

# Audit Committee Regulations

<b>Category Code</b>	I – Business - 03
<b>Responsible Dept.</b>	Corporate Audit Team
<b>Amendment History</b>	Established on Oct. 15, 2003
	1st amendment on May 30, 2008
	2nd amendment on Mar. 13, 2009
	3rd amendment on Apr. 23, 2010
	4th amendment on Feb. 09, 2012
	5th amendment on Jul. 27, 2012
	6th amendment on Sep. 01, 2017
	7th amendment on Nov. 05, 2018
	8th amendment on Mar. 29, 2022
	9th amendment on Mar. 29, 2023
10th amendment on June. 15, 2026	

## **Table of Contents**

### Chapter 1. General Provisions

Article 1. Purpose

Article 2. Scope of Application

Article 3. Functions

### Chapter 2. Composition

Article 4. Composition

Article 5. Chairperson

### Chapter 3. Meetings

Article 6. Types of Meetings

Article 7. Convocation Right Holder

Article 8. Convocation Procedure

Article 9. Method of Resolution

### Chapter 4. Authorities & Duties

Article 10. Authorities

Article 11. Duties

Article 12. Principle of Independence

### Chapter 5. External Auditor Selection, Appointment, etc.

Article 13. External Auditor Selection and Appointment

Article 14. External Auditor Selection Criteria and Procedure

Article 15. External Auditor Contract Review and Follow-up

Article 16. External Auditor Dismissal

Article 17. Liaison with External Auditor

### Chapter 6. Supplementary Rules

Article 18. Attendance of a Person who is not a member of the Audit Committee

Article 19. Audit Assistant Organization

Article 20. Secretary

Article 21. Meeting Minutes

Article 22. Preparation of Audit Records

## Article 23. Establishment/Nullification of Regulations

Addendum

# AUDIT COMMITTEE REGULATIONS

## Chapter 1 General Provisions

### Article 1 . Purpose

The purpose of these Regulations is to provide for matters necessary for efficient operation of the Audit Committee.

### Article 2 . Scope of Application

Unless provided for otherwise in relevant statutes, the Articles of Incorporation, and the Board of Directors Regulations, matters concerning the Audit Committee will be governed by these Regulations.

### Article 3 . Functions

The Audit Committee shall conduct its business in accordance with applicable statutes and the Articles of Incorporation, or the Board of Directors Regulations, deliberating and making decisions on other matters delegated by the Board of Directors.

## Chapter 2 Composition

### Article 4 . Composition

- ① The Audit Committee will be staffed with a minimum of three directors appointed in a shareholders' meeting (the "Audit Committee members" hereinafter), at least 2/3 of which shall be independent directors, provided, however, that the Audit Committee members who are not independent directors shall not be unqualified as specified in relevant statutes.
- ② At least one Audit Committee member shall be an accounting or financial expert set forth in relevant statutes.
- ③ If the number of Audit Committee members falls short of the one set forth in Paragraph 1 herein on the account of resignation, death, etc., the composition requirements of the Committee shall be fulfilled in the first shareholders' meeting convened after the occurrence of such an event.

### Article 5 . Chairperson

- ① The chairperson of the Audit Committee will be selected among independent directors by a resolution of the Audit Committee in accordance with the provisions in Article 9 Paragraph 1. In this case, it may be specified that multiple Audit Committee members jointly represent the Audit Committee.
- ② The term of office of the chairperson will be determined by a resolution of the Audit Committee to the extent of not exceeding three years.

## Chapter 3 Meetings

### Article 6 . Types of Meetings

The Audit Committee will be convened at least once a quarter in principle, provided, however, that the Audit Committee may be convened more often from time to time if deemed necessary by the chairperson.

### Article 7 . Convocation Right Holder

- ① The Audit Committee will be convened by the chairperson.
- ② Where deemed necessary for performing his/her duties, each Audit Committee member may request the chairperson to convene the Audit Committee.

#### **Article 8 . Convocation Procedure**

- ① When the Audit Committee is convened, a notice setting forth the time, venue and agenda(s) of the meeting shall be sent in writing, by electronic mail or orally to each Audit Committee member no later than three days prior to the meeting date, provided, however, that the aforementioned period may be shorted in case of urgency.
- ② Where agreed by all Audit Committee members, the Audit Committee may be convened without going through the procedure in Paragraph 1.

#### **Article 9 . Method of Resolution**

- ① A resolution of the Audit Committee will be made upon the attendance of a majority of the registered Audit Committee members and votes cast by a majority of attending Audit Committee members.
- ② The Audit Committee may permit all or some Audit Committee members to participate in resolutions without attending the meeting in person but by a means of remote communications that transmit/receive voices of all Audit Committee members simultaneously. In this case, Audit Committee members using such a means of communications will be deemed to attend the meeting in person, provided, however, that where an in-person meeting is required under the Act on external auditor Audit of Incorporated Entities, etc. (the "External Audit Act" hereinafter), all Committee Members may be permitted to participate in resolutions only by using a means of remote communications that transmit/receive video and audio simultaneously.
- ③ Approval of an external auditor's appointment, change, or dismissal will be resolved upon the attendance of at least two-thirds of the registered Audit Committee members and votes cast by a majority of attending Audit Committee members.

### **Chapter 4 Authorities & Duties**

#### **Article 10 . Authorities**

Major authorities of the Audit Committee include authorities to:

1. Request convocation of extraordinary shareholders' meeting (Article 412-3 of the Commercial Code);
2. Claim injunction of illegal activity by a director (Article 402 of the Commercial Code);
3. Require a director to report on business (Article 412 of the Commercial Code);
4. Represent the Company in a lawsuit between a director and the Company (Article 394 of the Commercial Code);
5. Receive a report from a director on a fact that may incur significant damage to the Company (Article 412-2 of the Commercial Code);
6. Assess the business/property status of the Company (Article 412 of the Commercial Code);
7. Require a subsidiary to report on business to perform the duties of the Audit Committee (Article 412-5 of the Commercial Code);
8. Select, change and dismiss an external auditor (Articles 10 and 13 of the external auditor Audit Act);
9. Receive report from an external auditor on violation of accounting standards by the Company (Article 22 of the external auditor Audit Act);
10. Approve the enactment/amendment of internal accounting control regulations and assess the operation status thereof (Article 8 of the external auditor Audit Act);
11. Seek assistance from experts at the Company's cost when necessary (Article 415-2 of the Commercial Code);
12. <Deleted> (Mar. 29, 2023); and
13. Deal with other matters provided for in statutes, the Articles of Incorporation, or the Board of Directors regulations or delegated by the Board of Directors.

#### **Article 11 . Duties**

Major duties of the Audit Committee include duties to:

1. Prepare and submit audit report (Article 447-4 of the Commercial Code);
2. Study agendas and documents to be submitted by a director to a shareholders' meeting and present opinion to the shareholders' meeting (Article 413 of the Commercial Code);
3. Report violation of statutes/the Articles of Incorporation by a director to the Board of Directors (Article 391-2 of the Commercial Code);
4. Report assessment results of internal accounting control system operation status to the Board of Directors (Article 8 of the external auditor Audit Act);
5. Report matters resolved by the Audit Committee to the Board of Directors per quarter (Article 11 Paragraph 3 of the Board of Directors regulations);
6. Keep confidential information obtained in performing duties (Article 382-4 of the Commercial Code); and
7. Other matters provided for in statutes, the Articles of Incorporation, or the Board of Directors regulations.

#### **Article 12 . Principle of Independence**

The Audit Committee shall perform its duties, independently of resolutions of the Board of Directors, executive organizations, and other departments.

### **Chapter 5 External Auditor Selection, Appointment, etc.**

#### **Article 13 . External Auditor Selection and Appointment**

- ① The Audit Committee will select a external auditor and the Company shall appoint an accounting firm selected by the Audit Committee as a external auditor auditor.
- ② When a external auditors selected/appointed, the same external auditor shall be engaged for three consecutive fiscal years, and the external auditor of applicable fiscal year shall be selected/appointed prior to the start of the initial fiscal year.

#### **Article 14 . External Auditor Selection Criteria and Procedure**

- ① The Auditor shall develop criteria and procedures necessary for selecting a external a uditor in advance.
- ② The criteria in Paragraph 1 shall include:
  1. Audit time, resources, remuneration, and propriety of audit plan;
  2. Independence (referring to avoidance of conflict of interest likely to have unfair i mpact such as bias auditor's opinion) and expertise (referring to sufficient education/training and experience in audit operations, industrial knowledge about the b usinesses of a company to be audited, etc.) as an external auditor; and
  3. Opinion of the external auditor that audited the Company in the immediately prec eding fiscal year and each of the following items:
    - a. Assessment result of compliance of the external auditor of the preceding fisc al year with its audit time, resources, remuneration, and plan, etc. agreed upon a ppointment;
    - b. Where the external auditor of the preceding fiscal year required the Company to seek advice on interpretation of accounting standards, asset valuation, etc. fr om an external organization in connection with audit, details of discussion on ap plicable requirements, advice results and utilization;
    - c. Number of in-person meetings between the Audit Committee of the current fisc al year and the external auditor of the preceding fiscal year, details of attendant s, summary of statements made in the meetings, etc.; and
    - d. Other criteria required for ensuring objectivity and reliability of external audito r election as specified by the Financial Services Commission which is a governm ent agency.

- ③ The Audit Committee shall convene in-person meeting to select an external auditor. In this case, each of the following items shall be documented and kept:
  1. Review results of the items in each Sub-paragraph of Paragraph 2; and
  2. Number of in-person meetings, details of attendants, summary of statements made in the meetings, etc.

#### **Article 15 . External Auditor Contract Review and Follow-up**

- ① The Audit Committee shall document terms of audit remuneration, time, and resources of the external auditor.
- ② Upon receiving an audit report, the Audit Committee shall check compliance of the external auditor with the terms of audit remuneration, time, and resources.

#### **Article 16 . External Auditor Dismissal**

Where the external auditor is subject to a cause set forth in the Enactment Decree of the external auditor Audit Act such as violation of its fiduciary duty, the Audit Committee may request the Company to dismiss the external auditor even during any of the three consecutive fiscal years, and the Company shall dismiss the external auditor subject to dismissal request within three months from the expiration of each fiscal year. In this case, the Company shall appoint a new external auditor in accordance with the Audit Committee's external auditor selection procedure within two months from the dismissal of the external auditor.

#### **Article 17 . Liaison with External Auditor**

- ① The Audit Committee shall maintain close cooperation with the external auditor and utilize the external auditor's audit plan, procedure, and results to ensure that the purpose of audit is achieved.
- ② Where necessary for audit operations, the Audit Committee may allow the external auditors attend a meeting to present relevant materials and opinion.
- ③ The Audit Committee will discuss audit status with the external auditor from time to time.
- ④ The Audit Committee shall require the external auditor to notify the Audit Committee of the finding of irregularity or material violation of statutes, or the Articles of Incorporation by a director in his/her duty or violation of accounting standards by the Company.
- ⑤ The Audit Committee shall notify the external auditor of the finding of irregularity or material violation of statutes, or the Articles of Incorporation by a director in his/her duty.
- ⑥ When notified by the external auditor of violation of accounting standards by the Company, the Audit Committee shall submit the investigation results of applicable violation and corrective action results by the Company to the Securities & Futures Commission and the external auditor immediately.

## **Chapter 6    Supplementary Rules**

### **Article 18 . Attendance of a Person who is not a member of the Audit Committee**

Where necessary for its operation, the Audit Committee may allow relevant executives/employees or external auditor to attend its meeting to present relevant materials and opinion.

### **Article 19 . Audit Assistant Organization**

- ① To facilitate its operations efficiently, the Audit Committee will have an internal audit department as an audit assistant organization exclusive to the Audit Committee.
- ② The person responsible for the internal audit department and its members will assist with the Audit Committee, performing duties under the command/instruction of the Audit Committee.
- ③ The Audit Committee will have authority to consent to the appointment/dismissal of the person responsible for the internal audit department and assess his/her performance.
- ④ The Audit Committee will have authority to approve the internal audit department's budget and organization.
- ⑤ The Audit Committee will have authority to amend or nullify internal audit regulations including standards for establishment and operation of the internal audit department and procedures for internal audit operations.
- ⑥ The Audit Committee will ensure that the internal audit department's audit plan, procedure, and results meet audit purpose.
- ⑦ The internal audit department shall maintain professional resources and adequate capacity for efficient audit operations.

### **Article 20 . Secretary**

- ① The Audit Committee will have the person responsible for the internal audit department as its secretary.
- ② The secretary will control the overall affairs of the Audit Committee.

### **Article 21 . Meeting Minutes**

- ① The Audit Committee will minute its proceedings.
- ② The meeting minutes will state agenda(s), proceedings, results, those who opposed and reason for opposition, imprinted with seal impression, or signed by the Audit Committee members who attended.

### **Article 22 . Preparation of Audit Records**

- ① The Audit Committee shall prepare audit records which shall be stored by the internal audit department.
- ② The audit records shall state audit guidelines and results, imprinted with seal impression, or signed by the Audit Committee members who performed audit.

### **Article 23 . Establishment/Nullification of Regulations**

These Regulations will be established and nullified by a resolution of the Board of Directors.

# Addendum

1. These Regulations shall be enacted and enforced from October 15, 2003.
2. These Regulations shall be amended and enforced from May 30, 2008.
3. These Regulations shall be amended and enforced from March 13, 2009.
4. These Regulations shall be amended and enforced from April 23, 2010.
5. These Regulations shall be amended and enforced from February 09, 2012.
6. These Regulations shall be amended and enforced from July 27, 2012.
7. These Regulations shall be amended and enforced from September 01, 2017.
8. These Regulations shall be amended and enforced from November 05, 2018.
9. These Regulations shall be amended and enforced from March 29, 2022.
10. These Regulations shall be amended and enforced from March 29, 2023.
11. These Regulations shall be amended and enforced from July 23, 2026.