



February 17, 2025

To whom it may concern:

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Notice of Partial Revision to the “Basic Policy on Internal Control Systems”

Kitanotatsujin Corporation (the “Company”) hereby announces that at a Board of Directors’ Meeting held on February 17, 2025, it has resolved to partially revise the “Basic Policy on Internal Control Systems,” as described below.

- (1) System for ensuring that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
- i. The Company shall establish the “Credo” and “Regulations for Compliance” that set out the code of conduct that Directors and employees should follow, and the Company shall ensure that Directors and employees comply with laws, regulations, the Articles of Incorporation, etc.
*Credo is a Latin word meaning “creed,” “aspiration,” or “promise.”
 - ii. In order for the Board of Directors to supervise the execution of duties by Directors, Directors shall report on the status of business execution at regular Board of Directors meetings held monthly and extraordinary Board of Directors meetings held as necessary in accordance with the “Regulations for the Board of Directors,” and shall mutually monitor and supervise the execution of duties by other Directors.
 - iii. The Audit and Supervisory Committee, which consists of Outside Directors, shall investigate the status of business execution, including the status of development and implementation of the internal control system, and shall audit the execution of duties by Directors from an independent standpoint, in accordance with the “Regulations for the Audit and Supervisory Committee” and the “Audit and Supervisory Committee Audit Standards.” In addition, it shall principally hold meetings monthly, and as needed.
 - iv. As a voluntary advisory body to the Board of Directors, the Company has established the Nomination and Remuneration Committee, the majority of which consists of independent Outside Directors, to enhance the fairness, transparency and objectivity of the procedures for the appointment and dismissal of Directors and Executive Officers and the determination of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers.
 - v. The Company shall sever all ties with anti-social forces and shall stand resolutely against any unreasonable demands by them in close cooperation with the police, attorneys, etc.

- (2) System for the storage and management of information related to the execution of duties by Directors
- i. Information related to the execution of duties by Directors shall be prepared and stored in accordance with laws and regulations and the “Regulations for Document Management,” etc., and Directors shall be able to view them as necessary.
 - ii. The Company shall disclose information as required by laws and regulations or the rules for Timely Disclosure of Corporate Information of the stock exchange.
- (3) Regulations and other systems for managing the risk of loss
- i. In accordance with the “Regulations for Risk Management,” the Management Meeting, which is held every month, identifies, analyzes, and evaluates existing risks, and decides on a policy for implementing measures to avoid risks and minimize losses.
 - ii. In preparation for the appearance of risks that could have a significant impact on management, the Board of Directors shall establish necessary response policies in advance and take necessary measures to minimize losses due to identified risks.
 - iii. The Internal Auditing Office, which reports directly to the Representative Director & President, shall conduct operational audits based on the annual audit plan, etc., and verify whether there are risks that can be violations of laws and regulations, the Articles of Incorporation, or other matters that may cause significant damage to the Company, and shall report the results to the Representative Director & President and also report regularly to the Board of Directors.
- (4) System for ensuring that the execution of duties by Directors is carried out efficiently
- i. The Medium-term Management Plan shall be formulated based on the Corporate Philosophy, and Directors shall execute their respective duties in accordance with the annual plan prepared based on the Medium-term Management Plan.
 - ii. The Board of Directors shall hold a meeting in principle every month to deliberate on important matters concerning the management of the Company and supervise the status of the execution of duties by Directors.
 - iii. In order to ensure efficient execution of duties by Directors, the Board of Directors shall delegate appropriate authority in accordance with the “Regulations for Organization,” “Regulations for Segregation of Duties,” and “Regulations for Administrative Authority.”
 - iv. The Management Meeting shall hold a meeting in principle every month to discuss company-wide business reports and important matters related to business execution.
- (5) System for ensuring the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries
- i. The Company shall establish “Regulations for the Management of Subsidiaries and Associates” for the purpose of facilitating operations and ensuring the proper management of subsidiaries and associates which consist of subsidiaries and affiliated companies.
 - ii. By having Directors or employees of the Company concurrently serve as Directors of major subsidiaries and associates, they shall supervise the execution of duties by Directors of subsidiaries and associates, and shall also be obliged to report important matters to the Company.
 - iii. The Audit and Supervisory Committee and Internal Auditing Office of the Company shall conduct audits of the entire group as necessary based on the “Implementation Standards for Audit and Supervisory Committee Audit of Internal Control Systems” and “Regulations for Internal Audit,” etc.

- (6) Matters concerning employees who should assist the duties of the Audit and Supervisory Committee
- i. If the Audit and Supervisory Committee requests that employees be assigned to assist with their duties, the Company shall promptly assign employees to assist the Audit and Supervisory Committee after consulting with Directors (excluding Directors who are Audit and Supervisory Committee Members) and the Audit and Supervisory Committee regarding the details.
- (7) Matters concerning the independence of employees who should assist the duties of the Audit and Supervisory Committee from Directors (excluding Directors who are Audit and Supervisory Committee Members) and matters concerning the securing of the effectiveness of instructions to said employees
- i. If it is assigned at the request of the Audit and Supervisory Committee, the appointment of the personnel, etc. shall require the prior consent of the Audit and Supervisory Committee.
 - ii. The authority to direct the designated employees shall be delegated to the Audit and Supervisory Committee, and they shall not receive orders or instructions from Directors (excluding Directors who are Audit and Supervisory Committee Members).
- (8) System for Directors and employees to report to the Audit and Supervisory Committee, other systems for reporting to the Audit and Supervisory Committee, and system to ensure that those who make such reports are not treated disadvantageously on the basis that they have conducted such reports
- i. Directors and employees shall report on the status of business execution of the Company and provide necessary information upon request by the Audit and Supervisory Committee.
 - ii. Directors and employees shall immediately report to the Audit and Supervisory Committee when they discover matters that may cause significant damage to the Company or serious violations of laws and regulations or the Articles of Incorporation, etc.
 - iii. In accordance with the “Regulations for Whistleblower Protection,” the Board of Directors shall take appropriate measures to ensure that the person making the report (the whistleblower) is not treated disadvantageously, and shall not dismiss or otherwise treat the whistleblower disadvantageously on the basis that said person has conducted whistleblowing or consultation.
- (9) Matters concerning the policy for handling expenses or liabilities incurred in the execution of duties by the Audit and Supervisory Committee
- i. When an Audit and Supervisory Committee Member requests an advance payment or reimbursement of necessary expenses incurred in the execution of his or her duties (limited to those related to the execution of the duties of the Audit and Supervisory Committee), the Company shall promptly process the relevant expenses or liabilities.
- (10) Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively
- i. The Audit and Supervisory Committee shall hold regular meetings with Representative Directors to exchange information and opinions on important audit issues.
 - ii. Audit and Supervisory Committee Members may attend important meetings as necessary in addition to Board of Directors meetings.
 - iii. The Audit and Supervisory Committee shall hold regular meetings with the Accounting Auditor to exchange information and opinions, and shall request reports as necessary.
 - iv. The Audit and Supervisory Committee may receive advice from certified public tax accountants, certified public accountants, attorneys, and other outside experts when it deems necessary in the execution of its duties.