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To whom it may concern

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Notice Regarding Partial Amendments to Basic Policy for Internal Control System

Tosei Corporation (the “Company”) hereby announces that it resolved at a meeting of its Board of Directors held today to make partial amendments, as of the same date, to its “Basic Policy for Internal Control System” prescribing the matters regarding the “Systems to ensure properness of operations,” in line with the enforcement on May 1, 2015, of the “Act Partially Amending the Companies Act” (Act No. 90 of 2014) and the “Ministerial Ordinance Partially Amending the Ordinance for Enforcement of the Companies Act, etc.” (Ordinance of the Ministry of Justice No. 6 of 2015), as follows.

1. Details of amendments

Details of amendments are as follows:

(Changes are underlined.)

Before amendments	After amendments
<p>a. Basic policies for compliance with laws and regulations</p> <p>(i) Ensure awareness regarding compliance with laws and regulations.</p> <p>(ii) (Omitted)</p> <p>(iii) Promptly react to any breach of laws and regulations, and make timely and appropriate information disclosure concerning such breaches.</p> <p>(iv) (Omitted)</p>	<p>a. Basic policies for compliance with laws and regulations</p> <p>(i) Ensure awareness <u>among all officers and employees</u> regarding compliance with laws and regulations.</p> <p>(ii) (Unchanged)</p> <p>(iii)(Changed in Japanese with English unchanged)</p> <p>(iv) (Unchanged)</p>

Before amendments	After amendments
<p>b. Basic policies for storing and managing information</p> <p>(i) Ensure awareness regarding the importance of storing and managing information.</p> <p>(ii) (Omitted)</p> <p>(iii) Ensure thorough familiarity with information requiring timely disclosure and prevention of misstatements or material omissions.</p>	<p>b. Basic policies for storing and managing information</p> <p>(i) Ensure awareness <u>among all officers and employees</u> regarding the importance of storing and managing information.</p> <p>(ii) (Unchanged)</p> <p>(iii) Ensure thorough familiarity with <u>important information and</u> information requiring timely disclosure and prevention of misstatements or material omissions.</p>
<p>c. (Omitted)</p>	<p>c. (Unchanged)</p>
<p>d. Basic policies for efficient execution of duties by directors</p> <p>(i) to (ii) (Omitted)</p> <p>(iii) Establish a system to allow efficient execution of business in accordance with the rules on delegation of operational authority.</p>	<p>d. Basic policies for efficient execution of duties by directors</p> <p>(i) to (ii) (Unchanged)</p> <p>(iii) Establish a system to allow <u>appropriate and</u> efficient execution of business in accordance with the rules on delegation of operational authority.</p>
<p>e. Basic policies for properness of the operations of the entire Group</p> <p>(i) Strive for a full penetration of the understanding of the Company's corporate philosophy and awareness for the compliance among the officers and the employees of <u>the entire Group</u> and ensure that each of the Group companies complies with laws and regulations.</p> <p>(ii) <u>Strain to share and resolve the managerial issues</u> of each of the Group companies <u>and enhance the risk management system of the Group.</u></p> <p>(iii) <u>Encourage appropriate and timely sharing of information among the Group companies for the purpose of enhancing their internal control system.</u></p>	<p>e. Basic policies for properness of the operations of the entire Group</p> <p>(i) Strive for a full penetration of the understanding of the Company's corporate philosophy and awareness for the compliance among the officers and the employees of <u>each of the Group companies</u> and ensure that each of the Group companies complies with laws and regulations.</p> <p>(ii) <u>Strive for full awareness, analysis and evaluation of risks that impede the sustenance and continuation of the businesses</u> of each of the Group companies, <u>prepare for contingencies, and establish a system to compel prompt reporting if contingencies occur.</u></p> <p>(iii) <u>Formulate a medium-term management plan, business plans for single fiscal years and budgets for the same relating to the entire Group, periodically check the progress of these plans, and compel timely reporting on newly occurring problems and appropriately handle</u></p>

Before amendments	After amendments
<p>(Newly established)</p> <p>(iv) Enhance the system for ensuring the appropriateness of financial reporting relating to the entire Group.</p> <p>(v) (Omitted)</p>	<p><u>such problems.</u></p> <p>(iv) <u>For matters that are important and those for which timely disclosure is required at each of the Group companies, and other matters relating to execution of duties by officers and employees at each of the Group companies, establish a system to compel prompt reporting from each of the Group companies to the Company.</u></p> <p>(v) (Changed in Japanese with English unchanged)</p> <p>(vi) (Unchanged)</p>
<p>f. Basic policies for systems to ensure effective audits by Audit & Supervisory Board Members</p> <p>(i) <u>Provide members of staff that are independent of Directors to assist Audit & Supervisory Board Members in their duties.</u></p> <p>(ii) Obtain concurrence from the Audit & Supervisory Board for <u>the transfers and the performance evaluations of the</u> aforementioned members of staff.</p> <p>(iii) Ensure prompt reporting to <u>the Audit & Supervisory Board by officers or employees when they have any concern that material loss may occur or have identified any breach of regulations or misconduct.</u></p> <p>(iv) <u>Ensure timely reporting by Directors and key employees to Audit &</u></p>	<p>f. Basic policies for systems to ensure effective audits by Audit & Supervisory Board Members</p> <p>(i) <u>Designate members of staff to assist Audit & Supervisory Board Members in their duties, and have them carry out assistance duties under the command of the Audit & Supervisory Board Members.</u></p> <p>(ii) <u>Ensure the independence of the aforementioned members of staff from directors and obtain consent from the Audit & Supervisory Board for personnel matters for the said members of staff such as transfers and performance evaluations.</u></p> <p>(iii) <u>In addition to deliberations on proposals and reports on important matters at the Board of Directors, have Audit & Supervisory Board Members attend important meetings for business execution, and carry out periodic interviews with Directors and important employees. Furthermore, ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees who have identified any material loss and signs of the same or any breach of regulations or misconduct, and prompt reporting to the same in response to demands from them.</u></p> <p>(iv) <u>Establish a system to compel prompt reporting to Audit & Supervisory</u></p>

Before amendments	After amendments
<p data-bbox="336 253 687 286"><u>Supervisory Board Members.</u></p> <p data-bbox="277 757 515 790">(Newly established)</p> <p data-bbox="277 992 738 1059">(v) <u>Ensure availability of important documents for timely inspections.</u></p> <p data-bbox="277 1077 707 1171">(vi) Promptly report to Audit & Supervisory Board Members if whistle-blowing occurs.</p> <p data-bbox="277 1227 515 1261">(Newly established)</p> <p data-bbox="277 1473 539 1507">(vii)to(viii) (Omitted)</p>	<p data-bbox="970 253 1433 723"><u>Board Members from all officers and employees at each of the Group companies who have identified any material loss caused by management at each of the Group companies and signs of the same or any breach of laws and regulations or misconduct, or from officers and employees of the Company who have received reports from such persons, and strive for its full implementation, and also compel prompt reporting if reporting is demanded by Audit & Supervisory Board Members.</u></p> <p data-bbox="916 745 1433 969">(v) <u>Ensure full notification of policy not to mete out disadvantageous treatment for the reason of a report described in the preceding two paragraphs made by officers and employees of the Company and the Group companies to Audit & Supervisory Board Members.</u></p> <p data-bbox="916 992 1026 1025"><u>(Deleted)</u></p> <p data-bbox="916 1077 1417 1205">(vi) <u>Develop a whistle-blowing system across the entire Group and promptly report to Audit & Supervisory Board Members if whistle-blowing occurs.</u></p> <p data-bbox="916 1227 1433 1462">(vii) <u>When Audit & Supervisory Board Members request advance payments, etc. of expenses, promptly handle the said expenses or debt obligations, except in cases where they are deemed unnecessary for the execution of duties.</u></p> <p data-bbox="916 1485 1225 1518">(viii) to (ix) (Unchanged)</p>

- 2. Basic policy for internal control system after amendments (amended parts are underlined. Other parts are unchanged).**
- a. Basic policies for compliance with laws and regulations
- (i) Ensure awareness among all officers and employees regarding compliance with laws and regulations.
 - (ii) Strengthen the checking function for breaches of laws and regulations.
 - (iii) Promptly react to any breach of laws and regulations, and make timely and appropriate information disclosure concerning such breaches.
 - (iv) Eliminate any association with anti-social forces.
- b. Basic policies for storing and managing information
- (i) Ensure awareness among all officers and employees regarding the importance of storing and managing information.
 - (ii) Enhance the measures for preventing the leakage of material information.
 - (iii) Ensure thorough familiarity with important information and information requiring timely disclosure and prevention of misstatements or material omissions.
- c. Basic policies for management of risk of loss
- (i) Ensure thorough understanding, analysis and assessment of risks that may hinder the continuation of the Company's corporate activities.
 - (ii) Enhance monitoring of risk management.
 - (iii) Establish a proper whistle-blowing system for any occurrences and/or signs that contingencies may occur.
 - (iv) Promptly react to any occurrence of contingencies and/or accidents, and make timely and appropriate disclosure of information regarding such occurrences.
- d. Basic policies for efficient execution of duties by directors
- (i) Carry out deliberation and decision-making on the important management matters of the Company, in an efficient, timely and appropriate manner.
 - (ii) Eliminate excessive pursuit of efficiencies in management plans and/or business targets and make balanced decisions considering the soundness of the Company.
 - (iii) Establish a system to allow appropriate and efficient execution of business in accordance with the rules on delegation of operational authority.
- e. Basic policies for properness of the operations of the entire Group
- (i) Strive for a full penetration of the understanding of the Company's corporate philosophy and awareness for the compliance among the officers and the employees of each of the Group companies and ensure that each of the Group companies complies with laws and regulations.
 - (ii) Strive for full awareness, analysis and evaluation of risks that impede the sustenance and continuation of the businesses of each of the Group companies, prepare for contingencies, and establish a system to compel prompt reporting if contingencies occur.

- (iii) Formulate a medium-term management plan, business plans for single fiscal years and budgets for the same relating to the entire Group, periodically check the progress of these plans, and compel timely reporting on newly occurring problems and appropriately handle such problems.
 - (iv) For matters that are important and those for which timely disclosure is required at each of the Group companies, and other matters relating to execution of duties by officers and employees at each of the Group companies, establish a system to compel prompt reporting from each of the Group companies to the Company.
 - (v) Enhance the system for ensuring the appropriateness of financial reporting relating to the entire Group.
 - (vi) Eliminate wrongful acts and/or irregular transactions using the Group.
- f. Basic policies for systems to ensure effective audits by Audit & Supervisory Board Members
- (i) Designate members of staff to assist Audit & Supervisory Board Members in their duties, and have them carry out assistance duties under the command of the Audit & Supervisory Board Members.
 - (ii) Ensure the independence of the aforementioned members of staff from directors and obtain consent from the Audit & Supervisory Board for personnel matters for the said members of staff such as transfers and performance evaluations.
 - (iii) In addition to deliberations on proposals and reports on important matters at the Board of Directors, have Audit & Supervisory Board Members attend important meetings for business execution, and carry out periodic interviews with Directors and important employees. Furthermore, ensure prompt reporting to Audit & Supervisory Board Members from all officers and employees who have identified any material loss and signs of the same or any breach of regulations or misconduct, and prompt reporting to the same in response to demands from them.
 - (iv) Establish a system to compel prompt reporting to Audit & Supervisory Board Members from all officers and employees at each of the Group companies who have identified any material loss caused by management at each of the Group companies and signs of the same or any breach of laws and regulations or misconduct, or from officers and employees of the Company who have received reports from such persons, and strive for its full implementation, and also compel prompt reporting if reporting is demanded by Audit & Supervisory Board Members.
 - (v) Ensure full notification of policy not to mete out disadvantageous treatment for the reason of a report described in the preceding two paragraphs made by officers and employees of the Company and the Group companies to Audit & Supervisory Board Members.
 - (vi) Develop a whistle-blowing system across the entire Group and promptly report to Audit & Supervisory Board Members if whistle-blowing occurs.
 - (vii) When Audit & Supervisory Board Members request advance payments, etc. of expenses, promptly handle the said expenses or debt obligations, except in cases where they are deemed unnecessary for the execution of duties.
 - (viii) Directors are to make efforts to understand and support audits by Audit & Supervisory Board Members and proactively work to improve issues raised by Audit & Supervisory Board Members.
 - (ix) In order to accomplish adequate audits of the entire Group performed by Audit & Supervisory Board Members, Directors are to cooperate with Audit & Supervisory Board Members as necessary.

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