



June 19, 2025

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Notice Regarding Partial Revision to the Basic Policy for Establishing Internal Control Systems

We hereby announce that, at the Board of Directors meeting held on June 19, 2025, the Company resolved to revise its Basic Policy for Establishing Internal Control Systems as outlined below.

Revisions are indicated with underlines.

The Company recognizes the enhancement of corporate governance as a key management priority. To ensure thorough compliance with corporate ethics and applicable laws and regulations, and to further improve the soundness, efficiency, and transparency of its management, the Company hereby establishes the following Basic Policy for Establishing Internal Control Systems.

1. System to Ensure that Directors Execute Their Duties in Compliance with Laws and the Articles of Incorporation

- ① The Company shall establish compliance-related rules and formulate a code of conduct to ensure that directors act in accordance with laws, the Articles of Incorporation, and the Company's management philosophy. The code shall be thoroughly communicated throughout the Company and its group companies to promote sound business operations.
- ② The Company shall establish an ESG Committee, chaired by the Chairman, as the organization responsible for overseeing global governance in its entirety.
- ③ The following committees shall be established as subordinate bodies of the ESG Committee:
 - Compliance Committee
 - Risk Management Committee
 - Environmental Management Committee
 - Occupational Safety Committee
 - Information Security Committee
- ④ The Company shall establish internal and external whistleblowing channels and utilize a whistleblower system to enable the early detection and correction of illegal acts in violation of compliance.
- ⑤ The Internal Audit Department shall audit and evaluate the internal control system, as well as the legality, appropriateness, and effectiveness of business operations.

- ⑥ The Company shall have no relationship whatsoever with antisocial forces that pose a threat to social order and safety, and shall respond resolutely to any unjust demands in cooperation with legal counsel, law enforcement, and other relevant authorities.

2. System for Retention and Management of Information Related to the Execution of Directors' Duties

- ① Documents specified in the following items shall be retained, together with related materials, in accordance with the Document Management Rules.
 - 1) Minutes of General Meetings of Shareholders
 - 2) Minutes of Board of Directors Meetings
 - 3) Approval Documents
 - 4) Other documents as specified in the Document Management Rules
- ② With respect to information management, the Company shall promote a management framework and operational practices based on the Information Management Rules, and shall appropriately manage confidential information, personal data, and the use of internal information systems.
- ③ The location and method for storing the above documents shall ensure accessibility, with further details specified in the Document Management Rules.
- ④ The retention period for the above documents shall be defined in the Document Management Rules.

3. Systems and Regulations for Managing Risk of Loss at the Company and Its Subsidiaries

- ① The Company shall establish a Risk Management Committee in accordance with the Group Risk Management Rules to enable appropriate management and response to various risks surrounding its business, and to work toward eliminating or mitigating factors that may hinder profitability.
- ② In the event that a risk is determined to have a particularly significant impact on the management of the Group, the Company shall, in accordance with the Group Risk Management Rules, decide on countermeasures for the prevention and avoidance of such a crisis and monitor the status of their implementation.
- ③ With regard to subsidiaries, the Company shall establish rules such as the Business Area Headquarters Rules, the Business Area Headquarters Authority Rules, and the Affiliate Company Management Rules, and the responsible departments shall appropriately manage the subsidiaries in accordance with these rules.

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

- ① The Board of Directors shall determine the management execution policy, matters prescribed by laws and regulations, and other important matters related to management, and shall supervise the status of business execution.
- ② The Board of Directors, in accordance with the Board of Directors Rules, may delegate a portion of important business execution to directors in order to promote management efficiency, prompt decision-making, and agile execution of duties.
- ③ The Company shall adopt an executive officer system to ensure sound and fair management,

improve management efficiency, accelerate decision-making, and strengthen the functions of the Board of Directors.

- ④ The execution of duties by directors of subsidiaries shall be conducted with respect for their autonomy, while the Company shall establish rules such as the Business Area Headquarters Rules, the Business Area Headquarters Authority Rules, and the Affiliate Company Management Rules to clarify their roles, authority, and responsibilities.

5. System to Ensure that Employees of the Company and Directors and Employees of Subsidiaries Execute Their Duties in Compliance with Laws and the Articles of Incorporation

- ① The Company shall establish the KPP Group Charter to clearly define the fundamental principles of corporate activities and the code of conduct for the execution of duties.
- ② The Company shall establish internal and external whistleblowing channels for compliance matters and ensure a system that allows reporting and consultation via written documents, the web, or email.
- ③ With respect to important management matters of subsidiaries, the Company shall, taking into account the nature and scale of each subsidiary's business, establish requirements for prior approval and reporting to the Company.

6. System to Ensure the Reliability of Financial Reporting

To ensure the reliability of financial reporting by the Company and its subsidiaries, the Company shall establish an internal control system for financial reporting and form a Financial Reporting Control Committee to maintain and enhance that system. The Company shall continuously evaluate the development and operation of the system and implement necessary corrective measures.

7. System to Ensure the Properness of Operations within the Corporate Group Consisting of the Company and Its Subsidiaries

- ① The Company shall maintain consistency in fundamental principles such as compliance and information security based on the KPP Group Charter.
- ② The Company shall assign a responsible director to each subsidiary from among its own directors to oversee and manage the subsidiary's operations in an integrated manner.
- ③ For each subsidiary, directors or auditors appointed by the Company shall supervise the status of operations and accounting, and shall report to the Company on a regular basis.
- ④ The Internal Audit Department shall, as necessary, conduct audits of the Company and its subsidiaries, and report the results to the President.

8. Matters Concerning Directors (Assistant Directors) and Employees (Assistant Employees) Assigned to Support the Duties of the Audit and Supervisory Committee

The Audit and Supervisory Committee may instruct designated personnel to assist with audit duties as assistant employees.

9. Matters Concerning the Independence of Assistant Directors and Assistant Employees from Other Directors (Excluding Those Who Are Members of the Audit and Supervisory Committee), and

Ensuring the Effectiveness of Instructions Given to Them by the Audit and Supervisory Committee

Any transfers or changes in the treatment of the above assistant employees shall be subject to the consent of the Audit and Supervisory Committee.

10. System for Reporting to the Audit and Supervisory Committee by Directors (Excluding Those Who Are Committee Members) and Employees of the Company and Its Subsidiaries, and for Ensuring That Those Who Make Such Reports Are Not Subject to Disadvantageous Treatment

- ① In accordance with rules separately established by the Audit and Supervisory Committee, directors (excluding those who are members of the committee) and employees of the Company and its subsidiaries shall report to the Audit and Supervisory Committee.
- ② If any director (excluding those who are members of the Audit and Supervisory Committee) or employee of the Company or its subsidiaries becomes aware of a fact that may cause significant damage to the Company, an act of misconduct, or a material violation of laws or the Articles of Incorporation, they shall promptly report such fact to the Audit and Supervisory Committee through appropriate means.
- ③ The Internal Audit Department shall report audit results to the Audit and Supervisory Committee in a timely manner and through appropriate means.
- ④ The Company and its subsidiaries shall prohibit any disadvantageous treatment of individuals who report to the Audit and Supervisory Committee on the grounds of having made such a report, and shall ensure that this policy is thoroughly communicated to all directors (excluding those who are members of the Audit and Supervisory Committee) and employees of the Company and its subsidiaries.

11. System to Ensure the Effective Implementation of Audits by the Audit and Supervisory Committee

Members of the Audit and Supervisory Committee shall hold regular meetings to exchange opinions with the Representative Director and the Accounting Auditor.

12. Matters Concerning the Policy for Handling Expenses Incurred in the Execution of Duties by Audit and Supervisory Committee Members (Limited to Duties Related to the Committee's Functions)

When a member of the Audit and Supervisory Committee requests an advance payment or reimbursement of expenses incurred in the execution of their duties, the Company shall promptly process such expenses or obligations unless it is determined that the expenses are not necessary for the execution of said duties.

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