

[Translation]

Basic Policy for Internal Control Systems (Revised on March 28, 2024)

【Basic approach to internal control systems】

In accordance with laws and regulations, Chiyoda Corporation (hereinafter “Chiyoda”) puts in place and uses internal control systems to ensure that business is properly conducted. An Internal Controls Committee, chaired by the CFO, has been established to strengthen our internal controls. This committee coordinates and collects opinions within the company and proposes improvements to internal controls to the President at the end of each period or as necessary. The President then reviews and approves such proposals through the Executive Committee, and Board of Directors makes any decisions regarding the internal control systems.

【Status of internal control systems】

1. Regulatory compliance framework

- (1) Chiyoda places the highest priority on conducting business in compliance with Japanese and foreign laws and regulations and in accordance with our corporate ethics. We carry out our business activities in accordance with our Corporate Philosophy and the Chiyoda Group Code of Conduct. Additionally, with the objective of supporting sustainable growth and the medium to longer term enhancement of corporate value, we have established a Corporate Governance Policy that sets out our fundamental approach to corporate governance and our basic policy, and we endeavor put this into practice as the foundation of our business activities. The directors take the initiative in setting an example, and the Board of Directors oversees the execution of duties by the directors to ensure regulatory compliance.
- (2) To strengthen the regulatory compliance framework, Chiyoda creates the position of Chief Compliance Officer (CCO) and the Compliance Committee. Furthermore, in addition to raising the awareness of our officers and employees by establishing related regulations and manuals, conducting various training programs, and providing relevant information, Chiyoda also improves the effectiveness of our compliance efforts by establishing an internal whistleblower program and an advice desk. Those who have made reports or sought advice may not be subjected to retaliatory treatment as a result of the information reported.
- (3) In its decision-making process, the Board of Directors reviews legal issues and business decision-making processes with legal advisors as necessary to improve objectivity and transparency.
- (4) The Internal Audit Department performs audits of regulatory compliance within company departments and reports to the Board of Directors.
- (5) Chiyoda resolutely confronts anti-social forces and does not furnish benefits to them. If we receive an improper demand from an anti-social force, we will address it as an organization by coordinating with outside professionals such as law enforcement and our legal counsel.

2. Information retention and management framework

- (1) Chiyoda ensures that the information handled by directors in the execution of their duties is properly retained and managed by defining basic matters such as the documents covered, the responsible manager, and the retention period through internal regulations governing the management of documents and confidential information.
- (2) Chiyoda properly retains and manages the minutes of important meetings such as Board of Directors and the Executive Committee meetings, which are prepared in accordance with laws and regulations as well as internal regulations.

3. Loss management framework

- (1) The head of the department that is responsible for companywide risk management collaborates with the chief officer in charge and the department heads to build loss management systems for various types of risks, in accordance with internal regulations and various manuals.
- (2) Winning orders for projects and then executing them is at the very core of our business. As part of our strategy of accepting orders only after taking into consideration the financial size of our company and the number of employees, we have established a permanent department that is responsible for managing project risk from start to finish. This department deliberates risk at every stage, starting before we even take up a project, and reviews every stage, including estimate guidelines and proposals. On the project execution side, the department provides management and project support both in terms of execution support and internal checks. It does this by establishing multi-track reporting lines, strengthening autonomous risk management within operating divisions, strengthening inter-department cooperation, and introducing mechanisms that make it possible to visually represent P&L and risk with a high degree of frequency.
- (3) A permanent department has also been established to oversee crisis management across the company, and it oversees the activities of the risk managers assigned to each department in an integrated fashion. While being constantly engaged in prevention and control activities such as disseminating relevant information and giving warnings, this risk oversight department also responds in emergencies by serving as a central coordinating office when a crisis arises.

4. Efficiency framework

- (1) The Board of Directors makes decisions regarding company-wide management policies and important business actions, and it formulates specific business plans in order to achieve management goals. Additionally, to ensure that business decisions can be made swiftly, to the extent that it does not conflict with laws and regulations, some authority is transferred to the President to ensure that these duties are carried out efficiently. Seeking to improve efficiency through matrix management, we have also established committees as organizations that cut across business departments. Specifically, to strengthen governance we have established the Internal Controls Committee, Compliance Committee, SQEI Management Committee, and Sustainability Committee. The Board of Directors appoints the chair of each committee. To strengthen business strategy and companywide resource allocation, we have established the Integrated Strategy Committee, Carbon-free Business Promotion Committee, Project Competitiveness Committee, and Human Resources Development Committee. The company president appoints the chair of each committee.
- (2) To help ensure that management goals are achieved in an efficient manner, we have adopted a nimble organizational structure and clarified and delegated authority based on our internal regulations governing authority and the assignment of duties.
- (3) To improve work efficiency across the company, internal rules are systematically developed and then enforced and administered in an appropriate way. We proactively use information systems to share information about these regulations and analyze them.

5. Company group internal control framework

- (1) Through our Corporate Philosophy and the Chiyoda Group Code of Conduct, Chiyoda Group makes clear the values that are to be shared by all officers and employees of group companies, and Chiyoda and our group companies maintain close cooperation while carrying out our business.
- (2) Along with establishing internal regulations to ensure that business is carried out in an appropriate and efficient manner as the Chiyoda Group, the group companies are managed and supervised by designating a

supervising department for each group company. Furthermore, a permanent department will be established to draft plans and proposals, exercise control, and provide instructions in relation to the group companies.

- (3) Group companies will establish an internal control framework that is consistent with Chiyoda's, including systems for reporting information to Chiyoda in a timely and appropriate manner and internal whistleblower programs, based on thinking that is consistent with Chiyoda's. Specifically, to address regulatory compliance, we will establish the Group Company Compliance Liaison Committee, comprising members from the group companies, to facilitate information sharing within Chiyoda Group. Risk management and crisis management systems that follow the Chiyoda framework are being developed for the group companies. Chiyoda's Internal Audit Department conducts internal audits of the group companies.
- (4) For major group companies, a member of Chiyoda's Audit and Supervisory Committee concurrently serves as auditor, and may conduct proper investigations as necessary.

6. Framework to ensure the effectiveness of audits by the Audit and Supervisory Committee

- (1) A dedicated staff member will be assigned to assist the Audit and Supervisory Committee in performing its duties, in order to support their auditing activities.
- (2) To ensure the independence of that staff member and to ensure the effectiveness of the instructions to that staff member, the personnel evaluations for that staff member are performed by the Audit and Supervisory Committee, any personnel changes must be approved in advance by the Audit and Supervisory Committee, and that staff member may not concurrently serve in any role concerning the execution of our business.

7. Audit and Supervisory Committee reporting framework

- (1) At the request of the Audit and Supervisory Committee, officers and employees report on their activities relating to internal controls on a regular basis or whenever important matters arise. Chiyoda will not subject those officers and employees who have made reports to the Audit and Supervisory Committee to retaliatory treatment as a result of a report.
- (2) In order to ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, the representative directors and the president meet regularly with the Audit and Supervisory Committee to exchange views on reports made by officers and employees to the Audit and Supervisory Committee. Additionally, when the Audit and Supervisory Committee asks that a member or members of the Audit and Supervisory Committee be seated at an Executive Committee meeting or other important meeting, the representative directors address such requests.
- (3) To ensure the effectiveness of reporting by group companies, the Audit and Supervisory Committee meets regularly with the auditors from major group companies to exchange views and share information about the group's internal control framework.
- (4) When the Audit and Supervisory Committee requests that an independent outside expert be appointed for an audit by the Audit and Supervisory Committee members, Chiyoda will bear the expense unless it is shown to be clearly unnecessary with respect to the duties of the Audit and Supervisory Committee members.

8. Framework to ensure reasonableness of financial reports

- (1) Chiyoda and our major group companies have developed and use an internal control framework, such as documenting business rules, to ensure the reasonableness of our financial reports as required under the Financial Instruments and Exchange Act. If a new risk is recognized or if some sort of defect or deficiency in this system is discovered, we work to promptly improve the framework.

(2) To ensure the effectiveness of the internal control functions for financial reports spanning the entire organization, Chiyoda has established a highly independent Internal Audit Department in order to gauge and verify the actual state of control activities within each department using audits of daily operations and other means.