

Internal Audit Regulations

Article 1 (Purpose of Establishing Regulations)

The purpose of these Regulations is the smooth and effective promotion of internal audit activities by clarifying basic matters relating to the implementation of internal audits (hereinafter referred to as “Audit(s)”) at MIYAJI ENGINEERING GROUP, INC. (hereinafter referred to as the “Company”).

Article 2 (Purpose of Audits)

The purpose of Audits is to examine and assess management and operation systems, and the status of execution of operations throughout all management activities at the Company and its operating subsidiaries in terms of legality, rationality, and reliability, to ensure the legality, effectiveness, and efficiency of operations and the reliability of financial reporting, and to fulfill the Company’s social responsibility as a corporation by providing appropriate information based on the results thereof, thereby contributing to the Company’s development.

Article 3 (Audit Targets)

1. Audits shall be conducted on the overall operations of the Company and each operating subsidiary with respect to matters necessary to achieve the purpose referred to in the preceding Article.
2. These Regulations shall apply mutatis mutandis when auditing affiliated companies.

Article 4 (Department and Personnel in Charge of Audits)

1. The Audit Office shall be the department in charge of Audits, and the General Manager of the Audit Office or a person appointed by the President shall be responsible for Audits.
2. Audits shall be conducted by the person responsible for Audits and auditors designated by the person responsible for Audits; provided, however, that when particularly necessary in the course of operations, a person separately designated may be added to Audits with the approval of the President.

Article 5 (Authority of the Person Responsible for Audits and Auditors)

The authority of the person responsible for Audits and auditors shall be as follows:

- (1) The person responsible for Audits and auditors may request that relevant persons in all departments submit forms and documents or explain facts necessary to conduct Audits.

- (2) The person responsible for Audits and auditors may witness, verify, and ask questions of each operating subsidiary, outsourcing company, and other external related parties as necessary.
- (3) Persons who receive a request referred to in the preceding two items must not refuse the request without justifiable reason, nor give a false response.

Article 6 (Compliance Requirements for the Person Responsible for Audits and Auditors)

The person responsible for Audits and auditors must comply with the following:

- (1) All Audits must be based on facts, and a fair and unbiased attitude must be maintained at all times when making judgments and expressing opinions.
- (2) Under no circumstance whatsoever shall the person responsible for Audits or auditors directly give instructions or orders regarding how work at the department being audited is handled.
- (3) Details obtained in the workplace must not be leaked to others without justifiable reasons. The same shall also apply after the person responsible for Audits and auditors leave their positions due to transfer, separation, etc.
- (4) When conducting Audits, care must be taken not to significantly interfere with the day-to-day operations of the department being audited.

Article 7 (Types of Audits)

The types of Audits shall be as follows:

(1) Financial Audits

Financial Audits audit the compliance of consolidated and non-consolidated financial statements (balance sheets, statements of income, statements of changes in equity, and notes), annexed detailed statements, and other details in annexed tables (including tax returns), as well as records and calculations, etc., with the Accounting Regulations, and the appropriateness of accounting procedures, correctness of accounting records, and conformity of the state of asset protection.

(2) Business Audits

(i) Business Audits audit whether operations such as order acceptance, construction, purchasing, subcontracting, production, safety, quality, research and development, sales, inventory assets, fixed assets, facility assets, accounting, finance, personnel and labor affairs, general affairs, patents and licenses, advertising, subsidiaries and affiliated companies, information systems, environment, and risk management are properly conducted in accordance with management policies and regulations.

(ii) Business Audits also audit whether IT is being used appropriately to improve the efficiency and effectiveness of operations and whether sufficient measures are

being taken to address risks associated with the use of IT.

(iii) Business Audits also audit the classification, analysis, and assessment of risks in each operational process, and whether specific measures to address these risks have been developed.

(iv) Business Audits also audit whether appropriate information is communicated to all appropriate persons in a timely manner, and whether a system is in place to ensure that only appropriate information is entered into operational systems.

(v) Business Audits also audit whether authority and responsibilities are being appropriately allocated.

(3) Efficiency and economy Audits

Audits are implemented whether business operations are conducted smoothly, placing importance on efficiency and economy, in correspondence with various internal systems.

(4) Legal compliance Audits

Since all of the Company's day-to-day operations are recognized as legal acts under various laws such as the Civil Code, the Companies Act, the Financial Instruments and Exchange Act, labor laws, the Construction Business Act, Antimonopoly Act, and tax laws, Audits regarding compliance with these laws are conducted.

(5) Internal control system Audits

Audits are conducted whether internal controls are functioning effectively to ensure the legality of duties, corporate ethics, and the reliability of financial reporting.

Article 8 (Audit Classification and Timing)

Audits shall be divided into regular and extraordinary Audits.

(1) Regular Audits shall, in principle, be conducted on a regular basis based on a predetermined audit plan.

(2) Extraordinary Audits shall be conducted when specifically ordered by the President, or irregularly as necessary.

Article 9 (Audit Methods)

The auditing standards in Working Rules for Fieldwork (3) by the Business Accounting Council shall apply *mutatis mutandis* to audit methods.

(on-site inspections, witnessing, checking, questioning, inspections, accessing documents, voucher checks, ledger checks, calculation checks, account analysis, analytical procedures, etc.)

Article 10 (Relationship with Other Audit Organizations)

1. The Audit Office shall strive to conduct Audits efficiently by closely coordinating with the Audit and Supervisory Committee, the accounting auditor, and the internal audit divisions at each operating subsidiary regarding Audit plans, the scope of Audits, the content of Audits, and other Audit information.
2. The Audit and Supervisory Committee may ask the Audit Office to conduct investigations as necessary.

Article 11 (Annual Audit Planning and Implementation)

1. Audit plans for the fiscal year are formulated at the beginning of the fiscal year and approved by the President.
2. The person responsible for Audits shall implement Audits in accordance with the audit methods set forth in Article 9 based on approved annual audit plans.
3. When conducting regular Audits, the Audit Office shall implement Audits efficiently by notifying the department being audited in advance in a Notice of Audit Implementation, and ensuring the department conducts preliminary preparations.

Article 12 (Notice of Audit Implementation)

Notices of Audit Implementation shall include each of the following items:

- (1) Audit category: regular Audit or extraordinary Audit
- (2) Type of Audit: type provided for in Article 7, may be limited to priority items.
- (3) Audit period: audit schedule
- (4) Audit method: as provided for in Article 9
- (5) Auditing personnel and their names
- (6) Other necessary information

Article 13 (Preparation of Audit Working Papers)

1. Auditors must prepare audit working papers regarding the method, content, results, etc. of Audits conducted.
2. Audit working papers must be organized with the utmost care, and information must not be provided to external parties without the approval of the person responsible for Audits.

Article 14 (Exchange of Opinions Based on Audit Results)

1. Auditors must exchange opinions with the department being audited in order to explain and confirm issues, etc. based on the results of the Audit.
2. The opinions of relevant divisions and departments must be sought as necessary, and issues must be confirmed, etc.

Article 15 (Improvement Suggestions)

The person responsible for Audits may develop an improvement plan to resolve any issues found during the Audit.

Article 16 (Audit Reports)

1. Upon completion of an Audit, the person responsible for Audits shall prepare an audit report based on the audit working papers and other vouchers, etc., report to the Compliance and Risk Management Committee and submit the report to the Audit and Supervisory Committee.
2. The person responsible for Audits shall report the results of the Audit to the person responsible for the audited department as necessary.

Article 17 (Contents of Audit Reports)

Audit reports shall include each of the following items:

- (1) Audit category
- (2) Type of Audit
- (3) Audit period (schedule)
- (4) Number and name of auditing personnel
- (5) Name of audited department
- (6) Audit implementation process, outline, and review
- (7) Significant findings and improvements
- (8) Opinions and recommendations on Audit results, and their remedies
- (9) Other reference materials
- (10) Audit working papers (as necessary)

Article 18 (Submission of Improvement and Corrective Measure Reports)

The person responsible for the audited department must promptly submit to the person responsible for Audits a report on improvements and corrective measures that describes the status of measures regarding matters pointed out based on the audit report, including whether the improvements can be implemented and improvement plans. The person responsible for Audits shall report any particularly serious defects to the President.

Article 19 (Checks and Reports on the State of Improvements)

The person responsible for Audits shall conduct a follow-up audit on the status of improvement and corrective measures based on the report referred to in the preceding Article to confirm the effects after the implementation of improvement and corrective

measures. The results of Audits shall be reported to the Management Committee and the Board of Directors.

Article 20 (Storage of Audit Reports)

Audit reports and related documents must be kept at the Audit Office for ten years, and special care must be taken when handling them.

Article 21 (Revisions and Abolition)

Revisions and the abolition of these Regulations shall be proposed by the General Manager of the Audit Office and resolved by the Board of Directors.

Supplementary Provisions

- 1 Enacted on February 2, 2007
- 2 Partially revised on June 29, 2011
- 3 Partially revised on June 25, 2021
- 4 Partially revised on February 1, 2023