

**Basic Policy for Establishing the Internal Control System
(Framework to Ensure Proper Business Conduct)**

1. Framework to Ensure the Execution of Directors' and Employees' Duties in Compliance with Laws and Articles of Incorporation

- 1-1. The management structure consists of the Board of Directors, Corporate Auditor, and Accounting Auditor.
- 1-2. Regular meetings of the Board of Directors are held to establish a sufficient framework for directors to monitor the legality and compliance with articles of incorporation in the execution of their duties.
- 1-3. Officers and employees share the corporate philosophy and "Corporate Code of Ethics," ensuring thorough compliance by making it a standard for all business operations.
- 1-4. For risk management and compliance, we establish the "Corporate Code of Ethics" and the "Risk & Compliance Regulations," set up a Risk & Compliance Committee chaired by the President and establish a department with a secretariat function under its jurisdiction. We conduct comprehensive management and establish risk & compliance managers in each department or region for detailed management at each business location.
- 1-5. Directors and Corporate Auditors shall immediately report significant facts related to violations of laws and internal regulations to the Board of Directors.
- 1-6. By utilizing the internal reporting system, we detect illegal and inappropriate acts early on and take appropriate and necessary measures.
- 1-7. We strengthen the structure through the use of the "Legal Management System," monitoring amendments to laws, and implementing internal audits.

2. Framework for the Preservation and Management of Information related to the Execution of Directors' Duties

- 2-1. Information related to the execution of duties is preserved and managed in accordance with the "Document Management and Retention Regulations," using documents or electronic records to

ensure access by Directors.

- 2-2. Electronic records will be managed based on the "Information Security Regulations."

3. Regulations and Other Frameworks for the Management of Loss and Risk

- 3-1. Crisis Management: In the event of risks or crisis, we take prompt initial measures based on the "Crisis Management Regulations" to minimize damage and prevent recurrence.
- 3-2. Emergency Measures: For significant incidents or disasters affecting business significantly are addressed organizationally based on the "Emergency Measures Regulations."
- 3-3. Business Continuity Management (BCM): Identifying risks of business interruption, assessing their impact on business activities, developing a Business Continuity Plan (BCP) and establishing a BCM framework. Additionally, conducting simulations.
- 3-4. Credit Management: Conducting proper credit management based on the "Credit and Receivables Management Regulations" to prevent the occurrence of bad debts.

4. Framework to Ensure the Efficient Execution of Directors' Duties

- 4-1. The Board of Directors formulates and executes management plans for the company and group companies. Monthly meetings are held to decide on management strategies and supervise the progress of business operations. Furthermore, to expedite decision-making and streamline business operations based on the basic policies decided by the Board of Directors, Executive meetings are held twice a month.
- 4-2. Corporate Auditors conduct audits to evaluate the effectiveness of internal control.

5. Framework to Ensure Proper Business Conduct in the Corporate Group consisting of The Company and Subsidiaries

- 5-1. Reporting structure for matters related to the execution of duties by Directors of subsidiaries to the Company.
Directors in each group companies supervise the execution of business, and regularly report to the Board of Directors and Executive

Committee of the company.

- 5-2. Regulations and other frameworks for the management of loss and risk in subsidiaries. The company comprehensively manages compliance, information preservation and management, and risk management for group companies. We request reports as needed and provide necessary advice and guidance.
- 5-3. Framework to ensure the efficient execution of duties by Directors and employees of subsidiaries. When group companies make crucial decisions, the company request the submission of relevant documents in advance, and if necessary, provide guidance or advice.
- 5-4. Framework to ensure that the execution of duties by Directors and Employees of subsidiaries complies with laws and articles of incorporation. The company's corporate philosophy and " Corporate Code of Ethics" are shared and adhered to by group companies, ensuring thorough compliance. Additionally, the audit department conducts regular audits of group companies.

6. Matters related to the personnel appointed when Auditors request assistance in performing their duties.

Personnel of the audit department assist Auditors in their duties as directed.

7. Matters related to the independence of the personnel mentioned in the preceding clause from the Directors

Personnel changes and disciplinary measures for the above mentioned assistants require prior consent from the Corporate Auditors. The Corporate Auditors may express opinions on the personnel evaluation of these assistants.

8. Framework for reporting to Corporate Auditors by Directors and Employees, and other reporting systems to the Corporate Auditors

- 8-1. Framework for Directors and Employees to report to the Corporate Auditors

Directors and Employees provide necessary reports in response to the Corporate Auditor's requests. Corporate Auditor, attend Board meetings and other important meetings, review relevant documents and request explanations from Directors or Employees as needed.

Furthermore, the Corporate Auditor will receive explanations from the company's accounting auditor regarding the content of the audit and engage in information exchange.

- 8-2. Framework for reporting by Directors, Corporate Auditors, employees executing duties in group companies, or those who have received reports from them to the Corporate Auditor. Crucial events in group companies are obligated to be reported to the company, and the Corporate Auditor are informed of the reported content.

9. Framework to ensure that those who have reported do not receive unfavorable treatment

The "Corporate Code of Ethics," shared by the company and group companies, stipulates that internal whistleblowers will not face disadvantages due to their reports.

10. Policy on handling costs or liabilities arising from the execution of the Corporate Auditor's duties

Measures are taken to ensure the effectiveness of audits while managing the costs arising from the execution of the Corporate Auditor's duties.

11. Other frameworks to ensure the effective execution of the Corporate Auditor's audits

Directors pay attention to the establishment of a framework to ensure that the Corporate Auditor can perform its duties appropriately and engage in information and opinion exchange with the Corporate Auditor.

Revision History
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