

## **Basic Policy Concerning Improvement of the Internal Control System**

### **1) System to ensure that the performance of duties of Directors and employees will comply with laws and regulations and the Articles of Incorporation**

The Company shall seek to ensure that the Aida Group Action Guidelines will be observed by establishing a system under which such guidelines are provided, the Officers in charge of compliance are appointed in order to promote such guidelines and the Compliance Committee is organized under the supervision of such Officers, and shall also set up the Audit Office to audit the status of performance of such guidelines and other related matters.

In the event that an Officer or employee of the Company finds any act suspicious of a breach of the laws and regulations, etc., such act shall be reported to the Compliance Committee through a member of the Compliance Committee, and the Board of Directors shall develop measures to prevent a recurrence of such act according to the gravity thereof.

In addition, the Internal Control Audit Office shall perform internal audits of the status of performance of such guidelines and report the results of such internal audits to the Representative Director and the Board of Auditors.

### **2) System concerning storage and management of information related to the execution of duties of Directors**

The information related to the execution of duties of Directors shall be properly stored and managed in accordance with the laws and regulations and the internal regulations of the Company, and the Directors and Auditors may, at any time, inspect these documents in accordance with the internal regulations of the Company.

### **3) System concerning management of risk of losses, including establishment of regulations**

With respect to any risks related to safety, environment, disaster prevention, quality, compliance and export management, etc., the Company shall manage such risks by causing each division in charge of the relevant operations to establish relevant regulations and guidelines, audit the management of such risks and do other similar matters and, with respect to risks related to the

promotion of the company-wide business of the Company, the Company shall make an effort to manage such risks by determining the material matters of such risks upon deliberating such material matters from various angles at meetings of the Board of Directors, management meetings, etc.

#### **4) System to ensure the efficient execution of duties of Directors**

The Company shall establish an annual policy as the company-wide objective, and each Director shall develop a division objective based on such annual policy at the division such Director is in charge of and shall report the status of the achievement thereof at meetings of the Board of Directors or management meetings.

Directors shall make an effort to efficiently execute the material matters by obtaining consistent intentions at the relevant divisions through full deliberation of such material matters at meetings of the Board of Directors, management meetings, etc. in accordance with the rules for segregation of duties and decision making as provided for in each regulation.

#### **5) System to ensure the appropriate business performance of the Consolidated Group consisting of the Company and its subsidiaries**

The Company has appointed a Director in charge of each business segment of the Company or each company of the Consolidated Group and has given the responsibility and authority to create internal controls to such Director. On the other hand, such Director shall make periodical reports on the business performance and the status of management of internal controls at meetings of the Board of Directors or management meetings with respect to the area such Director is in charge of.

In addition, the Company shall establish the Subsidiary Audit Office and cause each Director to audit the appropriateness and efficiency of the business process and the management control system of subsidiaries in cooperation with the subsidiary's division that such Director is in charge of and the related business divisions.

#### **6) Matters concerning employees who shall assist the duties of Auditors if such assistance is requested by Auditors**

The Company shall establish the Internal Control Audit Office as a division assisting the duties of Auditors in accordance with the direction of such Auditors and post exclusive employees to such office.

**7) Matters concerning independency of the aforementioned employees from Directors**

The consent of Auditors shall be required for any reshuffle of employees belonging to the Internal Control Audit Office.

**8) System for Directors and employees to submit reports to Auditors and other systems concerning submission of reports to Auditors**

Auditors shall attend management meetings, etc., as well as meetings of the Board of Directors, and receive material reports.

In addition to the cases provided for by law, if a Director has knowledge of and/or finds any matters that have been resolved at a management meeting, any matters threatened to cause substantial damage to the Company, any material matters regarding a business conditions for each month, any material matters concerning internal audit conditions and risk management, any material breaches of laws and regulations or the Articles of Incorporation and any other material matters concerning compliance, the Director shall report such facts to the Board of Auditors.

In addition, Directors and employees shall make any necessary reports upon the request of each Auditor as determined upon consultation between the Board of Directors and the Board of Auditors.

**9) Other systems to ensure an effective audit performance of Auditors**

Auditors shall have periodical meetings with the Representative Director and shall be able to consult with, or request reports from, Directors and employees as necessary.

Notes : The Subsidiary Audit Office has transferred its operations to the Internal Control Audit Office as of April 1, 2008.