

## **Basic Policy on Establishment of Internal Control Systems**

Establishment      April 1, 2010

Latest Revision    January 1, 2022

### **1. Systems Necessary to ensure that the execution of duties by Directors, Corporate Officers and employees ( “Members” ) complies with laws and regulations and Company’s Articles of Incorporation**

- 1.1 The Directors shall take the lead in complying with the “Renesas Electronics CSR Charter” and the “Renesas Electronics Group 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 Members. The Directors shall keep the Members of the Company and its subsidiaries (collectively, the “Group”) informed of such rules, and shall have Group comply with them.
- 1.2 The Directors shall have responsible division implement practical actions to get “Renesas Electronics CSR Charter” and the “Renesas Electronics Group Code of Conduct” be informed thoroughly and have Internal Audit Department audit the implementation status of the actions, point out issues of the actions and propose measures to improve the actions, etc.
- 1.3 Members shall, once they are aware of material fact related compliance, including, without limitation, violation of laws, regulations, Company’s Articles of Incorporation and internal rules, notify Corporate Auditors of these facts immediately and report them to Executive Committee meeting and Board of Directors meeting.
- 1.4 The Directors shall stipulate basic matters such as implementation system and educational programs for compliance in “Global Rule for Compliance Management within the Renesas Group”, shall oblige attendees to deliberate and resolve matters regarding compliance at “Internal Control Promotion Committee”, and shall offer training programs and the like for the Group to be fully aware of compliance.
- 1.5 The Directors shall set up “Renesas Electronics Group Hot Line” as whistle blowing window/ internal contact points for the Group and its business partners

to report violations or possible violations of compliance. Furthermore, the Directors shall keep the Group and its business partners informed that they assure the anonymity of informants upon requests from informants and informants shall never be adversely affected.

- 1.6 The Directors shall keep away from any antisocial force, shall work closely with external specialized institutions, and shall act resolutely in an organized manner when contacted by it.

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

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

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

- 3.1 The Directors 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 Corporate Officer who is responsible for risk management shall classify overall management risks in accordance with “Global Rule for Risk and Crisis Management within the Renesas Group” and establish management system for each classified risk.
- 3.3 The 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 risk management and crisis management division. Head of risk management and crisis management division shall identify and evaluate risks reported by each division head to Corporate Officer who is responsible to risk management and crisis management division periodically, and, in case significant material risk materializes, report it to Executive Committee meeting as appropriately.
- 3.5 The Corporate Officers shall, depending on its importance, establish an appropriate organization chaired by themselves, and shall implement appropriate measures in accordance with the “Global Rule for Risk and Crisis Management within the Renesas Group” when serious risk materializes.
- 3.6 The Directors shall evaluate, maintain and improve the internal control status related to financial report of the Group in accordance with applicable domestic and foreign laws and regulations such as Financial Instruments and Exchange Act.

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

- 4.1 The Directors shall hold an ordinary Meeting of the Board of Directors once each 3-months and extraordinary meetings as needed for the sake of quick decision-making.
- 4.2 The Directors shall adopt a Corporate Officer System, shall make prompt decisions on the important management issues at the Meeting of the Board of

Directors, and shall supervise the execution of duties by the Corporate Officers. Furthermore, the important issues for the Company's management shall be discussed at the Executive Committee prior to the Meeting of the Board of Directors in order to enhance the Board's deliberations.

- 4.3 The Directors shall determine management plan and budget for annual and semiannual period at Meeting of Board of Directors and supervise their execution status.
- 4.4 The Corporate Officers (including Corporate Officers who also act as Directors) shall make quick decisions for the business operation by transferring their authorities to the relevant general managers or other employees. The Corporate Officers, the relevant general managers and other employees shall execute their authority properly and efficiently in accordance with "Basic Rules of Ringi Approval".
- 4.5 The Corporate Officers (including Corporate Officers who also act as Directors) shall execute their duties quickly and efficiently in accordance with office routine regulations determined by the Meeting of the Board of Directors, and shall periodically confirm the status of execution of management plans and the budget determined at a Meeting of the Board of Directors.
- 4.6 The Directors 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 Directors shall guide and support the Company's subsidiaries to establish the Group-wide compliance system in accordance with the "Renesas Electronics CSR Charter", "Renesas Electronics Group Code of Conduct" and "Global Rule for Compliance Management within the Renesas Group".
- 5.2 The Directors shall constantly oversee, guide and support the Company's subsidiaries through the divisions responsible for the business and supervision of the subsidiaries and have the matters relating to the execution of duties by directors of the subsidiaries periodically reported, in accordance with "Basic Rule of Operation and Management of Affiliate Companies".

- 5.3 The Directors 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 in emergency.
- 5.4 The Directors shall, through Internal Control Promotion Committee, etc., establish the Group-wide common decision making rules and policies on the Group governance.
- 5.5 The Directors shall define the important matters related to operations of Company's subsidiaries as resolution item of subsidiaries' general meeting of shareholders or board of directors and exercise shareholder's rights directly or indirectly after obtaining its internal approval (including approval of board of directors) depending on its importance.
- 5.6 The Directors shall have Internal Audit Department audit the Group, and shall have principal subsidiaries allocate internal auditing staff or divisions and cooperate with the Internal Audit Department and the subsidiaries' own Corporate Auditors to ensure appropriate operations of the Group.
- 5.7 From the perspective of the adaption with laws and regulations and Company's Article of Incorporation, Corporate Auditors shall investigate the Group (including on-site audit of subsidiaries) as well as share information and exchange opinions with corporate auditors of subsidiaries and work together with them.

**6. Matters relating to employees assigned to assist Corporate Auditors and independence of such employees from Directors etc.**

- 6.1 The Directors shall establish Corporate Auditors Department composed of specialized or concurrent staff for the purpose of assisting the Corporate Auditors' audit activities. Any evaluation, personnel transfer, reprimand and the like of such specialized staff shall require prior consultation with the full-time Corporate Auditors, and such staff shall not be directed or supervised by the Directors for duties to assist the Corporate Auditors.

**7. Systems for Members of the Group, corporate auditors of the Company's subsidiaries etc. to report to Corporate Auditors**

- 7.1 Members of the Group shall, upon requests from the Corporate Auditors, report to the Corporate Auditors on matters such as the execution of their duties.
- 7.2 Members of the Group shall report following items to Corporate Auditors or Board of Corporate Auditors as appropriately:
- ① Matters which may cause significant damage to the Group;
  - ② Audit plan and result of the audit made by Internal Audit Department;
  - ③ Important matter related to compliance (including the status of whistle-blowing and its main contents);
  - ④ Other items to be reported which were defined by Corporate Auditors and Directors in advance.
- 7.3 Internal Audit Department shall submit the internal audit report for the Group to Corporate Auditor, and report the internal audit report to the Meeting of Board of Directors where Corporate Auditor attends.
- 7.4 Internal Control Promotion Committee shall periodically report to Corporate Auditor the situation of the matters reported to "Renesas Electronics Group Hot Line" by Member.
- 7.5 The Company prohibits adverse treatment to the Member of the Group and corporate auditors of the Company's subsidiaries who reported to Corporate Auditors for the reason that they reported so, and clearly state these rules in "Basic Rules of Renesas Electronics Group Hot Line" and on the Company's intranet.

**8. Procedures for the advance payment or compensation of the expenditure which occurs in connection with the execution of Corporate Auditor's duties, and policies on the treatment of cost, expenditure and obligations which occurs in connection with the execution of Corporate Auditor's duties.**

- 8.1 Upon the Corporate Auditor's request for the advance payment of the expenditures, etc., the Company shall bear cost, expenditure and payables except for the case it is proved that such cost, expenditure and payables are not

necessary to execute the Corporate Auditor's duties.

**9. Other systems necessary to ensure effective auditing by Corporate Auditors**

- 9.1 The Corporate Auditors shall attend Meetings of the Board of Directors, and may attend important meetings of the Company as they deem necessary. Furthermore, the Directors shall guarantee the right of Corporate Auditors to access important corporate information.
- 9.2 Directors shall make efforts to prepare and facilitate audit environment which is necessary for Corporate Auditor's audit activities such as providing Corporate Auditor with independent office.
- 9.3 The Corporate Auditors shall hold a Meetings of Board of Corporate Auditors in principle once each 3-months, and shall exchange information and deliberate on the status of audits and related matters. The Corporate Auditors also shall receive regular reports from accounting auditors on their audit activities, and shall exchange opinions on them.
- 9.4 Corporate Auditors shall have meetings with Directors periodically 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, provided that the revision of this Policy which are not substantial change such as change of terms or organization name due the amendment of law and regulation or organization can be made by decision of Company's CEO.

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