

Enacted: May 15, 2006	Board of Directors Resolution
Revised: April 14, 2010	Board of Directors Resolution
Revised: April 25, 2012	Board of Directors Resolution
Revised: April 27, 2015	Board of Directors Resolution
Revised: April 20, 2020	Board of Directors Resolution
Revised: April 19, 2021	Board of Directors Resolution
Revised: April 20, 2022	Board of Directors Resolution

## Basic Policy Regarding the Internal Control System

Marubeni-Itochu Steel Inc. (MISI) hereby formulates the following internal system (internal control system) for the purpose of ensuring the appropriate operations of the corporate group comprised of MISI and MISI subsidiaries (hereinafter, “the MISI Group”), pursuant to the provisions of the Companies Act and the Ordinance for Enforcement of the Companies Act.

1. System to Ensure that the Execution by MISI Group Directors and Employees of their Duties is in Compliance with Applicable Laws and Regulations and the Articles of Incorporation

(1) Corporate Governance

① The board of directors shall act in compliance with applicable laws and regulations, MISI’s articles of incorporation, the board of directors regulations and other internal regulations when determining important matters pertaining to management, as well as when overseeing directors executing their assigned duties.

② Directors shall execute their assigned duties in compliance with applicable laws and regulations, the articles of incorporation, board of directors resolutions and internal regulations, pursuant to the roles the board of directors determine.

③ An executive officer system shall be adopted to strengthen decision-making and supervisory functions and enhance the efficiency of the board of directors executing their duties. Executive officers shall execute their assigned duties in accordance with decisions the board of directors renders, acting under the instructions and supervision of representative directors.

④ Corporate auditors shall exercise their authority as stipulated in applicable laws and regulations, and collaborate with the MISI Audit Department and accounting auditors when conducting inspections of the appropriateness and legality of the execution of duties by directors, pursuant to the board of corporate auditors

regulations and corporate auditor audit standards.

⑤ In principle, directors and corporate auditors shall be assigned to individual subsidiaries. The assigned officers shall supervise and evaluate how well each subsidiary executes its assigned duties, striving to ensure that how the directors and employees of the company execute their duties conforms with applicable laws and regulations and MISI's articles of incorporation.

## (2) Compliance

① Compliance regulations determining the compliance system, and the Marubeni-Itochu Steel Group Compliance Manual specifying judgment and conduct guidelines for MISI Group directors and employees shall be formulated. The goal is to maintain high corporate ethics and scrupulous compliance with applicable laws and regulations and the articles of incorporation throughout the MISI Group.

② A chief compliance officer shall be named, and a Compliance Committee shall be established. Said committee shall create, support, manage and implement awareness activities related to the compliance system. This includes formulating and revising the aforementioned compliance manual, as well as furnishing guidance and other services to MISI Group companies.

③ To address conduct problematic from the standpoint of compliance, a contact point (hotline) shall be established for the entire MISI Group to deal with cases in which office organizational lines fail to function for whatever reason.

④ A department shall be established for the purpose of issuing declarations stating that the MISI Group prohibits and rejects all ties with antisocial forces. It shall also formulate internal regulations and manuals, collaborate with external agencies and adopt other steps to implement that stance.

## (3) Ensuring Financial Reporting Appropriateness

① Commercial transaction regulations, accounting regulations and other internal regulations shall be stipulated pursuant to accounting standards and applicable laws and regulations, with regular evaluations of the compliance and management status of such regulations performed to realize improvements.

② All subsidiaries shall be required or recommended to undergo audits conducted by accounting auditors.

## (4) Internal Audits

An audit department shall be established under the direct jurisdiction of the president. Pursuant to internal audit regulations, the Audit Department shall

regularly audit all aspects of MISI Group operations, examining the status of compliance according to applicable laws and regulations and the articles of incorporation and internal regulations, as well as evaluating the appropriateness of procedures and contents involved in the execution of duties and monitoring the status of improvements the Audit Department recommended as well as proposed matters. The results of completed audits shall be reported to the president, together with immediate reports to representative directors and corporate auditors if serious matters are discovered during audits. Corporate auditors shall collaborate closely with the internal audit organizations of Group companies, endeavoring to raise the quality of audits throughout the MISI Group.

## 2. Systems for Preservation and Management of Information Relevant to Execution of MISI Director Duties

### (1) Information Preservation and Management

Internal regulations shall be determined regarding document management and information security, followed by the appropriate preservation and management of general shareholder meeting minutes, board of directors meeting minutes and other documents pertinent to execution of the duties of directors.

### (2) Information Access

Directors and corporate auditors shall have guaranteed access to the documents stipulated in the preceding paragraph.

## 3. Systems for Regulations and Other Matters Concerning the Management of MISI Group Loss Risk

### (1) Formulation of Regulations and Systems

Risk management regulations shall be created to effectively deal with factors having the potential to seriously affect the MISI Group's future financial status and performance, as well as factors that may impede the fulfillment of the Group's business. Risk management officers shall be named to oversee each major risk category.

Crisis management regulations shall likewise be formulated to cope with natural disasters, epidemic calamities, terrorism, war and other threats to successful business execution. We will use these regulations to clarify our response principles, with the highest priorities being the protection and preservation of human life,

continuation of company operations and preservation of employment, as well as the management system when crises occur.

#### (2) Risk Evaluation and Monitoring

① Risk management officers shall regularly review risk, arrange for proper responses by all departments, formulate information management and monitoring systems regarding risk and regularly reevaluate risk and other duties. Risk management officers shall also issue regular reports on the results of evaluations of major risks and countermeasures adopted to target those risks to the Management Council and the board of directors.

② The Audit Department shall perform audits of the efficacy and other attributes of evaluations tracking the existing status of internal organization risks, as well as of the responses and countermeasures targeting such risks.

#### (3) Crisis Management Systems

We will prepare major disaster response plans, pandemic response plans and overseas crisis management manuals. Based on these plans and manuals, each department shall formulate its own individual response plan (departmental business continuity plan, or BCP). These plans and manuals shall be revised when deemed necessary.

### 4. Systems Ensuring Efficient Execution of MISI Group Director Duties

#### (1) Management Council and Internal Committees

① A management council shall be established as an advisory body to the president, and shall deliberate about key management policies, operation planning, and other matters within the MISI Group.

② Various internal committees shall be established, effectively positioned to contribute to appropriate and swift decision making by the president and board of directors.

#### (2) Business Divisions and Administrative Departments/Teams

① The business division system shall be adopted, with authority delegated to division general managers, thereby creating a system capable of reaching swift decisions on business matters under the jurisdiction of relevant divisions both in Japan and overseas.

② Each business division shall have quantitative targets assigned to it, and regular

evaluations shall be made to determine how well it has achieved those targets, which will be used to ensure effective business management.

③Administrative departments and teams shall manage, supervise and support the business divisions in each respective specialized field.

### (3) Clarification of Duties, Authority and Responsibilities

Internal regulations pertaining to assignment of duties, administrative authority and management of subsidiaries shall be formulated to clarify the authority and responsibilities of each officer.

### (4) Consolidated Medium-Term Management Programs

Consolidated medium-term business programs shall be formulated, incorporating Group-wide core management objectives, budget allocations and other measures determined as necessary for putting these programs into effect.

## 5. System for Reporting to MISI on Matters Concerning the Execution of Duties by Subsidiary Directors and Other Personnel

Departments in charge of subsidiaries shall be determined, with the said departments concluding basic agreements with subsidiaries at times of defining the replacement of heads of the department or subsidiary presidents, matters requiring advance approval and matters that must be reported. Securing advance approval and issuing reports regarding matters vital from the standpoint of the management of subsidiaries shall be mandatory.

## 6. System Pertaining to Employees Required to Assist MISI Corporate Auditors in Their Duties, the Independence of Such Employees from Directors and Other Related Matters

When corporate auditors demand that certain employees be assigned to assist said corporate auditors in their duties, studies shall first be conducted on the assignment. When employees are assigned in this capacity, decisions shall be rendered after attaining prior consent from corporate auditors regarding personnel matters for the employees in question (command authority, transfers, evaluations, disciplinary action, etc.).

## 7. Systems for Reporting to MISI Corporate Auditors within the MISI Group

### (1) Attendance at Key Meetings

Corporate Auditors must be able to understand important decision-making processes, as well as monitor how well directors and other personnel are executing their duties by attending meetings of the board of directors, the management council, various internal committees and other important gatherings, and through access to related materials.

#### (2) Reports from MISI Directors and Employees

MISI representative directors, directors, executive officers, general managers of administrative departments and other personnel shall report regularly to corporate auditors on the status of the execution of their duties. If any of the important matters listed below that concern the MISI Group are identified—or if reports of such cases are received—those matters shall be promptly reported to corporate auditors. Contingent upon the specific matters involved, MISI directors or executive officers may arrange for general managers or other personnel under their supervision to make such reports.

- Matters violating applicable laws, regulations or the articles of incorporation
- Decisions and matters discovered through internal audits that pose the risk of exerting serious impact on finances and business
- Announcements of performance or performance forecasts
- Information supplied pursuant to whistleblowing
- Administrative penalties
- Matters requested by corporate auditors besides the above items

#### (3) Reports from MISI Group Directors, Employees, Other Personnel

MISI group directors, employees and other personnel shall have access to the hotline contact point to directly or indirectly report issues and/or conduct related to compliance to corporate auditors.

### 8. System Ensuring that Persons are not Treated Unfavorably for Submitting Reports to MISI Corporate Auditors

Unfavorable treatment of MISI Group officers and employees making reports to MISI corporate auditors is prohibited. Awareness to this effect shall be advanced through explicit specification in the Marubeni-Itochu Steel Group Compliance Manual.

### 9. Other Relevant Systems Ensuring that Audits by MISI Corporate Auditors are Conducted Effectively

#### (1) Collaboration with the Audit Department and Accounting Auditors

Corporate auditors shall receive audit plans from the MISI Audit Department and accounting auditors in advance, while convening regular meetings and exchanging opinions on audit policy and audit result reports.

(2) Collaborations with MISI Group Corporate Auditors

Corporate auditors shall engage in information exchanges from time to time with the corporate auditors at subsidiaries when deemed necessary to solicit opinions on the execution of duties at subsidiaries.

(3) Audit Costs

① In cases in which corporate auditors determine the budgets for covering audit costs, budgeting shall be conducted pursuant to those costs being specified.

② Regarding urgent or special expenditures deemed necessary by corporate auditors, if there are demands for prepayment, repayment or other procedures, processing shall be performed promptly pursuant to the stipulations of Article 388 of the Companies Act.

Measures shall be taken to improve this internal control system on the strength of ongoing reviews to produce more appropriate and efficient schemes. The internal control administration team shall coordinate this work.