
Internal control

With a view towards ensuring a sound profit and constantly increasing our corporate value for our shareholders and all other stakeholders, we have enhanced our corporate governance and established internal control systems.

While the Board of Directors is chiefly responsible for making management decisions at Inabata, we introduced the executive officer system in June 2003, which is designed to separate management decision-making and oversight functions from the responsibility of executing operations so as to ensure that accurate, prompt, and effective decisions can be made. In addition, we appoint four corporate auditors (two of whom are outside auditors), who audit decisions made by the Board of Directors and the execution of their duties by executive officers.

After Company Act went into effect in May 2006, we decided on our basic policies for internal control. Furthermore, in order to construct the Internal Control Report System concerning financial statements, which is required by the Financial Instruments and Exchange Act which was enacted in June 2006, we formed the Internal Control Committee, which is dedicated to working on the construction, maintenance, and improvement of internal control. Meanwhile, we have increased the size of our staff at the Internal Audit.

These programs cover not only Inabata & Co., Ltd., but also Group companies. For tightening internal control throughout the Group, a series of instructions are given to consolidated subsidiaries, in particular, so as to ensure that every employee is aware of our management philosophy and other business principles.

In January 2008, we set up a corporate “Ethics Help Line” (whistle-blowing system), as a tool for preventing unethical behavior, followed by the establishment of a Compliance Committee and Compliance Regulations in March of the same year, thus improving the framework for ensuring compliance.

Since April 2008, the Internal Control Report System concerning financial reporting under the Financial Instruments and Exchange Act (J-SOX, or the Japanese version of the Sarbanes-Oxley Act) has been in force. In light of this, Inabata will spare no effort for the further improvement of internal control throughout the Group.