

Basic policy for building an internal control system

OSAKA SODA CO., LTD.

I. A system to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

1. We have formulated a compliance program and set Conduct Guidelines and Rules of Conduct to clarify our basic stance toward corporate ethics and legal compliance in order to live up to society's trust in us as a company, and we are working to ensure that all officers and employees of the corporate group consisting of Osaka Soda and its subsidiaries (hereinafter referred to as the Group) are thoroughly educated of these.
2. We have established a system to address technical legal issues by creating not only a Compliance Committee, which is directly under the president and creates and maintains the compliance system, but also an Information Management Committee, Fair Transactions Management Committee, and Trade Committee as expert committees. To further reinforce the compliance system, we established a system to request legal opinions when necessary by inviting attorneys to serve as outside members of the Compliance Committee and expert committees.
3. Directors take the lead in adhering to corporate ethics in the Group.
4. The Internal Auditing Department, which is independent of execution divisions and is directly under the president, was established as the internal audit department and audits operations and prepares audit reports based on Business Audit Rules.
5. We have also created a system to address violations of laws and ordinances and other compliance violations by operating a whistleblower system that consists of the Compliance Committee's advising desk and an independent attorney as a reporting desk based on whistleblower regulations that stipulate such items as guaranteeing the anonymity of whistleblowers if desired and not subjecting whistleblowers to disadvantageous treatment.
6. The Group has no connections to anti-social forces or entities that threaten the order and safety of civil society, and refuses all unreasonable demands.

II. A system for storing and managing information pertaining to the execution of duties by directors

In accordance with the rules of procedure for the Board of Directors, document management regulations, etc., documents containing minutes of meetings of the Board of

Directors, approval documents, and other documents containing information related to the execution of duties by Directors are appropriately stored and managed.

III. Rules on the management of risk of loss

1. In consideration of environmental preservation, safety & disaster prevention, occupational health, and chemical safety, we have established basic regulations for crisis management, and a crisis management system in accordance with crisis response and RC Committee regulations.
2. We recognize disaster risks, production and manufacturing risks, information management risks, information systems risks, and financial risks as key risks.
3. A task force has been established based on the basic regulations for crisis management and crisis response regulations in order to promptly handle disaster risks. The RC Committee, Engineering and Technology Division, and Quality Assurance Committee handle production and manufacturing risks. The Information Management Committee responds to information management risks and appropriately handles and monitors corporate and personal information based on the basic regulations on information management. The Information Systems Department handles risks related to information systems in collaboration with relevant departments. With regard to financial risks, internal checks and cross-checks are carried out in accordance with accounting regulations, divisions of duties, and authority regulations.

IV. A system for ensuring efficient execution of duties by directors

1. An executive officer system has been introduced to expedite business execution and clarify responsibilities. Based on the management strategies and decision-making decided upon by the Board of Directors, executive officers are responsible for prompt business execution under the supervision of the Board of Directors and directors in the areas of business delegated to them.
2. As for the execution of duties by directors, the authority of each director and the details of procedures for execution are specified in the rules of procedure for the Board of Directors, division of duties, authority regulations, approval regulations, etc., and each director shall execute their duties based on these provisions.
3. As a rule, the Board of Directors meets regularly once a month, and when necessary, meetings are held on an ad hoc basis to ensure flexible management.
4. Important matters concerning the performance of duties by the directors are submitted to the Management Committee, which is composed mainly of directors

and acts as an advisory body for the Representative Director, so that the decisions of the Representative Director are understood and implemented accurately. 5. Medium-term management plans and annual budgets are developed to clarify the Group's overall and individual targets and to ensure the efficiency of directors' performance by regularly reviewing progress.

V. A system for ensuring the appropriateness of business operations in a corporate group

1. In order to ensure the appropriateness of business in the Group, we established the Basic Policy on Management of Affiliated Companies and manage subsidiary operations in accordance with subsidiary management rules and subsidiary management standards.
2. We conduct audits of Group companies in accordance with Business Audit Rules and established a system to ensure the appropriateness of the Group's operations.
3. We established the Basic Policy for Internal Control regarding financial reporting for the Group and established a system necessary to ensure the reliability of financial reporting.
4. We hold liaison meetings with Group executives as necessary to promote communication, coordination, and cooperation within the Group.
5. In the event a director discovers any serious violation of laws or regulations or any other compliance-related violation within the Group, the director reports to the Board of Directors, auditors, and the Compliance Committee, ensuring the appropriateness of business in the Group.
6. We receive regular business reports from Group companies in accordance with subsidiary management rules and whenever necessary. Additionally, the status of the Group's risk management is audited based on Business Audit Rules.

VI. A system for employees who assist auditors in their duties and independence of said employees from directors

At present, there are no employees who assist the duties of the auditors. However, at the request of an auditor, an independent employee will be assigned after consultation with the auditor. Said employee shall not concurrently serve as an employee of another department and shall exclusively follow the instructions of the auditor.

VII. A system for directors and employees to report to auditors, other systems for reporting to auditors, and a system for ensuring that audits by auditors are conducted effectively

1. The Group's directors and employees report to auditors any material violations of

laws or regulations and other compliance-related violations within the Group.

2. Group employees may report to auditors through the Compliance Committee, etc., using the whistleblower system, and the auditors may request reports from employees as necessary.
3. Auditors may request reports from directors as necessary in accordance with the Rules of the Board of Auditors.
4. Auditors can attend meetings of the Board of Directors and other important meetings in order to understand and monitor the status of directors' execution of duties, and can request periodic reports from Group companies.
5. In order to ensure the effectiveness of audits, auditors work closely with the Internal Auditing Department and the accounting auditors to achieve audit results.
6. Any person who has made a report to an auditor shall be protected from disadvantageous treatment on the basis of said report, and all officers and employees of the Group shall be fully aware of this.
7. When an auditor makes a request to the Company for expenses under Article 388 of the Companies Act with regard to the execution of their duties, the Company shall bear the costs associated with the request, unless they are found not necessary for the execution of the duties of the auditor.