

Basic Policy for Internal Control Systems (Revised on March 26, 2025)

【Basic approach to internal control systems】

In accordance with laws and regulations, Chiyoda Corporation (hereinafter “Chiyoda”) establishes and uses internal control systems to ensure that business is properly conducted. An Internal Control Committee, chaired by the officer concurrently serving as both the Chief Financial Officer (CFO) and Chief Compliance Officer (CCO), has been established to strengthen our internal controls. This committee coordinates and collects opinions within the company and proposes improvements on 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 the Board of Directors makes all decisions regarding the internal control systems.

【Overview of the 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 conduct our business activities in accordance with our Purpose, our Mission 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 established the Corporate Governance Policy that sets forth our fundamental approach to corporate governance and our basic policy, and we endeavor to 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 CCO and the Compliance Committee. Furthermore, in addition to raising the awareness of our officers and employees by establishing related regulations and manuals, monitoring of appropriate operations, conducting the 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. With the internal whistleblower program, we will ensure the strict confidentiality obligations of the designated contact person. Additionally, retaliatory treatment of those who have submitted reports or sought advice after submitting reports or seeking advice is prohibited.
- (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 antisocial forces and does not furnish benefits to them. If we receive an improper demand from an antisocial 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 stipulating the 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 meetings of the Board of Directors and the Executive Committee, and those minutes are prepared in accordance with laws and regulations as well as internal regulations.

3. Loss management framework

- (1) At Chiyoda, the head of the department responsible for company-wide risk management collaborates with the chief officer in charge and the department heads to build loss management systems for the different types of risks in accordance with internal regulations and the various manuals.
- (2) Winning orders for projects and then executing those projects are 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 responsible for managing project risk from start to finish. This department starts its deliberations before we even accept a project and reviews every stage, including the 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 visualize P&L and risk with a high degree of accuracy.
- (3) Another 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 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 and 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 also established committees as organizations that cut across business departments. Specifically, to strengthen governance, we established the Internal Control 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 established the Integrated Strategy Committee, New Business Promotion Committee, Project Competitiveness Committee, and Human Resources Development Committee. The President appoints the chair of each committee.
- (2) To help ensure that management goals are achieved in an efficient manner, we 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 rules and analyze them.

5. Company group internal control framework

- (1) Through our Purpose, our Mission, and the Chiyoda Group Code of Conduct, the 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 conducted 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, we have established a permanent department to draft plans and proposals, exercise control, and provide instructions in relation to the group management.
- (3) Group companies have established 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 mindset. Specifically, to address regulatory compliance, we have established 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 has been 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 related to internal controls to the Audit and Supervisory Committee 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 the report.
- (2) In order to ensure the effectiveness of audits conducted by the Audit and Supervisory Committee, the representative directors and the chairman of the board 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 bears 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 the necessary 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 any type 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.