



[Translation]

December 25, 2013

To Whom It May Concern

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**Notice Regarding Partial Amendments of Basic Policies Concerning
 Internal Control System**

Tosei Corporation (the “Company”) hereby announces that it has resolved at the Board of Director meeting held on December 25, 2013, to make partial amendments to its Basic Policies Concerning Establishment of Internal Control System, in an effort to ensure the compliance with laws and regulations by the entire Group and to enhance the risk control system of each company in the Group.

The policies have been set out by the Company pursuant to the “System to Ensure the Appropriateness of the Business Operations” prescribed in Article 362, paragraph (4) of the Companies Act as well as Article 100, item (1) and (3) of the Ordinance for Enforcement of the Companies Act.

1. Descriptions of the Amendments

(Changes are underlined.)

Current Policies	Amended Policies
1.– 4. (omitted)	1.– 4. (No change)
5. Basic Policies for Properness of the Operations of the Entire Group (1) Ensure a full penetration of the understanding of the Company’s business principle and awareness for the compliance among the officers and the employees of the entire Group. (2) Strain to share and resolve the managerial issues of each of the Group companies. (3)– (4) (omitted)	5. Basic Policies for Properness of the Operations of the Entire Group (1) <u>Strive for</u> a full penetration of the understanding of the Company’s business principle and awareness for the compliance among the officers and the employees of the entire Group <u>and ensure that each of the Group companies complies with laws and regulations.</u> (2) Strain to share and resolve the managerial issues of each of the Group companies <u>and enhance the risk management system of the Group.</u>
6. (omitted)	(3)– (4) (No change) 6. (No change)

2. Amended Basic Policies Concerning Internal Control System

(The changes are marked with underlines. The rest remains unchanged.)

Basic Policies for “Ensuring Appropriate Company Management”

1. Basic Policies for Compliance with Laws and Regulations

- (1) Ensure awareness for compliance with laws and regulations.
- (2) Strengthen the checking function for breach of laws and regulations.
- (3) Promptly react to any breach of laws and regulations, and make timely and appropriate information disclosure concerning such breaches.
- (4) Eliminate any association with anti-social forces.

2. Basic Policies for Storing and Managing of Information

- (1) Ensure awareness for the importance of storing and managing of information.
- (2) Enhance the initiatives for preventing the leakage of material information.
- (3) Ensure proper capturing of the information requiring timely disclosure and preventing misstatements or material omissions.

3. Basic Policies for Management of Risk of Loss

- (1) Ensure thorough understanding, analysis and assessment of risks that may hinder the continuation of the Company’s corporate activities.
- (2) Enhance monitoring of risk management.
- (3) Establish a proper whistle-blowing system for any occurrences and/or signs of surfacing of contingencies.
- (4) Promptly react to any occurrence of contingencies and/or accidents, and make timely and appropriate disclosure of information regarding such occurrences.

4. Basic Policies for Efficient Execution of Duties by Directors

- (1) Carry out deliberation and decision-making on the important management matters of the Company, in efficient, timely and appropriate manners.
- (2) Eliminate excessive pursuit of efficiencies in the management plans and/or the business targets and make balanced decisions considering the soundness of the Company.
- (3) Establish a system to allow efficient execution of business in accordance with the rules of the operational authority delegations.

5. Basic Policies for Properness of the Operations of the Entire Group

- (1) Strive for a full penetration of the understanding of the Company’s business principle and awareness for the compliance among the officers and the employees of the entire Group and ensure that each of the Group companies complies with laws and regulations.
- (2) Strain to share and resolve the managerial issues of each of the Group companies and enhance the risk management system of the Group.
- (3) Encourage appropriate and timely sharing of the information among the Group companies for the purpose of enhancing their internal control system.
- (4) Enhance the system for ensuring the appropriateness of the financial reporting relating to the entire Group.
- (5) Eliminate wrongful acts and/or irregular transactions using the Group.

6. Basic Policies for Systems to Ensure Effective Audits by the Statutory Auditors

- (1) Provide staffs that are independent of the directors to assist the statutory auditors in their duties.
- (2) Obtain concurrence from the board of auditors for the transfers and the performance evaluations of the aforementioned staffs.
- (3) Ensure prompt reporting to the board of statutory auditors by the officers or the employees

when they have any concern for occurrence of material loss or have identified any breach of regulations or misconduct.

- (4) Ensure timely reporting by the directors and the key employees to the statutory auditors.
- (5) Ensure availability of important documents for timely inspections.
- (6) Promptly report to the statutory auditors, when there is any whistle-blowing.
- (7) The directors are to make efforts to understand and support the audits by the statutory auditors and proactively work to improve the issues raised by the statutory auditors.
- (8) In order to accomplish adequate audits of the entire Group performed by the statutory auditors, the directors are to provide necessary cooperation to the statutory auditors.

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