

## Basic Policy Concerning Improvements to the Internal Control System

The Company has already improved the systems detailed in items 1 through 10 below, and it shall continue to maintain these systems and make efforts to further strengthen and improve them.

### 1. System to Ensure the Legality of the Duties Executed by Directors and Employees

The Company shall establish Aida Group Action Guidelines and ensure full compliance by appointing Officers in charge of compliance in order to promote such guidelines and by organizing a Compliance Committee under the supervision of such Officers, and the Company shall also establish an independent Internal Control Audit Office to verify the implementation status of such guidelines and other related matters on a regular and on an as-needed basis.

In the event that an Officer or employee of the Company discovers any conduct that is suspected of being a breach of the laws and regulations, etc., such conduct shall be reported to the Compliance Committee via a member of the Compliance Committee, and based on the gravity of the conduct, the Board of Directors shall develop measures to prevent the reoccurrence of such conduct.

Moreover, in accordance with the AIDA Group Compliance Hotline System regulations, we shall strive to further bolster our internal reporting systems to attain proactive prevention and early detection of compliance violations.

### 2. System Concerning the 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. Other Systems and Provisions Relating to the Management of Risks of Damage to the Company

With respect to any risks related to safety, the environment, disaster prevention, quality, compliance, export management, etc., the Company shall manage such risks by causing each division in charge of the relevant operations to establish applicable regulations and guidelines, monitor the management of such risks and perform other similar tasks 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 critical issues relating to such risks by deliberating such critical issues from various standpoints at Board of Directors meetings, management meetings, etc., and then take action based on final decisions.

### 4. System to Ensure the Efficient Execution of the Duties of Directors

The Company shall establish annual policies as company-wide objectives, and each Director shall develop division-level objectives based on these annual policies. The Director is in charge of and shall report the status of the achievement thereof at Board of Directors meetings or at management meetings.

Directors shall make efforts to efficiently execute critical initiatives by obtaining consensus at the relevant divisions through thorough deliberation of such critical initiatives at Board of Directors meetings, management meetings, etc., in accordance with the rules governing the segregation of duties and decision-making as given in the various regulations.

### 5. System to Ensure the Appropriate Business Performance of the Consolidated Group Which Consists of the Company and Its Subsidiaries

#### (1) Systems Relating to the Efficiency of the Execution of Duties of Directors, etc., at Company Subsidiaries and Relating to Reporting Requirements to the Company

At the Business Plan Meetings which are convened on a regular basis each year, all Group Companies shall report on the achievement status of their respective targets set in accordance with yearly Company policies, and, in addition, they shall also report their operational and financial status to the Company on a regular basis.

In accordance with the Global Management Regulations, when Group Companies make important operational-related decisions they shall obtain prior approval from the Company by submitting a sanction acquisition.

#### (2) Other Systems and Provisions Relating to the Management of Risks of Damage to Company Subsidiaries

Whenever a Group Company discovers violations of laws or internal rules, or uncovers facts that could possibly result in significant damage to the Group Company or to the Company, such items shall be reported to the Company.

#### (3) System to Ensure the Legality of the Duties Executed by Directors and Employees of Company Subsidiaries

Together with establishing The AIDA Group Action Guidelines and the Global Management Regulations in order to define items that Group Companies should adhere to, the Company has also instituted the AIDA Group Compliance Hotline System to assure that Group Companies are complying with the law in the execution of their

duties. Moreover, the Company's Administration Department is also monitoring compliance, etc., at each Group Company.

However, the operation of the Company point-of-contact for Group Company reporting and whistle-blowing shall be performed so as not to conflict with local laws.

6. Provisions Relating to the Independence of Company Employees Assigned to Assist Auditors and the Command Authority of Auditors

If requested by Auditors, the Company shall select an employee that assists in the duties of Auditors. The consent of Auditors shall be required for any reassignments and for any performance reviews of the employee referred to above. Moreover, in order to assure independence from Directors, Auditors shall possess all rights of command authority over such employees.

7. System Relating to Reports to Company Auditors

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

In addition to issues covered by laws, if a Director has knowledge of and/or discovers any other issues related to compliance, such as issues that have been decided in a management meeting, any issues that threaten to cause substantial damage to the Company, any critical issues regarding monthly business conditions, any critical issues concerning internal audit conditions and risk management, any material breaches of laws, regulations, or the Articles of Incorporation or any other critical issues, the Director shall report such facts to the Board of Auditors.

In addition, in accordance with the Auditing Standards for Auditors, Company and Group Company Directors and employees shall submit any necessary reports when requested by an Auditor.

The Company and Group Companies shall implement appropriate measures to prevent persons making such reports from being subjected to retaliatory actions.

8. System for Ensuring Effective Audits by Company Auditors

Auditors shall meet periodically with the Representative Director and shall be able to consult with or request reports from Directors and employees as necessary.

In accordance with the Auditing Standards for Auditors, costs that are incurred during the execution of the duties of Auditors shall be budgeted, and, when deemed necessary by an Auditor, the Auditor can utilize attorneys or outside experts within reasonable limits, and can bill the Company for such costs before or after the fact.

9. System for Ensuring Financial Reporting Reliability

In order to ensure the reliability of financial reporting, the Company establishes and manages internal controls within the entire AIDA Group and seeks to achieve the effectiveness of its internal controls related to financial reporting. In order to ensure sound and appropriate internal controls, the Internal Control Audit Office evaluates the operational status of internal controls both periodically and continuously and recommends any necessary corrective actions or improvements.

10. The Company's Basic Stance Regarding the Elimination of Anti-Social Forces

The Company takes a firm and unyielding stance against anti-social forces that threaten the order and safety of civilian life and wholly refuses to have any dealings with such entities.