Regarding the Amendment of the Basic Policy
for the Establishment of an Internal Control System

Taikisha Ltd. (the Company) today announced that at the meeting of its Board of Directors held on March 26, 2013, the Company resolved to amend the basic policy for the establishment of an internal control system. The details are as follows:

- Established on May 9, 2006
- Amended on May 11, 2007
- Amended on March 27, 2008
- Amended on March 25, 2009
- Amended on March 24, 2010
- Amended on March 29, 2012
- Amended on March 26, 2013

Basic Policy for Establishment of an Internal Control System

[Objectives]
This resolution shall stipulate the outline regarding the establishment and improvement of the Company’s internal control system, pursuant to the Companies Act and the Ordinance for Enforcement of the Companies Act, in order to recognize the fact that the biggest current managerial risk is violation of the laws and ordinances, and to familiarize and thoroughly carry out execution of observance of the laws and ordinances. The establishment of an internal control system, in accordance with this resolution, shall be implemented as soon as possible, and shall be improved by constant review with the purpose of creating an efficient and proper company structure.

[Specific Details]
1. The System to Ensure Director and Employee Conformance to Laws and Articles of Incorporation

(1) According to the Company’s philosophy and policy, the Company shall consider its management vision—to conduct transactions through free and fair competition by abiding by the laws and their spirit, and to contribute to our customers, partners, shareholders, employees, community, society and
global environment through transparency and high ethical standards—and Taikisha's Code of Conduct as performance guidelines for directors and employees, and shall remind all persons involved about these standards.

(2) The Business Ethics Committee headed by the Representative Director as chairperson and consisting of directors at the level of Managing Corporate Officer or higher and the General Manager of the Internal Audit Office shall meet in principle monthly in order to examine and respond to issues regarding compliance in the overall business operations of the Company from a management standpoint. In addition, audit & supervisory board members shall attend the Business Ethics Committee with an independent stance to assure the effectiveness of management monitoring.

(3) The Corporate Compliance Committee headed by the Representative Director as chairperson and mainly consisting of members of the Management Ethics Committee shall meet in principle bimonthly in order to examine compliance with laws and Articles of Incorporation.

(4) The Company shall, in Taikisha’s Code of Conduct, implement a basic policy for Anti-Social Forces of refusing any involvement of Anti-Social Forces in our business, rejecting any requirement from Anti-Social Forces and prohibiting all management and employees of the Company to have any relationship with Anti-Social Forces. In addition, the Company shall constantly conduct educational and dissemination activities related to compliance in order to familiarize all officers and employees of the Company, shall make very effort to prevent any violation of the policy, and shall gather information related to Anti-Social Forces from the outside of the Company regularly. If the Company receives undue demands from Anti-Social Forces, the Company is committed to confront Anti-Social Forces systematically in cooperation with outside experts.

(5) The Corporate Compliance Department shall constantly conduct educational and dissemination activities related to compliance in order to familiarize all officers and employees of the Company with the management vision and Taikisha's Code of Conduct, and shall make every effort to prevent any violations of the law in cooperation with other compliance-related divisions and other departments, and shall report all relevant activities to the Corporate Compliance Committee.

(6) For instances where an officer or employee finds a violation of laws or Articles of Incorporation, an internal reporting system for employees’ information and an external reporting system for business partners’ information shall be established. The Corporate Compliance Department shall keep all persons involved, both inside and outside of the Company, informed about an internal and independent-lawyer-participating external reporting contact in order to effectively utilize such
contacts.

(7) In the event of a compliance violation, the offenders concerned shall be severely disciplined according to internal rules and regulations.

2. The System regarding the Storage and Management of Information Related to the Directors' Execution of Duties

Information and materials related to the directors' execution of duties shall be handled pursuant to internal rules and regulations, especially the Information and Materials Management Rules, and shall be appropriately stored, managed and disposed of. If necessary, management status shall be examined and internal rules and regulations shall be reviewed.

3. Rules regarding Risk Management of Loss and Other Systems

(1) Regarding risk management of Taikisha group, the Company shall, in accordance with the Risk Management Rules, establish the Risk Management Committee to identify risks in an integrated fashion and to implement effective and efficient risk management. The Committee shall establish basic policies, responsibility systems, operations and other necessary measures for risk management of Taikisha group, and shall keep all persons involved informed about the establishment and implementation.

(2) Regarding risks associated with operations, such as quality control, safety control and compliance, assigned to each department, each department shall identify and prioritize the risks, draft specific measures against the risks and report to the Risk Management Committee. Each department shall implement internal rules and regulations, and shall keep all persons involved informed about the details of the implementation.

(3) On the assumption of situations in which measures should be taken to respond to exposed potential major risks (hereinafter referred to as crisis), the Company shall establish the Crisis Management Committee for the purpose of crisis response and daily crisis management. In the event that crisis breaks out, the Crisis Management Committee shall organize the crisis management team or establish the crisis task force to respond to the crisis under the supervision of the Crisis Management Committee. On the assumption of the outbreak of the crisis, the Company shall appropriately establish and maintain a business continuity plan to restore the damage caused by the crisis.
(4) The Internal Audit Office, which is under the direct control of the Representative Director, shall conduct internal audits in accordance with the Internal Audit Rules. The effectiveness of internal audits shall be ensured by the appointment of the General Manager of the Internal Audit Office chosen from employees at the level of Corporate Officer or higher, and by the placement of other necessary personnel. Furthermore, the Internal Audit Office shall examine audit methods and items to be audited, and shall amend the audit procedures as needed.

4. The System to Ensure the Efficient Execution of Duties by Directors

(1) By adopting a corporate officer system, responsibilities and authorities of corporate management and duty execution shall be clarified, aiming for revitalization of the Board of Directors, promotion of rapid decision-making, and advancement of management reforms.

(2) The matters addressed in the Board of Directors Rules and matters applicable for submission to the Board, shall be submitted to the Board of Directors. In this regard, the appropriate materials concerning the agendas shall be distributed to all directors in advance based on the principles of management judgment.

(3) With the Company's philosophy as a foundation, each departmental headquarters and business operations department, after a policy review meeting, shall establish an appropriate annual business plan and annual target, and shall work in order to achieve those targets.

(4) The Management Conference, mainly consisting of directors at the level of Managing Corporate Officer or higher, shall be established to conduct deliberations regarding Taikisha Group's important management issues to be addressed pursuant to the Decision Rules, and shall make prompt decisions on these issues. In addition, the Management Conference shall examine the progress toward annual target by monthly reviewing operating reports.

5. The System to Ensure the Appropriateness of Operations conducted by the Corporate Group Consisting of Stock Company, its Parent Company and its Subsidiaries

(1) Subsidiaries and affiliate companies of the Company (hereinafter referred to as subsidiaries) shall be supervised by the governing departments pursuant to the Management Rules for Subsidiaries, and shall enhance the management efficiency of Taikisha group.
(2) A system for implementing periodical audits, provided mainly by the Internal Audit Office, shall be established in order to identify the existence of risk information in subsidiaries. In addition, a post-audit system shall be established in order to promptly report the risk of loss, detected in subsidiaries, to directors, audit & supervisory board members and other departments responsible.

(3) Regarding a system to ensure the adequacy of materials concerning the finances and accounting of Taikisha group, and to ensure the adequacy of other related information pursuant to the Financial Instruments and Exchange Law, the Company shall, under the instructions of the Representative Director and President, establish the Basic Rules for Internal Control in compliance with the "Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" and "Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" issued by the Financial Services Agency. In addition, the Company shall, in accordance with the Basic Rules, conduct improvement and management status assessments of internal control procedures carried out by Taikisha group.

6. Matters regarding Employees in Cases where Audit & Supervisory Board Members Request to Hire the Employees to Assist in their Audits, and Matters regarding the Independence of the Employees from Directors

The Company shall establish the Audit & Supervisory Board Member Office under the direction of audit & supervisory board members, and shall appoint employees who will assist audit & supervisory board members in order to ensure the independence of audit & supervisory board members. In addition, regarding appointments, dismissals, transfers, and personnel evaluations, the audit & supervisory board members' approval shall be required.

7. The System for Directors and Employees to Report to Audit & Supervisory Board Members, and the System regarding Other Matters concerning Reporting to Audit & Supervisory Board Members

Directors and employees shall be obligated to report the following matters to audit & supervisory board members, and shall also provide the necessary reports and information upon request from each audit & supervisory board member pursuant to the Audit & Supervisory Board Rules and the Rules for Audit by Audit & Supervisory Board Members;

- Matters resolved and reported by the Management Conference
- Matters discussed by the Management Ethics Committee, Risk Management Committee and Crisis Management Committee
● Matters which may cause serious harm to the Company and its subsidiaries
● Violations of the laws and Articles of Incorporation by directors or employees, or facts that may lead to such violations
● Results of internal audits conducted by the Internal Audit Office
● Request forms for internal managerial decisions and proceedings of meetings requested by audit & supervisory board members

8. The System to Ensure the Effective Implementation of Audits by Audit & Supervisory Board Members

(1) The Representative Director, the Chief Executive of the Administrative Management Headquarters and the General Manager of the Internal Audit Office shall arrange meetings and consultations in order to thoroughly discuss and examine the improvement of the environments for audits conducted by audit & supervisory board members, and shall ensure the effectiveness of such audits.

(2) Audit & supervisory board members may make requests for improvement of the audit system and other related matters in order to ensure the effectiveness of audits conducted by audit & supervisory board members.