

## **Basic Policy for Designing the Internal Control System**

System to Ensure Compliance with Laws, Regulations, and the Articles of Incorporation in the  
Execution of Duties of Directors  
System to Ensure Suitability of Business Practices

### **(1) System to Ensure Compliance with Laws, Regulations, and the Articles of Incorporation in the Execution of Duties of Directors and Employees**

(Article 362, Paragraph 4, Item 6 of the Companies Act; and Article 100, Paragraph 1, Item 4 of the Regulations for Enforcement of the Companies Act)

1) Under the NAGASE Group's shared management philosophy of walking the path of integrity with an awareness of our place in society, Nagase Viita defines its own Purpose, Materiality, and Values. In particular, to realize one of our Values of "Live Our Integrity" Directors shall actively promote behavioral change among officers and employees, encouraging them to shift their mindset from passive compliance to a proactive commitment to integrity — doing what is right by choice.

2) A Risk Management & Compliance Committee shall be established as a subordinate body under the Board of Directors. The Committee shall collaborate with all organizational units to ensure thorough implementation of the NAGASE Group's Code of Conduct for Risk Management & Compliance and to strengthen overall compliance.

3) The Committee shall consist of Directors, department heads and other members, and shall be responsible for formulating and reviewing the basic policies on risk management. The Chairperson and General Secretary shall handle specific cases in a prompt and flexible manner. Committee members shall act in accordance with their conscience in developing compliance action plans and basic policies. When necessary, external experts may be engaged to help prevent potential violations of laws, regulations, or the Articles of Incorporation.

4) If any issue suspected of violating laws, regulations, or the Articles of Incorporation arises within the Company or its Group companies, the person who becomes aware of such an issue shall promptly report, inform, and consult with their supervisor and relevant departments, and then report the matter to the Risk Management & Compliance Committee. The Committee shall immediately report the issue to the Board of Directors, Corporate Auditors, and the Risk Management & Compliance Committee of the parent company, Nagase & Co., Ltd. In addition, an Internal Reporting System shall be established to allow officers and employees to submit reports and consult directly with designated contact points. Furthermore, awareness of compliance shall be enhanced among officers and employees through preventive workshops conducted by external experts and educational programs led internally, aimed at preventing recurrence.

5) Nagase Viita's Internal Audit Department shall conduct internal audits in accordance with the Division of Work and the Internal Audit Regulations, focusing on verifying the appropriateness of business operations.

### **(2) Storage and Control of Information Related to the Execution of Duties of Directors**

(Article 100, Paragraph 1, Item 1 of the Regulations for Enforcement of the Companies Act)

Information related to the execution of duties of Directors shall be recorded in documents or electronically, and stored according to internal regulations. Directors and Corporate Auditors shall have constant access to these documents or electronic data.

### **(3) Risk Management System**

(Article 100, Paragraph 1, Item 2 of the Regulations for Enforcement of the Companies Act)

- 1) The Board of Directors shall conduct comprehensive management of risk of loss in accordance with the NAGASE Group's Code of Conduct for Risk Management & Compliance, with the aim of continuously operating the business and achieving sustained growth. The Board shall identify risks associated with business activities and implement appropriate measures that strike a balance between risk-taking for the achievement of management objectives and risk mitigation.
- 2) The Risk Management & Compliance Committee shall operate in accordance with the NAGASE Group Risk Management Regulations. It shall clarify the roles and responsibilities of departments in charge of addressing individual risks arising from corporate activities. Each responsible department shall carry out initial responses, including the establishment of internal regulations and guidelines, implementation of training programs, and creation and distribution of manuals. The Committee shall handle matters involving materialized risk of loss. The Board of Directors shall oversee these activities on an ongoing basis and shall be responsible for determining the basic policies and framework for risk management.
- 3) For newly emerging risks, the responsible department shall be promptly designated, and systems shall be established to ensure rapid and appropriate information sharing and a swift emergency response framework in times of crisis.

### **(4) System to Ensure the Efficient Execution of Duties by Directors**

(Article 100, Paragraph 1, Item 3 of the Regulations for Enforcement of the Companies Act)

- 1) The Board of Directors is the foundation of a structure to ensure efficiency in the execution of duties of Directors. They shall be clearly positioned as the body in charge of making decisions on management policies and strategies, and supervising the execution of operations. The Board shall, in principle, hold regular monthly meetings in addition to provisional meetings as necessary, review and formulate measures regarding important decisions, and track business performance.
- 2) Regarding the carrying out of work based on decisions by the Board of Directors, the Organization and Division of Duties Regulations, Division of Work, and Approval and Reporting Regulations shall specify the persons responsible for each, their responsibilities, and the procedures for carrying out work.

### **(5) Matters Related to Corporate Audit Staff Selected to Assist Corporate Auditors**

(Article 100, Paragraph 3, Item 1 of the Regulations for Enforcement of the Companies Act)

Corporate Auditors shall request to have staff assigned to assist in audit work. Such staff shall belong to the Internal Audit Department.

### **(6) Independence of Corporate Audit Staff and Effectiveness of Directions Given by Corporate Auditors**

(Article 100, Paragraph 3, Items 2 and 3 of the Regulations for Enforcement of the Companies Act)

To ensure corporate audit staff independence in the preceding paragraph from the Board of Directors, any staff assignments or evaluations shall require consultation with and approval of Corporate Auditors beforehand. Directions provided to corporate audit staff shall reflect considerations of effectiveness concerning the time necessary to select the individual and to perform work assisting Corporate Auditors.

**(7) System for Directors and Employees to Report to Corporate Auditors, Other Reporting Mechanisms Related to Corporate Auditors, and Systems to Ensure That Individuals Who Make Reports Are Not Subjected to Disadvantageous Treatment as a Result**

(Article 100, Paragraph 3, Items 4 and 5 of the Regulations for Enforcement of the Companies Act)

1) Nagase Viita shall establish a system for the Corporate Auditors to understand the overall state of management on an ongoing basis by attending important meetings including Board of Directors' meetings and exchanging information, and viewing approval-process documents and reports. Moreover, Directors and employees shall swiftly report the following items to Corporate Auditors either individually or through the Risk Management & Compliance Committee and Board of Directors.

- i Misconduct related to the execution of duties of Directors, violations of the laws, regulations, and the Articles of Incorporation, and compliance-related problems.
- ii Matters that have the potential to significantly damage Nagase Viita
- iii Important items of disclosure
- iv Reporting of matters based on the Internal Reporting System, etc.

2) Reports to Corporate Auditors shall be filed directly by Directors or employees. Individuals filing such reports shall in no way be subject to punishment, and this shall be explicitly indicated in the Internal Reporting System, and made thoroughly clear within the Company.

3) The results of internal audits conducted by the Internal Audit Department on the status of the Company's work shall be reported to Corporate Auditors.

**(8) Other Systems to Ensure Effectiveness of the Corporate Audit Process**

(Article 100, Paragraph 3, Items 6 and 7 of the Regulations for Enforcement of the Companies Act)

1) Corporate Auditors and Representative Director shall exchange opinions as necessary and collaborate closely to enhance the efficiency and effectiveness of the audit process. To enable Corporate Auditors to carry out their duties efficiently and effectively, Nagase Viita shall upgrade our system for close coordination and reciprocity between the accounting auditor and the Audit Office.

2) In the event that Corporate Auditors call in attorneys, certified public accountants, or other outside experts to provide advice, investigations, assessments, or other services related to the performance of audits, Corporate Auditors may request that related costs and expenses be paid by Nagase Viita. Nagase Viita may not refuse to make such payment, unless said services performed by outside experts are deemed to have been unnecessary. System for close coordination and reciprocity between the accounting auditor and the Audit Office. In the event that Corporate Auditors call in attorneys, certified public accountants, or other outside experts to provide advice, investigations, assessments, or other services related to the performance of audits, Corporate Auditors may request that related costs and expenses be paid by Nagase Viita. Nagase Viita may not refuse to make such payment, unless said services performed by outside experts are deemed to have been unnecessary.

**Supplementary Resolution**

The Board of Directors' resolution passed today regarding the establishment of a system to ensure the appropriateness of the Company's business operations shall be continuously reviewed in the future, in light of changes in the business environment and other relevant circumstances, in order to further strengthen corporate governance system.