

Note: This is a translation of the Japanese language original for convenience purposes only, and in the event of any discrepancy, the Japanese language original shall prevail.

## Basic Internal Control Policy

Corporate Planning Department  
Compliance Control Department  
Risk Management Department  
General Affairs Department  
International Subsidiary Management Department  
Affiliated Business Management Department  
Real Estate Department  
Profit Management Department  
Internal Audit Department  
Enacted on April 1, 2006  
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### Part I General Provisions

#### 1. Purpose

The Company aims to maximize customer satisfaction, secure social trust, create sustainable corporate value, and foster employee's potential as its basic management policy.

Basic Internal Control Policy (hereinafter, this "Basic Policy") aims to ensure the appropriate operations of the corporate group that comprises the Company, its subsidiary etc. and maintain and create corporate value in an effort to realize the basic management policy by establishing basic matters related to the development and management of the internal control structure, thereby contributing to the fulfillment of the Company's social responsibilities as a life insurance company in accordance with the Internal Control Policy for the Dai-ichi Life Group formulated by Dai-ichi Life Holdings, Inc.

The policies with respect to the development and management of specific structures related to the items described below shall be stipulated from Part II.

- (1) Conduct business activities in compliance with laws and regulations, the Articles of Incorporation, social standards, and rules in the market
- (2) Ensure Insurance sales compliance with laws and regulations, etc. and conduct appropriate insurance sales management
- (3) Protect and manage information property appropriately, including customer information, shareholder information, material facts, and other unique information
- (4) Manage risks effectively in accordance with the characteristics of those risks
- (5) Block any relationships with antisocial forces to prevent any damage that might occur
- (6) Ensure appropriate operations at subsidiaries
- (7) Ensure the reliability of financial reports and disclose them appropriately on a timely basis
- (8) Check the appropriateness and effectiveness of internal control through Internal audits

#### 2. Definitions

Internal control shall mean a process that is embedded in operations and carried out by all officers and employees to ensure the effectiveness and efficiency of operations, the reliability of financial reports, compliance with laws and regulations, the Articles of Incorporation and other rules, and the preservation of assets.

#### 3. Roles of Officers and Employees

##### (1) Board of Directors and Directors

The Board of Directors shall determine this Basic Policy related to the development and management of the internal control structure, and it shall be responsible for supervising the development and management of the internal control structure by the Representative Directors and Executive Officers.

Directors shall strive to realize an appropriate internal control structure by steadily exercising the duty of care of a good manager, including obligations to supervise operational executions.

(2) Representative Directors

Representative Directors shall take roles and responsibilities for the development and management of the internal control structure in accordance with the basic policy determined by the Board of Directors.

(3) Executive Officers

Executive Officers shall be responsible for directing and supervising employees and developing and managing the internal control structure of the operations that they are in charge of or responsible for.

(4) Employees

Employees shall strive to develop and manage an effective internal control structure in relation to their own duties.

4. Development and Management of the Internal Control Structure

The Company shall develop and manage the structures described below to achieve the objectives of internal control on the premise of the Company's management principles, basic management policy, operating performance, financial situation and other factors.

(1) Risk assessment and response

In dealing with events that will impact on progress in achieving its objectives, the Company shall assess risks, identify issues, and carry out business improvement based on the understanding of the issues. It shall carry out assessment procedures on a company-wide basis to strengthen the internal control structure.

(2) Development of systems

The Company shall develop the necessary systems to develop and manage the internal control structure on a company-wide scale, such as establishing an Internal Control Committee.

Departments responsible for internal control shall develop and manage the internal control structure, establish and carry out measures to improve the effectiveness of internal control, confirm the status of internal control, and report to the Board of Directors and other organizations. In addition, they shall report the internal control status and other information to Dai-ichi Life Holdings, Inc. upon its request.

(3) Development of internal rules

The Company shall develop the necessary internal rules in accordance with this Basic Policy, in addition to establishing a code of conduct by which the activities of officers and employees are governed.

(4) Monitoring of internal control

The internal control structure in each department and branch shall be examined by its internal organizations in charge of the internal control structure, and it shall be audited by the Internal Audit Department, and also by Independent Auditors in accordance with laws and regulations.

If flows or deficiencies are identified in the internal control structure through monitoring and other activities, the facts and circumstances shall be investigated and improvement measures shall be taken after the causes are ascertained.

(5) Maintenance and management of information related to the execution of duties of officers and employees

A Document Handling Policy shall be established as a policy primarily for the maintenance and management of information related to the execution of duties of officers and employees. Information about the execution of duties of Directors and Executive Officers, such as the minutes of important meetings and documented decisions, and other important information, shall be recorded and maintained using an electromagnetic method, micro films or other means in accordance with the Document Handling Policy, in such a way that the information is able to be presented upon the receipt of requests from Directors or Audit and Supervisory Board Members.

(6) Ensuring the efficiency of the execution of duties by officers and employees, etc.

To ensure the efficiency of the execution of duties by officers and employees, the

Company shall carry out appropriate measures, including the establishment and assessment of plans related to management and operations, the establishment of the segregation of duties and operating responsibilities and authorities in organizations and among officers and employees, and the use and control of information technologies. The Company shall also appropriately identify, understand and process the information necessary for the execution of duties and strive to convey such information internally and externally in an appropriate manner.

5. Response Related to Audits by Audit and Supervisory Board Members

(1) Cooperation with Audit and Supervisory Board Members

In promoting internal control, the implementation of effective audits shall be ensured through cooperation with Audit and Supervisory Board Members, including the development of a system of reporting to Audit and Supervisory Board Members and the Audit and Supervisory Board.

(2) Systems related to employees who support Audit and Supervisory Board Members

a. Employees who support the Audit and Supervisory Board Members shall be assigned to the Corporate Audit Office.

b. The independence of these employees from the Directors shall be ensured by holding deliberations with the Audit and Supervisory Board Members regarding the transfer and assessment of the relevant employees and other matters.

c. Employees assigned to the Corporate Audit Office shall perform duties ordered by the Audit and Supervisory Board Members and other duties necessary for conducting audits, and such employees shall have the right to collect information necessary for audit purpose.

(3) Reporting to Audit and Supervisory Board Members and the Audit and Supervisory Board

a. If activities that violate laws and regulations, the Articles of Incorporation or other rules or events that cause significant harm to the Company are actually or potentially taking place, officers and employees shall promptly and appropriately report to the Audit and Supervisory Board Members or the Audit and Supervisory Board.

b. If activities that violate laws and regulations, the Articles of Incorporation or other rules or events that cause significant harm to the Company are actually or potentially taking place among subsidiaries etc., officers and employees of such subsidiaries etc. or officers and employees of the company who received a report from the officers and employees of such subsidiaries etc. shall promptly and appropriately report to Audit and Supervisory Board Members or the Audit and Supervisory Board.

c. The Company shall develop the necessary system that the officers and employees who reported “a.” or “b.” to the Audit and Supervisory Board Members or the Audit and Supervisory Board shall not be treated unfairly because of the reporting.

(4) The Company, upon request from the Audit & Supervisory Committee, shall establish systems to ensure the effectiveness of Audits by Audit and Supervisory Board Members based on Audit & Supervision Policy and Audit & Supervisory Committee Regulation as set out below.

a. Directors, executive officers and employees shall establish a system to ensure close cooperation between the Audit & Supervisory Committee and the department in charge of internal audit or the departments in charge of internal control within the Company.

b. Directors, executive officers and employees shall establish a system under which a member of the Audit & Supervisory Committee may attend and make comments at any Board of Directors meeting or other important meeting.

c. Directors, executive officers and employees shall establish a system that allows Audit & Supervisory Committee members to have access to the minutes of any important meeting at the Company or any decision document on which directors and executive officers have made a decision or any equivalent document.

d. The Company may not refuse the expenses required for matters related to the execution of duties by Audit and Supervisory Board Members and the Audit and Supervisory Board, unless cases where the expenses pertaining to such billing are deemed to be unnecessary for the execution of duties of Audit and Supervisory Board Members.

## 6. Reporting to the Board of Directors, etc. and Response to the Reports

Officers and employees shall report the results of monitoring and other important matters related to the internal control structure to the Representative Directors, the Board of Directors or the Executive Management Board in accordance with the level of importance and urgency. The Board of Directors and the Executive Management Board shall confirm the effectiveness of the internal control structure based on the reports and take the necessary measures for further improving the internal control structure.

## 7. Enactment, Revision and Abolition

This Basic Policy shall be reviewed by the Board of Directors every fiscal year. It shall also be reviewed when necessary in accordance with changes in the operating environment and other factors. However, if the extent of a revision(s) is minor, the Executive Officers in charge of Corporate Planning Department, Compliance Control Department, Risk Management Department, General Affairs Department, International Subsidiary Management Department, Affiliated Business Management Department, Real Estate Department, Profit Management Department and Internal Audit Department shall make the decision.

## Part II. Compliance

### 1. Basic Concept

The Company recognizes that compliance with laws and regulations, the Articles of Incorporation and other rules and following social norms and market rules (hereinafter “Compliance”) are the major premises in carrying out its business activities, and it shall promote Compliance in its insurance sales, asset management and all other business activities to fulfill its social responsibilities and public mission as a life insurance company.

### 2. Promotion of Compliance

The Company shall develop and manage the structures described below to promote Compliance.

#### (1) Development of systems

##### (i) Committee

The Company shall establish a Compliance Committee.

##### (ii) Department responsible for internal control

The department responsible for internal control related to Compliance shall be the Compliance Control Department.

The Compliance Control Department shall prepare plans and proposals, and prepare plans, proposals and the promotion of Compliance of branches to enhance the effectiveness of Compliance on a company-wide scale. Moreover, it shall confirm the situation of Compliance on a company-wide scale, and provide reports to the Board of Directors and other organizations.

#### (2) Development of internal rules, etc.

The Company shall develop internal rules, manuals, rules and other regulations that are necessary for carrying out operations in accordance with the Compliance Regulations, the Compliance Manual, the Salesmanship Policy and other laws and regulations and other rules.

#### (3) Provision of education and training

By determining the roles of officers and employees and other matters, education and training shall be provided to enhance Compliance.

#### (4) Internal audit of the status of compliance with laws and regulations and other rules

The Internal Audit Department shall audit the status of compliance with laws and regulations and other rules in each department and branch.

#### (5) Response when inappropriate events and other incidents occur, such as the violation of laws and regulations

If inappropriate events and other incidents occur, such as the violation of laws and regulations, the Company shall promptly investigate the facts and circumstances and implement improvement measures after the causes are ascertained. When necessary, it

shall report the matter to the supervisory authorities, proceed with disciplinary measures against the parties involved in such events and take other actions. In case that the Company certifies an incident as an inappropriate event or gets certain information that an inappropriate event may have occurred, the Company shall monitor it continuously.

### Part III. Insurance Solicitation Management

#### 1. Basic Concept

The Company shall promote the development of the structure of insurance solicitation management under the recognition that full compliance with laws and regulations and other rules related to insurance solicitation is crucial from the perspective of customer protection, maintenance of the sound and appropriate management of the operations of an insurance company and fair insurance solicitation.

#### 2. Promotion of Insurance Solicitation Management

The Company shall develop and manage the structures described below to promote its insurance solicitation management.

##### (1) Development of systems

###### (i) Committee

The Compliance Committee as stipulated in 2. (1) in Part II shall develop a system to promote insurance solicitation management.

###### (ii) Department responsible for internal control

The department responsible for internal control related to insurance solicitation management shall be the Compliance Control Department.

The Compliance Control Department shall prepare plans, proposals and promotions related to the development and promotion of the structure of company-wide insurance solicitation management, and it shall prepare plans, proposals and promotions related to the matters associated with the insurance solicitation management of sales staff members and branches.

##### (2) Development of internal rules, etc.

The Company shall develop internal rules, manuals, rules and other regulations that are necessary for carrying out insurance solicitation management operations in compliance with the Insurance Solicitation Management Policy and other laws and regulations and other rules.

##### (3) Provision of education and training

By determining the roles of officers and employees and other matters, education and training shall be provided to promote appropriate insurance solicitation management.

##### (4) Internal audit of the status of insurance solicitation management

The Internal Audit Department shall audit the progress of measures related to insurance solicitation management in each department and branch.

##### (5) Response when inappropriate events and other incidents occur, such as the violation of laws and regulations related to insurance solicitation

If inappropriate events and other incidents occur, such as the violation of laws and regulations related to insurance solicitation, the Company shall promptly investigate the facts and circumstances and implement improvement measures after the causes are ascertained. When necessary, it shall report the matter to the supervisory authorities, initiate disciplinary measures against the parties involved in such events and take other actions. In case that the Company certifies an incident as an inappropriate event or gets certain information that an inappropriate event may have occurred, the Company shall monitor it continuously.

### Part IV. Information Assets Protection Management

#### 1. Basic Concept

In light of the importance of information assets in the life insurance business, including customers' information, important facts and confidential information, as well as the social responsibilities of the Company that owns such information assets, the Company shall appropriately protect and

manage information assets by complying with Act on the Protection of Personal Information, Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure, and other laws and regulations related to the protection of personal information and other related laws and regulations and social norms.

## 2. Basic Handling of Information Assets

The Company shall handle information assets in the manner described below.

### (1) Acquisition of information

In acquiring personal information, the purpose of its use shall be published or notified. In acquiring customers' information, the information shall be acquired through appropriate methods, and it shall not be acquired through dishonest or other illegal methods.

### (2) Use of information assets

Information assets shall be used only within the scope of achieving the purpose of use, and they shall not be used for any other purposes.

### (3) Ensuring the accuracy of information assets

The Company shall strive to maintain the most accurate and up-to-date information assets within the scope that is necessary to achieve the purpose of use.

### (4) Restriction on the provision of personal information to third parties

Personal information shall not be provided to third parties unless the provision of such information is permitted under the Act on the Protection of Personal Information, Act on the Use of Numbers to Identify a Specific Individual in the Administrative Procedure, and other laws and regulations related to the protection of personal information.

## 3. Promotion of the Protection and Management of Information Assets (Implementation of Safe Management Measures)

The Company shall take the measures described below that are necessary and appropriate to prevent the leakage, loss or damage of information assets.

### (1) Development of systems

#### (i) Committee

The Compliance Committee as stipulated in 2. (1) in Part II shall develop a system for promoting the protection of information assets.

#### (ii) Department responsible for internal control

The department responsible for promoting the protection of information assets shall be the Compliance Control Department. The Compliance Control Department shall prepare plans and proposals to enhance the effectiveness of the protection of information assets on a company-wide scale. Moreover, it shall confirm the situation of the protection of information assets on a company-wide scale, and provide reports to the Board of Directors and other organizations.

### (2) Development of internal rules, etc.

The Company shall develop a Personal Information Protection Policy, a Shareholders' Personal Information Protection Policy, Employees' Personal Information Protection Policy and other internal rules, manuals, rules and other regulations that are necessary for promoting the protection of information assets.

### (3) Provision of education and training

By determining the roles of officers and employees and other matters, education and training shall be provided to promote the protection of information assets.

### (4) Management of the information system

The Company shall manage information assets by establishing appropriate access control in its information system.

### (5) Supervision of outsourcing companies

When outsourcing the handling of information assets, to ensure the safe management of information assets, the Company shall carry out the necessary and appropriate supervision of outsourcing companies (including solicitation agents).

### (6) Internal audit of the status of the management of information assets protection

The Internal Audit Department shall undertake regular audits as to whether or not the safe management of information assets is functioning effectively on a company-wide scale.

#### 4. Response to Requests for the Disclosure of Personal Information, etc.

(1) Response to the disclosure of personal information, etc.

The Company shall respond promptly to requests for the disclosure of personal information, etc.

(1) Response to requests related to the handling of personal information, etc.

The Company shall respond appropriately and promptly to requests related to the handling of personal information, etc.

### Part V. Risk Management

#### 1. Basic Concept

To ensure the soundness of its financial strength, the appropriateness of its operations and other matters, and the steady fulfillment of its obligations under insurance policies, the Company shall carry out appropriate risk management in accordance with the scale and characteristics of operations and the risk profile by understanding and assessing the variety of risks existing within the Company.

#### 2. Types and Definitions of Risks, etc.

(1) The Company shall categorize the main risks it faces into policy underwriting risk, asset management risk (market risk, credit risk and real estate investment risk), liquidity risk, administrative risk and system risk. The definitions of the risks shall be separately determined by the Board of Directors in accordance with each risk type.

(2) In addition to the risk types described in the preceding item, the Company shall separately determine the definitions and management of legal risk, human risk, tangible assets risk and reputation risk.

(3) In preparation for the occurrence of crises that are not be able to be responded to through ordinary risk management alone, the Company shall separately determine systems related to crisis management, large-scale disaster risk management and other matters.

#### 3. Implementation of Risk Management

The Company shall develop and manage the structures described below to implement risk management.

(1) Development of systems

(i) Committees

The Company shall establish Committees that manage each risk type or more than one risk type, when necessary.

(ii) Department responsible for internal control

a. Department responsible for general risk management

The department responsible for managing a range of risks in a comprehensive manner shall be the Risk Management Department. The Risk Management Department shall prepare plans and proposals to enhance the effectiveness of general risk management. Moreover, it shall confirm the situation of general risk management and provide reports to the Board of Directors and other organizations.

b. Departments responsible for risk management

The departments responsible for managing risks by each type shall be as follows.

Policy underwriting risk: Financial Planning and Actuarial Department

Asset management risk: Risk Management Department

Liquidity risk: Risk Management Department

Administrative risk: IT Business Process Planning Department

System risk: IT Business Process Planning Department

The Departments responsible for managing risks shall prepare plans and proposals to enhance the effectiveness of risk management by each risk type. Moreover, they shall confirm the situation of each risk type, and provide reports to the Board of Directors and other organizations.

(2) Development of internal rules, etc.

The Company shall develop the necessary internal rules related to risk management by

separately determining basic policies at the Board of Directors on the risk management of each risk type as stipulated in 2. (1). Moreover, the Company shall develop the necessary internal rules related to the risk management of each risk type as stipulated in 2. (2).

(3) Method of risk management

- (i) The Company shall carry out risk management in accordance with the characteristics of risks by each risk type.
- (ii) In addition to managing risks by each type, the Company shall carry out asset and liability management (ALM) that manages assets and liabilities in a comprehensive manner, and other general risk management that covers each risk type and the scope of the operations of the Company, its important group companies and other companies.
- (iii) In understanding and assessing risks, the Company shall adopt multiple methods, including quantitative and qualitative assessment and stress tests.
- (iv) The department responsible for general risk management shall confirm that the Company's management targets that set out its earnings targets, risk taking strategies and other matters have been appropriately established in accordance with the situation of its shareholders' equity and risks.
- (v) The Company shall inform the relevant related parties and organizations about information related to risks with the appropriate timing and manner.
- (vi) The Internal Audit Department shall monitor the situation of risk management through internal audits and other methods, and it shall ensure the effectiveness of the risk management structure by carrying out improvement measures, if necessary.

## Part VI. Prevention of Damage Caused by Antisocial Forces

### 1. Basic Concept

The Company shall position the prevention of damage caused by antisocial forces as the matter of compliance with laws and regulations and other rules and the matter of risk management that are necessary to ensure its sound operations, and it shall develop a structure accordingly, and the Representative Directors and the entire organization of the Company shall respond in a unified manner to unreasonable demands from antisocial forces.

### 2. Measures to Prevent Damage Caused by Antisocial Forces

(1) Development of systems

(i) Committee

The Company shall establish an Antisocial Forces Handling Committee.

(ii) Division responsible for internal control

The department responsible for promoting the prevention of damage caused by antisocial forces shall be the General Affairs Department. The General Affairs Department shall prepare plans and proposals to enhance the effectiveness of the measures designed to prevent damage caused by antisocial forces by eliminating relationships with antisocial forces, ensuring the safety of its employees, turning down any unreasonable demands and taking other initiatives. Moreover, the General Affairs Department shall confirm the situation of the measures taken on a company-wide scale, and provide reports to the Board of Directors and other organizations on a regular basis. Moreover, if deals with antisocial forces are identified, the General Affairs Department shall report to the Board of Directors and other organizations with the appropriate timing and manner, and promptly take the initiative to eliminate the relationships with the antisocial forces.

(2) Development of internal rules, etc.

The Company shall develop necessary internal rules and other rules, such as an Antisocial Forces Handling Regulations.

(3) Provision of education and training

The Company shall provide education and training to prevent damage caused by antisocial forces.

(4) Cooperation with external specialized institutions

In preparation for unreasonable demands from antisocial forces, the Company shall develop and always maintain close cooperation with the police and other external



- specialized institutions.
- (5) Internal audit of the status of measures taken to prevent damage caused by antisocial forces  
The Internal Audit Department shall audit the status of measures taken to prevent damage caused by antisocial forces in each department and branch.

## Part VII. Ensuring the Sound Operations of Subsidiaries etc.

### 1. Basic Concept

The Board of Directors and other organizations of subsidiary etc. have the responsibility and authority to develop and manage the internal control structure of subsidiary etc. In managing subsidiary etc., as the basic policy, the Company as a major shareholder shall monitor the decision making and supervision of operations by the Board of Directors and other organizations of subsidiary etc., and the Company shall also confirm the situation of operation execution and other matters and take measures in accordance with the characteristics of subsidiary etc.

### 2. Scope of Application

Subsidiaries etc. shall mean subsidiaries and affiliates etc, as stipulated in the Insurance Business Act, the Order for Enforcement of the Insurance Business Act and the Ordinance for Enforcement of the Insurance Business Act, and all the Company's subsidiary etc. shall be applicable.

### 3. Ensuring Appropriate Operations of Subsidiary etc.

The Company shall develop and manage the structures described below to ensure the appropriate operations of subsidiary etc.

#### (1) Development of systems

The departments responsible for the internal control of subsidiary etc. shall be the Corporate Planning Department, the International Subsidiary Management Department, the Affiliated Business Management Department and the Real Estate Department (hereinafter the "Subsidiary etc. Management Departments"). By cooperating with other departments responsible for internal control (meaning, in this part, departments responsible for internal control as described in other parts and the Corporate Planning Department) and other related departments, such as departments responsible for outsourcing to subsidiary etc. (hereinafter the "Related Departments"), the Subsidiary etc. Management Departments and departments specified separately which promote and support each operation of subsidiaries (hereinafter the "Subsidiary etc. Development Departments") shall propose and carry out measures for developing internal control structures of subsidiary etc. and enhance the effectiveness of such structures, and shall deal with subsidiary etc. in accordance with their characteristics mainly by providing instructions and support.

#### (2) Development of internal rules, etc.

The Company shall develop internal rules and other rules that are necessary for carrying out operations in compliance with the Policy for the Internal Control Management of Subsidiary etc., the Standards for the Internal Control Management of Subsidiary etc. and other laws and regulations and other rules.

#### (3) Management method

The Subsidiary etc. Management Departments shall confirm the situation of subsidiary etc. and take the necessary measures with the cooperation of the Related Departments, such as other departments responsible for internal control, Subsidiary etc. Development Departments and departments responsible for outsourcing to subsidiary etc., to ensure that subsidiary etc. establish and manage the internal control structure in the same manner as stipulated in the General Provisions.

#### (4) Internal audit on the appropriateness of the operations of subsidiary etc.

The Internal Audit Department shall audit the internal control structure of subsidiary etc. from which consent is received.

#### (5) Reporting to the Company's Board of Directors and other organizations and cooperation with the Company's Audit and Supervisory Board Members

The Subsidiary etc. Management Departments and the Subsidiary etc. Development Departments shall monitor the situation of the internal control of subsidiary etc. with the cooperation of the departments responsible for internal control, and report to the Company's Board of Directors, the Executive Management Board and other organizations as necessary. The Subsidiary etc. Management Departments and the Subsidiary etc. Development Departments shall also cooperate with the Company's Audit and Supervisory Board Members regarding the maintenance of the appropriateness of the operations of subsidiary etc., and shall cooperate with the Audit and Supervisory Board Members in the execution of their duties.

## Part VIII. Ensuring the Reliability of Financial Reports and their Disclosure

### 1. Basic Concept

Representative Directors shall ensure the appropriateness of the details presented in financial reports and secure the reliability of financial reports by developing, managing and assessing the internal control structure related to financial reports. They shall also confirm the appropriateness of financial reports and follow procedures for the disclosure of financial reports.

### 2. Scope of Financial Reports

Financial reports shall mean external reports related to financial statements and disclosure items and other matters that significantly affect the reliability of financial statements, and the details of financial reports shall be determined separately.

### 3. Ensuring the Reliability and Appropriate Disclosure of Financial Reports

The Company shall take the measures described below to ensure the reliability and appropriate disclosure of financial reports.

#### (1) Development of systems

The department responsible for general administration related to financial settlements in preparing financial reports and the promotion of the development of an internal control structure shall be the Profit Management Department. The Profit Management Department shall deal with the Related Departments in accordance with the characteristics of the Related Departments mainly by providing instructions and support.

#### (2) Development of internal rules

The Company shall develop internal rules, such as the Accounting Policy, that are necessary for preparing financial reports.

#### (3) Preparation of financial reports

The Company shall accurately and appropriately prepare financial reports in compliance with the governing laws and regulations, business accounting principles, internal rules and other business accounting standards that are generally considered to be fair and appropriate, by paying attention to the segregation of duties.

#### (4) Maintenance of assets

(i) The acquisition, use or disposal of the Company's assets shall be carried out in accordance with fair procedures and approval.

(ii) In managing the Company's cash and receipts, particularly close attention shall be paid and rigorous handling and management shall be applied.

#### (v) Audits

(i) The Internal Audit Department shall carry out internal audits related to the preparation of financial reports.

(ii) The results of the assessment of internal control related to financial statements and financial reports shall be audited by Independent Auditors in accordance with laws and regulations.

#### (6) Confirmation of the appropriateness, etc. of financial reports, etc.

After deliberations and confirmation by the Internal Control Committee and the Executive Management Board, Representative Directors shall confirm the matters related to the assessment of internal control regarding financial reports and the matters related to the appropriateness of financial statements.

(7) Prompt disclosure

Financial reports shall be disclosed with the appropriate timing and manner in compliance with laws and regulations and other rules.

## Part IX. Internal Audits

### 1. Basic Concept

The Company shall carry out Internal audits of the internal control structure to ensure sound and appropriate business management, and it shall develop an effective internal control structure by making all officers and employees aware of the importance of Internal audits.

### 2. Definition of Internal Audits

Internal audits shall mean a process in which departments with specific responsibility for internal audits examine the appropriateness and effectiveness of internal control and other matters related to the Company's overall management activities, and shall involve not only the discovery and requests for improvement of issues, but also the provision of assessments, proposals for improvements and other suggestions regarding internal control and other matters.

### 3. Management of Internal Audits

The Company shall develop and manage the structures described below to carry out effective internal audits.

#### (1) Development of systems

(i) The Internal Audit Department shall be designated as a department responsible for internal audits, and shall audit the development and management situation of the internal control structure.

(ii) The department responsible for internal audits shall be an independent organization so that its functions for checking the organizations subject to internal audits work satisfactorily.

#### (2) Development of internal rules

The Company shall develop internal rules necessary for internal audits, such as the Internal Audit Policy and the Internal Audit Operations Policy.

#### (3) Implementation of internal audits

The department responsible for internal audits shall establish an appropriate internal audit plan by taking into account the risk types and level, and carry out efficient and effective internal audits.

As a result of internal audits, if there are matters that are considered to require improvement, the department shall make requests for improvement and provide recommendations and other instructions and confirm the progress of improvements.

#### (4) Obligations of staff members of the department responsible for internal audits

The staff members of the department responsible for internal audits shall strive to have extensive knowledge of the Company's operations to ensure that effective internal audits are carried out.

Moreover, the staff members shall carry out internal audits based entirely on facts, and when recognizing facts and stating judgments and opinions, the staff members shall always maintain a fair and unbiased stance.

#### (5) Obligations of the officers and employees of departments subject to internal audits

The officers and employees of departments subject to internal audits shall be fully aware of the importance of internal audits and the operations, authorities and responsibilities of the department responsible for internal audits, and shall cooperate with the department to ensure that internal audits are carried out efficiently and promptly.

Moreover, when internal audits of agents are carried out, the agents subject to internal audits shall be requested to cooperate with the department responsible for internal audits within the scope of business outsourcing contracts so that internal audits of agents are carried out efficiently and promptly.

#### (6) Assessment of Internal Audits

The department responsible for internal audits shall carry out internal assessments regarding

the effectiveness of internal audits, and the Company shall undergo external assessments by external assessment organizations.

4. Reporting of Results of Internal Audits

Important matters requested for improvement of issues in internal audits shall be promptly reported to the Representative Directors, Board of Directors, Executive Management Board and Audit and Supervisory Board Members.