

## Internal Control Policy

In accordance with the Companies Act and Ordinance for Enforcement of the Companies Act of Japan, Taica hereby sets forth a system to ensure the appropriateness of business operations, hereafter referred to as “Internal Control.”

### 1. Compliance with Laws, Regulations, and the Taica Articles of Incorporation

- i. Directors and employees will, in the execution of their duties, abide by all laws and regulations, as well as the Taica Articles of Incorporation, and act in an ethical and responsible manner.
- ii. Directors will report on the execution of their own duties as well as that of other directors to the Board of Directors, which will supervise them. The directors will be audited by statutory auditors in accordance with the standards of the audit program.
- iii. The Internal Audit Office, independently of other divisions, will continuously conduct internal audits of internal controls in accordance with internal audit protocol. Furthermore, the Internal Audit Office will submit timely reports on its audits to the directors and statutory auditors and will provide feedback to the audited divisions.
- iv. Taica will appoint an in-house liaison officer who will accept reports of suspected improper or illegal conduct by directors or employees and work towards early detection and prevention of misconduct. The General Affairs Department will determine punishment for misconduct by employees; the Board of Directors will determine punishment for infractions by directors.

### 2. Management of Information Relating to the Board of Directors

- i. Information regarding the directors’ execution of duties, including minutes from meetings of the Board of Directors, will be handled in compliance with relevant laws and regulations. Such information will be stored as paper documents or electronic media in accordance with document management protocols.
- ii. The status of the documentation, storage, and management of information regarding execution of duties by directors will be audited by statutory auditors. When necessary, information will be disclosed in accordance with relevant laws and/or regulations or the stock exchange’s timely disclosure rules.

### 3. Risk Management Policy

- i. To manage risk related to the operations of Taica or Taica Group companies, the Board of Directors will assess and minimize risk by establishing appropriate rules and systems. Risk management will be improved continuously.
- ii. Directors will foresee and analyze risk in order to execute their duties and will provide their findings to the Board of Directors. These findings are important reference materials for

making management decisions. Employees will review their duties and foresee and analyze potential risks and risk management processes regularly to monitor the status of risk management and to take appropriate measures to avoid risk.

- iii. When an unforeseen situation arises, the President will establish a task force or assign a person in charge of resolving the situation and mitigating damages.

#### 4. Efficient Execution of Duties by Directors

- i. The duties of each director will be determined by decisions of the Board of Directors and other corporate policies. These policies will be reviewed as necessary in order to reflect the revision and/or abolition of laws and/or regulations, to improve the efficiency of execution of duties by directors, etc.
- ii. In order to ensure the efficient execution of directors' duties, a meeting of the Board of Directors will be held at least once a month. In order to improve management efficiency, important matters to be decided at a meeting of the Board of Directors will be discussed in advance at a meeting of the Executive Committee. After review by the Executive Committee, a decision will be made by the Board of Directors.
- iii. Directors will execute their duties in order to achieve the targets set by the current mid-term management plan and the annual budget, which are drafted in accordance with Taica's management philosophy. Moreover, performance results and improvement plans will be reported and discussed at meetings of the Board of Directors.

#### 5. Ensuring Appropriate Operations at Taica and Taica Group Companies

- i. Taica and Taica Group companies will respect social norms and ethics and will comply with all laws and regulations and the Taica Articles of Incorporation. Transactions between group companies will comply with all laws and regulations, including accounting standards, tax laws, and other social norms.
- ii. Each Taica Group company will, while maintaining close cooperation and continuously sharing information with Taica, autonomously maintain its own internal control system, proportional to the size of the company, the nature of its business, and other defining characteristics. Each group company's internal policies will be in keeping with Taica's policies.
- iii. Taica will maintain a subsidiary management policy and, in accordance with that policy, collect and deliberate on reports from subsidiaries and thus manage them. Directors of group companies will exchange opinions and work together to establish appropriate internal control systems at each of their companies.
- iv. The Internal Audit Office, which is responsible for the internal control of Taica Group companies, will periodically conduct or supervise internal audits of Taica and its group companies and ensure effective and appropriate internal control across the entirety of group

company operations.

- v. The statutory auditors at Taica will cooperate with the statutory auditors at group companies in order to oversee and audit the execution of operations by subsidiaries and will oversee and audit the appropriateness of group companies' business in accordance with consolidated management. Moreover, the statutory auditors will maintain a close and proper relationship with accounting auditors and the Internal Audit Office so that audits may be conducted effectively and appropriately.

#### 6. Appointment of Employees to Assist Statutory Auditors

- i. In cases where the statutory auditors request employees to be appointed to assist them, Taica will take appropriate measures so that the statutory auditors can perform their duties properly.

#### 7. Independence of Employees Appointed to Assist Statutory Auditors

- i. In cases where employees are appointed to assist the statutory auditors, their appointment, transfer, evaluation, and punishment will be carried out in deference to the opinion of the statutory auditors so as to ensure the independence of such employees from the directors.

#### 8. System for Directors and Employees Appointed to Statutory Auditors to Report to Statutory Auditors

- i. In the event that a director finds evidence of infringement of laws and/or regulations or the Articles of Incorporation or malfeasance arising from the execution of duties, or uncovers facts that may cause considerable damage to Taica or group companies, the director will immediately report such findings to the statutory auditors.
- ii. In the event that an employee assigned to statutory auditors finds evidence of infringements of laws and/or regulations or the Articles of Incorporation or malfeasance arising from the execution of duties, or uncovers facts that may cause considerable damage to Taica or group companies, the employee will immediately report such findings to the statutory auditors by way of the person in charge at the Internal Audit Office.
- iii. Directors will report at important meetings such as meetings of the Board of Directors the status of the execution of duties and important internal and external matters regarding Taica which require management decisions. The statutory auditors may attend such meetings and may receive reports regarding the execution of duties.
- iv. The statutory auditors may hold periodical meetings with the person in charge at the Internal Audit Office and request reports from directors and/or employees assigned to statutory auditors. If directors and/or employees assigned to statutory auditors are requested by the statutory auditors to explain matters regarding the execution of duties, they will report to the statutory auditors quickly and accurately.

#### 9. Other Systems to Ensure Effective Auditing by the Statutory Auditors

- i. Half or more of the statutory auditors will be outside auditors so as to ensure external transparency.
- ii. Statutory auditors will periodically exchange opinions with directors about important matters regarding audits. When a statutory auditor requests to attend an important meeting, this request will be respected.
- iii. Statutory auditors will periodically exchange opinions with the Internal Audit Office, accounting auditors, and statutory auditors of Taica Group companies and work with them to ensure effective auditing of Taica and group companies. Moreover, statutory auditors may request the Internal Audit Office to carry out investigations as necessary.