

# Basic Policy on Establishment of Internal Control Systems

Establishment April 1, 2010

Latest Revision May 12, 2025

## **1. Systems Necessary to ensure that the execution of duties by Executive Officers, Executive Corporate Officers and employees complies with laws and regulations and the Company's Articles of Incorporation**

- 1.1 The Executive Officers shall take the lead in complying with the "Renesas Electronics Group Sustainability Guiding Principles" and the "Renesas Global Code of Conduct" that have been adopted for the purpose of establishing corporate ethics and ensuring compliance with laws and regulations, the Articles of Incorporation and internal rules of the Company by Directors, Executive Officers, Executive Corporate Officers and employees ("Members"). The Executive Officers shall keep the Members of the Company, and its subsidiaries (collectively, the "Group") informed of such rules, and shall have the Group comply with them.
- 1.2 The Executive Officers shall have the responsible divisions implement practical actions to ensure thorough awareness of the "Renesas Electronics Group Sustainability Guiding Principles" and the "Renesas Global Code of Conduct" and have the Internal Audit Office audit the implementation status of said actions, identify any deficiencies and propose measures for improvement.
- 1.3 Members who become aware of important compliance matters, including but not limited to violations of laws, regulations, the Company's Articles of Incorporation and internal rules, shall promptly notify the members of the Audit and Sustainability Committee, which is the audit committee under the Companies Act and the Company's Articles of Incorporation (the same shall apply hereinafter), of these facts and report them to the Executive Committee and Audit and Sustainability Committee or the Board of Directors.
- 1.4 The Executive Officers shall stipulate basic matters such as the compliance management framework and education activities in the "Global Rule for Compliance Management within the Renesas Group", oversee the deliberation and resolution of compliance matters at the "Internal Control Promotion Committee", and shall ensure training is conducted for the Group to be fully aware of compliance.

- 1.5 The Executive Officers shall set up the “Renesas Electronics Group Hotline” as a whistleblowing contact point for the Group and its business partners, etc. to report violations or possible violations of compliance. The Executive Officers shall ensure the Group and its business partners, etc. are informed that the Company will ensure the anonymity of reporters who wish to remain anonymous and that reporters will not be adversely affected as a result of their report.
- 1.6 The Executive Officers shall have no relationships with antisocial forces, and shall take a resolute and systematic approach to such forces in cooperation with external specialist organizations.

## **2. Systems for properly preserving and managing information related to execution of duties by Directors and Executive Officers**

- 2.1 The Directors and Executive Officers shall properly prepare, preserve and manage minutes of the General Meetings of Shareholders, Meetings of Board of Directors and other documents in accordance with applicable laws and regulations. The Directors and Executive Officers shall also properly prepare, preserve and manage other documents, books and records pertaining to the duties of Members in accordance with the “Basic Rule of Document Management and Retention”.
- 2.2 The Directors are entitled to access important approval documents and other document related to performance of Executive Officers’ duties at any time.
- 2.3 Members shall properly manage confidential information in accordance with the “Rules for Secret Information Control within the Renesas Group” and strictly manage personal information in accordance with laws, regulations and the “Basic Rules for Protection of Personal Information”.
- 2.4 The Executive Officers shall clarify the roles and responsibilities related to information security in accordance with internal rules for information security, and continuously implement measures to maintain and enhance information security.

## **3. Rules and other systems regarding risk management for loss**

- 3.1 The Executive Officers shall stipulate basic matters of risk management in the

Company's "Global Rule for Risk and Crisis Management within the Renesas Group" and shall establish a risk management framework in accordance with the rules.

- 3.2 The Executive Officers and Executive Corporate Officer who are responsible for risk management shall classify overall management risks in accordance with the "Global Rule for Risk and Crisis Management within the Renesas Group" and establish management systems for each classified risk.
- 3.3 The Executive Officers, Executive Corporate Officers and division managers responsible for classified risk shall strive to minimize loss by developing prevention measures against risk materialization and by developing countermeasures in case of risk materialization.
- 3.4 Each division head shall, at least once per year, identify and evaluate risks and report them to the head of the risk management and crisis management division. The head of the risk management and crisis management division shall identify and evaluate risks periodically reported by each division head to the Executive Corporate Officer responsible for the risk management and crisis management division, and, in the case a significant material risk materializes, report it to the Executive Committee meeting as appropriate.
- 3.5 In the event of a serious risk materializing, the Executive Officers and Executive Corporate Officers shall, depending on the level of importance, establish an appropriate taskforce chaired by themselves, and shall implement appropriate measures in accordance with the "Global Rule for Risk and Crisis Management within the Renesas Group".
- 3.6 The Executive Officers shall evaluate, maintain and improve the internal control status related to financial reports of the Group in accordance with applicable domestic and foreign laws and regulations such as the Financial Instruments and Exchange Act.

#### **4. Systems for ensuring efficient execution of duties by Directors and Executive Officers**

- 4.1 The Directors shall hold an ordinary Board of Directors meeting once every 3

months and extraordinary meetings as needed for the sake of quick decision-making on basic management policies of the Group, matters stipulated by laws and regulations, and any other important management issues as well as overseeing the execution of duties by Executive Officers.

- 4.2 The Executive Officers shall execute their duties in an agile and efficient manner by adopting an Executive Corporate Officer System and delegating authority appropriately. Important issues for the Company's management shall be discussed at the Executive Committee.
- 4.3 The Directors shall determine the management plan and budget for the annual and semiannual period at the Board of Directors meeting and supervise their execution status.
- 4.4 The Executive Officers and Executive Corporate Officers shall make expedient decisions for business operation by delegating authority to the relevant general managers or other employees. The Executive Officers, Executive Corporate Officers, the relevant general managers and other employees shall execute their authority properly and efficiently in accordance with the "Basic Rules of Ringi Approval".
- 4.5 The Executive Officers and Executive Corporate Officers shall execute their duties promptly and efficiently in accordance with their office routine regulations and shall periodically confirm the status of execution of management plans and the budget determined at a Board of Directors meeting.
- 4.6 The Executive Officers shall establish, operate and improve each enterprise information system in order to achieve business efficiency.

## **5. Systems necessary to ensure appropriate operation of the Group**

- 5.1 The Executive Officers shall guide and support the Company's subsidiaries to establish a Group-wide compliance system in accordance with the "Renesas Electronics Group Sustainability Guiding Principles", "Renesas Global Code of Conduct" and "Global Rule for Compliance Management within the Renesas Group".

- 5.2 The Executive Officers shall constantly oversee, guide and support the Company's subsidiaries through the divisions responsible for the business and ensure periodic reporting of matters relating to the execution of duties by subsidiary directors, in accordance with the "Basic Rules for Management and Operation of Related Companies, etc.".
- 5.3 The Executive Officers shall, through a division responsible for risk management, have the Company's subsidiaries establish rules for risk and crisis management, and make contact lists and action plans to be used in an emergency.
- 5.4 The Executive Officers shall, through the Internal Control Promotion Committee, etc., establish Group-wide shared decision-making rules and policies on Group governance.
- 5.5 The Executive Officers shall define important matters related to operations of Company's subsidiaries as resolution item for subsidiaries' general meeting of shareholders or board of directors, and exercise shareholder rights directly or indirectly after obtaining internal approval (including approval of Board of Directors) depending on the level of importance.
- 5.6 The Executive Officers shall have the Internal Audit Office audit the Group and shall have principal subsidiaries allocate internal auditing staff or divisions and cooperate with the Internal Audit Office and the subsidiaries' own corporate auditors, etc. to ensure appropriate operations of the Group.
- 5.7 From the perspective of complying with laws and regulations and the Company's Articles of Incorporation, the Audit and Sustainability Committee shall audit the Group as well as share information and exchange opinions with the corporate auditors, etc. of subsidiaries, and work together with them.

**6. Matters relating to employees assigned to assist the Audit and Sustainability Committee, independence of such employees from Executive Officers and ensuring effectiveness of instruction to such employees**

- 6.1 The Executive Officers shall establish an Audit Committee Office composed of specialized or concurrent staff for the purpose of assisting the activities of the Audit and Sustainability Committee. Any evaluation, personnel transfer,

reprimand and the like of such staff shall require prior consultation with the Audit and Sustainability Committee, and such staff shall not be directed or supervised by the Executive Officers for duties to assist the Audit and Sustainability Committee.

## **7. Systems for Members of the Group, corporate auditors, etc. of the Company's subsidiaries to report to the Audit and Sustainability Committee**

- 7.1 Members of the Group and corporate auditors, etc. of the Company's subsidiaries shall, upon requests from the Audit and Sustainability Committee, report to the Audit and Sustainability Committee on matters such as the execution of their duties.
- 7.2 Members of the Group and corporate auditors, etc. of the Company's subsidiaries shall report the following items to the Audit and Sustainability Committee or members thereof as appropriate:
- ① Matters which may cause significant damage to the Group;
  - ② Audit plan and result of the audit conducted by the Internal Audit Office;
  - ③ Important matters related to compliance (including the status and subject-matter of whistleblowing reports);
  - ④ Other items to be reported as defined by the Audit and Sustainability Committee in advance.
- 7.3 The Internal Audit Office shall submit and report the internal audit report for the Group to the Audit and Sustainability Committee.
- 7.4 The Internal Control Promotion Committee shall periodically report to the Audit and Sustainability Committee the situation of the matters reported to "Renesas Electronics Group Hot Line".
- 7.5 When Members of the Group and corporate auditors, etc. of the Company's subsidiaries have made a report to the Audit and Sustainability Committee or members thereof, the Company prohibits any adverse treatment as a result of their having made a report. These rules shall be stated clearly in the "Whistleblower Policy" and on the Company's intranet.

## **8. Procedures for advance payment or compensation of expenditures**

**occurring in connection with the execution of duties of members of the Audit and Sustainability Committee, and policies on the treatment of cost, expenditure and obligations occurring in connection with the execution of the members' duties.**

- 8.1 Upon the request from members of the Audit and Sustainability Committee for advance payment of expenditures, etc., the Company shall bear the cost, expenditure and payables except in the case it is proved that such cost, expenditure and payables are not necessary to execute the duties of members of the Audit and Sustainability Committee.

**9. Other systems necessary to ensure effective auditing by the Audit and Sustainability Committee**

- 9.1 The members of the Audit and Sustainability Committee selected by the Audit and Sustainability Committee may attend important meetings of the Company as they deem necessary. Furthermore, Executive Officers shall guarantee the right of the Audit and Sustainability Committee to access important corporate information.
- 9.2 The Executive Officers shall make efforts to prepare and facilitate the audit environment necessary for the Audit and Sustainability Committee's audit activities.
- 9.3 The members of the Audit and Sustainability Committee shall hold Audit and Sustainability Committee meetings in principle once or more every 3 months and shall exchange information and deliberate on the status of audits and related matters. The Audit and Sustainability Committee shall also receive regular reports from the Accounting Auditors on their audit activities and exchange opinions on them.
- 9.4 The Audit and Sustainability Committee shall have periodic meetings with the Executive Officers to share information and exchange opinions.

**Supplementary Clauses**

Revisions of this Policy shall be made by the resolution of the Board of Directors of the Company, except for non-substantial revisions of this Policy such as a change of terms or organization name due the amendment of laws and regulations or organization

changes, which can be made by decision of the Company's CEO.

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