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Basic Policy on the Establishment of an Internal Control System

SIIX Corporation hereby announces that we resolved its basic policy on the establishment of an internal control system at the Board of Directors' Meeting held on May 26, 2006 as shown below.

1. System to ensure the execution of duties by directors and employees complies with laws and ordinances and the company's articles of incorporation.

(Article 362.4.6 of the Company Law, and Article 100.1.4 of the Enforcement Regulations of the Company Law.)

- 1) For the promotion and thorough implementation of compliance, the company will form a Compliance Committee comprised of directors, executive officers and auditors, etc., and ensure a system wherein all directors and employees uphold laws and ordinances, the company's articles of incorporation, internal regulations and the company's management principles (the SIIX Principles) when fulfilling their duties.
- 2) The Compliance Committee will make the President and Representative Director the Chairman of the Committee, and will establish a secretariat to assist the Chairman.
- 3) The Compliance Committee will formulate compliance regulations, construct compliance systems and implement compliance education and training aimed at directors and employees.
- 4) The Compliance Committee will control and direct the state of compliance in all departments and at all subsidiaries, and report on the state of compliance to the

Chairman and Representative Director the Board of Directors and the Board of Auditors.

- 5) The Internal Audit Office will audit the state of compliance in all departments and at all subsidiaries.

2. System for the storage and management of information related to the duties of directors

(Article 100.1.1 of the Enforcement Regulations of the Company Law.)

- 1) Documents and information related to the operation and management of the company will be stored and managed appropriately based on company regulations that stipulate the types of documents and information that should be stored, the periods they should be stored for, methods of storage, etc.
- 2) Documents and information will be stored and managed in such a way that the directors, auditors and accounting auditors are able to view them at any time.

3. System for regulations and others related to the control of exposure to risk

(Article 100.1.2 of the Enforcement Regulations of the Company Law.)

- 1) All departments and subsidiaries will work on risk awareness, assessment, reduction and prevention based on the regulations for risk management.
- 2) Matters stipulated upon in the Regulations on the Procedures for Requesting Managerial Decision will be screened and determined carefully including assessment of the risks involved.
- 3) Important matters that are stipulated to require approval by the Management Committee will be screened and investigated, including assessment of the risks involved, on a Management Committee comprised of directors, standing auditors, etc.
- 4) The company will establish emergency response systems in order to restrict risk, etc., to the minimum possible level in the event that an unexpected situation occurs, such as an accident, a disaster, misconduct or system failure.
- 5) The company will gather information on risk when it occurs and along with

informing all company members in timely fashion, prepare against the recurrence of risk by reviewing risk management regulations, etc.

- 6) The Internal Audit Office will audit the state of risk management in all departments and subsidiaries.

4. System to ensure the execution of duties by directors is carried out efficiently
(Article 100.1.3 of the Enforcement Regulations of the Company Law.)

- 1) By downsizing the Board of Directors and introducing an executive officer system aimed at clarifying the functions of the Board of Directors and making it more active and strengthening the system of responsibility for the execution of operational duties, the company will create and maintain a system wherein the Board of Directors will concentrate on decision making and overseeing the execution of operational duties and the executive officers will share out and execute operational duties based on the management policies of the Board of Directors.
- 2) The directors will perform their duties based on the Regulations for the Board of Directors, the Regulations for the Division of Work, the Regulations on Administrative Authority and the Regulations on the Procedures for Requesting Managerial Decision.
- 3) In order for effective decision making to be carried out by the Representative Directors, important matters will be screened in advance in the Management Committee.

5. System to ensure the appropriateness of operations in the company and its group companies consisting of its parent company and subsidiaries

(Article 100.1.5 of the Enforcement Regulations of the Company Law.)

- 1) The company will deploy executive officers for each business area and region, and the executive officers will share out and execute operational duties.
- 2) In order to ensure the appropriateness of operations at subsidiaries and implement thoroughgoing risk control, meetings of the Subsidiary Board of Directors will be held monthly for each subsidiary. SIIX Corporation directors

and executive officers and the directors of each subsidiary will attend Subsidiary Director's Meetings to ascertain the management situation at subsidiaries and to discuss management matters.

- 3) In order to ensure the appropriateness of operations among the whole body of group companies and to implement thoroughgoing risk control, meetings of the Board of Executive Officers, which is comprised of the executive officers responsible for each business area and region and SIIX Corporation directors, will be held on a regular basis to discuss all cross-regional issues and share information.
- 4) The management of subsidiaries will be carried out based on the Regulations on Affiliated Company Management.
- 5) The representatives of subsidiaries will make efforts to promote the compliance of the group as a whole as members of the Compliance Committee.
- 6) In order to ensure the appropriateness of transactions and accounting processes between SIIX Corporation and its subsidiaries and between different subsidiaries, the Internal Audit Office will audit the business performance situation at each subsidiary.

6. Matters pertaining to the employees in question in the event that the auditors request the deployment of employees to assist in auditing duties

(Article 100.3.1 of the Enforcement Regulations of the Company Law.)

In the event that the Board of Auditors requests the deployment of employees to assist in auditing duties, the company will deploy assistant auditors.

7. Matters pertaining to the independence from the directors of the employees discussed in the previous paragraph

(Article 100.3.2 of the Enforcement Regulations of the Company Law.)

The consent of the Board of Auditors will be obtained with regard to the transfer, evaluation, etc., of assistants in the Internal Audit Office assisting in auditing duties.

8. System for directors and employees to report to the Board of Auditors, and the system concerning other reports made to auditors

(Article 100.3.3 of the Enforcement Regulations of the Company Law.)

- 1) Directors and employees will provide reports and information, and will allow access to the documents upon the request of auditors or the Board of Auditors.
- 2) Directors will report on important management matters to the auditors in timely fashion.
- 3) The auditors will attend important meetings such as meetings of the Board of Directors, the Management Committee, etc.

9. System to ensure that the other auditing activities by auditors are carried out effectively

(Article 100.3.4 of the Enforcement Regulations of the Company Law.)

- 1) The Chairman and CEO President and COO will exchange opinions with the auditors concerning issues in management as needed.
- 2) The auditors will retain close coordination with the Internal Audit Office and will also request investigations by the Auditing Office as required.
- 3) The auditors will meet with the accounting auditors in a timely fashion to exchange opinions and information and will also request information from the accounting auditors as necessary.