

November 7, 2007

Meitec Corporation

## **Meitec Announces Revision of Basic Policy regarding the Development and Maintenance of Internal Control Systems**

Meitec Corporation announced today that its Board of Directors passed a resolution at its meeting held on November 7, 2007, to revise its basic policy regarding the development and maintenance of internal control systems.

### **(Reason for the Policy Revision)**

In addition to policy revisions made in light of the statement issued by the Cabinet Office titled “Policy on Business Enterprises Working to Prevent Harm Caused by Criminal Groups,” Meitec has decided to revise its policy to substantially strengthen its internal control systems.

Meitec’s revised its “Basic Policy regarding the Development and Maintenance of Internal Control Systems” as follows.

### **Basic Policy regarding the Development and Maintenance of Systems to Ensure Sound Business Operations (Internal Control Systems)**

1. Framework to ensure compliance by directors and employees with laws, regulations and the Company’s articles of incorporation in the course of the execution of their duties  
(Corporation Law, Article 362, Paragraph 4-6, and Enforcement

Regulations of the Corporation Law, Article 100, Paragraph 1-4; Policy on business enterprises working to prevent harm caused by criminal groups)

In its interaction with the rest of society, the Company shall comply with all laws and regulations and its articles of incorporation. The Company shall maintain high ethical standards and management that is sound and highly transparent. To enhance its corporate value, the Company shall build effective governance and monitoring systems that are appropriate to the particular characteristics of the business and size of the Meitec Group.

The Company shall formulate a management philosophy, code of conduct, behavior charter and other related documents. The Company shall undertake effective efforts to thoroughly inform directors and employees on compliance issues. Directors and employees shall carry out their duties in compliance with all laws and regulations, the Company's articles of incorporation and internal Company rules in a fair and reasonable manner.

Through the establishment of an internal helpline—based on a system that provides full protection to whistleblowers—and programs to inform employees about this helpline, the Company shall endeavor to quickly detect and take appropriate action against any malfeasance that may occur.

In response to any criminal entities or groups that threaten the order or safety of civil society, the entire Meitec Group, from the CEO down, shall strive resolutely to prevent harm to society from such antisocial entities, thereby retaining the full trust of all stakeholders.

2. Framework for storing and managing information relating to the directors' execution of duties  
(Enforcement Regulations of the Corporation Law, Article 100,

### Paragraph 1-1)

In accordance with the stipulations of all laws and regulations, the Company's articles of incorporation and internal rules, information regarding the execution of duties by directors shall be recorded, stored and managed in an appropriate and timely manner. From time to time, internal rules shall be proactively reviewed and revised as necessary.

### 3. Risk management systems

(Enforcement Regulations of the Corporation Law, Article 100, Paragraph 1-2)

The Company, its subsidiaries and affiliates (the Meitec Group) shall work to comprehensively and systematically gather information on—and analyze—risks faced by the Group. Risk trends shall be monitored appropriately, and timely measures shall be taken in response to risks, commensurate with the severity of the risk. The Company shall continually strive to maintain and enhance the soundness of its management.

### 4. Framework to ensure the efficient execution of duties by directors and employees

(Enforcement Regulations of the Corporation Law, Article 100, Paragraph 1-3)

The directors shall appropriately divide up their duties and supervisory responsibilities, and shall delegate authority in accordance with internal rules to speed up decision making. In addition, the directors shall formulate a business plan stipulating clear targets and goals, and undertake appropriate management of operations and progress based on this plan. Targets and goals shall

be revised as necessary. This framework aims to ensure that the directors' duties are carried out efficiently.

5. Framework for employees to be assigned to assist corporate auditors carry out their duties and to ensure that these employees retain their independence from the directors

(Enforcement Regulations of the Corporation Law, Article 100, Paragraphs 3-1 and 3-2)

A system shall be established to enable a rapid response to requests from corporate auditors for the assignment of employees to assist them in carrying out their duties. This system shall include specific procedures for submitting and responding to such requests.

As for such matters as performance appraisals and job assignments for employees assigned exclusively to assist the corporate auditors, the wishes of the corporate auditors shall take precedence on matters pertaining to the independence of such employees, including with regard to directives and orders from directors.

6. Framework for reporting by directors and employees to the corporate auditors and framework to ensure other auditing activities by the corporate auditors are carried out effectively

(Enforcement Regulations of the Corporation Law, Article 100, Paragraphs 3-3 and 3-4)

The corporate auditors shall be given the authority to attend meetings of the Board of Directors and all other internal meetings. Furthermore, the corporate auditors shall have access to all important information relating to decision making and the execution of business operations. Based on these principles, the Company shall build a management system that is effectively audited. In

particular, auditing shall ensure that the execution of duties complies with laws and regulations, and that the development and operation of internal control systems is adequate.

The Company's representative director and its departments responsible for internal auditing shall regularly and as necessary exchange opinions with the corporate auditors. The Company shall develop a system whereby the internal audit departments, corporate auditors and independent accounting auditor are able to maintain effective communication channels and linkages.

The Company shall endeavor to continually enhance the effectiveness of audit functions carried out by the corporate auditors. This shall include cooperation with requests from the corporate auditors to directors and employees regarding inspections and hearings.

7. Framework to ensure sound business operations within the Company and the Meitec Group  
(Enforcement Regulations of the Corporation Law, Article 100, Paragraph 1-5)

The Company shall respect the right of each Group company to develop its business operations in an autonomous manner. In order for the Meitec Group as a whole to maintain sound business operations, each Group company shall strictly comply with the basic policies stipulated in items 1–6 above.