enforcement of the Companies Act.

1. System to ensure that the execution of duties by directors and employees of the Company and its group companies complies with laws and regulations and the Articles of Incorporation

(1) Corporate governance

a. Directors and Board of Directors

The Board of Directors makes decisions on important management matters and supervises the directors’ execution of their duties in compliance with laws, regulations, and the Articles of Incorporation. In principle, the Company’s directors hold regular Board of Directors meetings once a month. In cases of urgent matters, an extraordinary Board meeting is convened promptly to establish a system that enables swift management decision-making. Additionally, at group companies, in principle, directors hold regular Board of Directors meetings or an equivalent important meeting once a month. In cases of urgent matters, an extraordinary Board meeting or an equivalent important meeting is convened promptly to establish a system that allows for swift management decision-making.

b. Audit and Supervisory Committee members and Audit and Supervisory Committee

The Audit and Supervisory Committee members exercise the authority granted by laws and regulations and, in cooperation with the Accounting Auditor and the Internal Audit Department, audit the execution of duties by the Directors, including the management of subsidiaries, in accordance with Rules of the Audit and Supervisory Committee and the Standards for Audit by the Audit and Supervisory Committee. The Audit and Supervisory Committee meets once a month, in principle, and additionally as needed.

(2) Compliance

a. Compliance system

To ensure that the Directors and employees of the Company and its group companies conduct their corporate activities in compliance with relevant laws and regulations, the Company has established the Regulations for Compliance with Laws and Regulations, etc. applicable to the entire Group and has implemented various measures to achieve the objectives of these regulations.

b. Whistleblower system

To address potential compliance issues, the Company has established “Whistleblower Protection Regulations” and set up a Compliance helpline as a point of contact for consultations and reporting within the Company and its group companies.

(3) Internal Audit

To assess the appropriateness of the execution of duties by the Directors and employees of the Company and its group companies along with the status of compliance, the Internal Audit Department is established under the direct supervision of the President & CEO. The Internal Audit Rules outlines the basic principles for internal audits. The Internal Audit Department, along with auditors appointed by the President & CEO as necessary, oversees and conducts internal audits across the Company and its group companies. The person in charge of the Internal Audit Department will prepare an internal audit report after the

completion of these audits and submit it to the President & CEO.

(4) Nomination and Compensation Committee

The Nomination and Compensation Committee consults with the Board of Directors to deliberate on matters related to the appointment and dismissal of Directors as well as the compensation of individual Directors, providing advice and recommendations to the Board.

(5) Sustainability Committee

The Sustainability Committee, operating under the Board of Directors, has established a Basic Policy on Sustainability for the Company and its group companies, identify key issues, and promote group-wide sustainability initiatives for each of these issues.

(6) Risk Management Committee

Under the Board of Directors, the Risk Management Committee comprehensively and cross-functionally identifies, evaluates, and analyzes the various risks associated with the business activities of the Company and all Group companies, and supports the acceleration and enhancement of management decision-making by proposing countermeasures to the Board of Directors based on the results of these analyses.

(7) Measures Against Antisocial Forces

The Company recognizes that any association with antisocial forces that threaten social order or safety may result in legal violations. To sever such relationships, the Company has established Rules on Measures Against Antisocial Forces applicable to both the Company and its group companies.

2. System for the Storage and Management of Information Related to the Execution of Duties by the Company's Directors

(1) Information storage and management

The Company has established Document Management Rules to ensure the proper storage and management of information related to the execution of duties by Directors and employees.

(2) Information accessibility

The Directors of the Company has access to these documents and related information at all times.

3. Rules and Other Systems for Managing Risk of Loss for the Company and Its Group Companies

(1) Risk management system

In accordance with the Risk Management Rules applicable to the Company and its group companies, the Company's Board of Directors will review and manage business risks on both a company-wide and operational level. In addition, the Risk Management Committee cross-functionally identifies, evaluates, and analyzes risks across the entire group, and, based on the results, considers response measures and submits recommendations to the Board of Directors. Furthermore, the group companies has implemented a system to identify risks during Board of Directors meetings or other equivalent important meetings, allowing the Group to flexibly consider measures to address these risks.

(2) Approval system

When executing their duties, each department head will submit individual applications for approval for matters requiring it based on the Rules for Segregation of Duties and the Rules on Administrative Authority. Progress reports will be provided as

needed with a completion report submitted once completed.

(3) System for responding to major disasters

In the event of an unexpected risk, such as natural disaster or other crisis requiring a company-wide response, a task force led by the President & CEO will be established in accordance with the Crisis Management Rules applicable across the Company and its group companies to take prompt measures.

4. System to Ensure the Efficient Execution of Duties by Directors of the Company and Its Group Companies

Management policies, strategies, and plans

To ensure the efficient execution of duties by Directors, the Company establishes management policies, strategies, plans, and other targets to be shared by all Directors and employees. Directors will regularly report on the progress of these management targets at Board of Directors meetings. Additionally, information sharing and discussions among Group executives will take place during management meetings across the Group.

5. System to Ensure the Proper Conduct of Operations within the Corporate Group

(1) Group company management system

Affiliated Companies Management Rules are established to promote the mutual benefit and development of the Company and its group companies. The General Manager of the Administration Department monitors the management and financial status of group companies and report to the Board of Directors. Additionally, important management matters are reported to the General Manager of the Administration Department before being decided by the group companies, after which the General Manager of the Administration Department reports to the Board of Directors and provides necessary advice and guidance.

(2) Establishment of a system to ensure the appropriateness of financial reporting and asset protection

The Group establishes the necessary systems to ensure the reliability and ongoing monitoring of consolidated financial statements and other financial reporting. Additionally, it will implement systems to ensure the proper acquisition, storage, and disposal of assets owned by group companies.

(3) Internal audits

The Internal Audit Department conducts internal audits of each group company and reports the findings to the President & CEO. The Audit and Supervisory Committee members and the Accounting Auditor independently conduct audits of each group company.

6. Matters Related to Employees Assigned to Assist the Audit and Supervisory Committee in Its Duties and the Independence of Those Employees from the Directors

If the Audit and Supervisory Committee requests the appointment of an employee to assist in its duties, the selection of that employee will be decided at a meeting of the Audit and Supervisory Committee. Additionally, any personnel transfers, performance evaluations, or other related matters for that employee will require the Committee's consent. Assistants instructed by the Audit and Supervisory Committee members are not subject to the direction or orders of the Directors regarding their duties.

7. System for Reporting to the Audit and Supervisory Committee by Directors and Employees of the Company and its Group Companies and Other Audit and Supervisory Committee Reporting Systems

(1) Attendance of important meetings by Audit and Supervisory Committee members

Audit and Supervisory Committee members will attend Board of Directors meetings, receive reports from Directors on the status of business execution and other significant matters and participate in other important meetings.

(2) Confirmation of execution of Director duties by Audit and Supervisory Committee members

The Audit and Supervisory Committee members verify the appropriateness of the Directors' execution of duties upon receiving the "Written Confirmation of Directors' Execution of Duties" from them.

(3) Reports to Audit and Supervisory Committee members by Directors, the Internal Audit Department, and other employees of the Company and its group companies

Directors, the Internal Audit Department, and other employees of the Company and its group companies report to the Audit and Supervisory Committee members on any violations of laws, regulations, or the Articles of Incorporation, the results of internal audits, and the status of reports made through the public whistleblower system in a timely manner. Additionally, the Audit and Supervisory Committee members may request reports from the Company's Directors, the Internal Audit Department, and other employees of the Company and its group companies at any time, as needed. Whistleblower Protection Regulations strictly prohibit any unfavorable treatment of those who have reported to the Audit and Supervisory Committee members, including Directors, employees, and staff of the Internal Audit Department of the Company and its group companies.

8. Matters Related to Procedures for Advance Payment or Reimbursement of Expenses Incurred in the Execution of Duties by Audit and Supervisory Committee Members and Policies for Handling Expenses or Liabilities Arising from the Execution of Such Duties

Audit and Supervisory Committee members may promptly handle advance payments or reimbursements for expenses incurred in the execution of their duties, unless such payments or reimbursements are deemed unnecessary for the execution of their responsibilities.

9. Other Systems to Ensure the Effective Execution of Audits by the Audit and Supervisory Committee

(1) Cooperation with the Internal Audit Department, Accounting Auditor, and the Group's Auditors

The Audit and Supervisory Committee members receive audit plans in advance from both the Internal Audit Department and the Accounting Auditor and hold regular meetings to discuss audit policies and review reports on audit results. The Audit and Supervisory Committee members collaborate with the Group's auditors to gather their insights regarding the execution of business operations at each of the group companies. Additionally, a meeting may be held to facilitate the mutual exchange of information related to group management.

(2) Engagement of external experts

The Audit and Supervisory Committee members may appoint attorneys, certified public accountants, and other external advisors when deemed necessary.