

May 13, 2011

To all concerned,

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(Code No.9715, Tokyo Stock Exchange, 1<sup>st</sup> Section)  
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### **Announcement of Resolution regarding Partial Revision of Basic Policies on Internal Control System Development**

This is to advise that our company has passed a resolution at the board of directors meeting held on May 13, 2011 to partially revise, as indicated below, the basic policies on development of internal control systems, which were revised at the board of directors meeting held on May 14, 2010.

(Purpose of Revision)

On May 14, 2010, our company disclosed the “Announcement of Resolution regarding Partial Revision of Basic Policies on Internal Control System Development” to the Tokyo Stock Exchange, but we are now revising part of the language in order to conform with our current organizational system.

Record

#### **(1) System to ensure that the execution of board member duties is in compliance with laws and the articles of incorporation**

In order to execute the duties of board members in compliance with laws and the articles of incorporation, and also to satisfy social responsibilities, execute duties based upon the compliance action charter, compliance action guidelines and compliance rules. Further heighten the awareness of all board members with respect to compliance, and thoroughly execute duties on this basis, with compliance related training and other measures.

Administer board meetings on the basis of board meeting rules, and as a general rule convene meetings once per month. In conjunction with communications among board members, they will mutually oversee operations, and corporate auditors will also be present to audit the legality of duties executed by board members. Outside board members will also be present at board meetings in order to strengthen the oversight of management functions.

Through the implementation of internal control related laws and regulations, strive to further enhance the internal control system by reformulating basic plans for internal control system development, with the cooperation of outside advisors such as attorneys and certified public accountants.

#### **(2) System for retention and control of information concerning execution of board member duties**

Important decisions and reports will be implemented on the basis of board meeting rules.

Document control regulations, information control regulations and insider trading regulations will be put into operation with regard to written documents and other information concerning the execution of duties, and other measures, such as verification of operating conditions and review of all regulations, will be performed as needed.

These clerical functions will be under the control of the general manager, who will report on matters such as the verification of operating conditions and the progress of reviews at the appropriate board meetings.

Furthermore, additional steps including streamlining of operation systems and introduction of IT will be advanced in order to efficiently drive operations.

### **(3) System for rules related to loss risk management and other matters**

As an organization under the direct control of the president, the internal audit office prepares audit plans after reviewing audit action items and methods on the basis of internal audit rules, and it then performs audits based on those plans.

If violations of laws or the articles of incorporation are discovered through the auditing of the internal audit office, or if operations are discovered which present a risk of loss for other reasons, this should be reported immediately to the president.

The compliance promotion department is in charge of risk management, based on basic risk management rules.

A system will be developed wherein each department controls risks associated with their own department, and when loss risks are discovered, they will be reported immediately to the compliance promotion department. In order to facilitate easy collection of risk information, all employees will be made aware of the importance of the compliance promotion department, and direction will be provided to promptly report through this organization when any loss risks are discovered.

Efforts will be made to enhance the information management system based on privacy marks and other personal information protection regulations.

### **(4) System to ensure that board member duties are executed efficiently**

Establish annual plans and mid-term management plans, clarifying goals that should be achieved as a company, as well as clarifying the organizations managed by each director and their performance goals. Ensure efficient operations by reviewing goal achievement at board meetings and providing feedback on the results, also implementing an evaluation and compensation system linked to business performance.

Define the decision making authority and responsibilities of board members based on corporate board rules, administrative authority and management approval request rules.

Board members will manage and oversee the execution of operations by corporate officers.

Simplify processes to enable prompt decision making based on management meeting rules, and make decisions concerning important matters discreetly and promptly in management meetings consisting of representative directors.

### **(5) System to ensure that the execution of employee duties is in compliance with laws and the articles of incorporation**

In order to execute the duties of employees in compliance with laws and the articles of incorporation, and also to satisfy social responsibilities, make all employees thoroughly aware of the compliance action charter, compliance action guidelines and compliance rules.

Furthermore, based on the compliance action guidelines, a company structure will be put in place that takes a firm attitude throughout the entire organization against antisocial forces that threaten the order and safety of a civil society, and will have no dealings or other connection with them.

The compliance promotion department will periodically formulate and implement compliance programs with the managing corporate officers as the responsible parties, and for employees, it will expand knowledge of compliance and foster an awareness to practice compliance through efforts including the implementation of compliance related training, and the creation and distribution of manuals.

Through measures such as the establishment of a help line, an environment will be facilitated which makes it easy for corporate whistle-blowers to provide information.

### **(6) System to ensure business optimization within the business group formed by our company and its subsidiaries**

In order to confirm the possible existence of risk information within our business group, which consists of our company and its subsidiaries, each division that manages our subsidiaries will perform the required administration according to the conditions present in the subsidiaries, and based on the affiliate company management rules.

When a division managing a subsidiary becomes aware of the occurrence of a loss risk in the subsidiary, information such as the details of the loss risk, the extent of the loss and the effect on our company should be reported immediately to the president.

A director or auditing officer will be dispatched to the subsidiary, and the dispatched officer will join the board of directors of the subsidiary and also assume management of the subsidiary.

In order to prevent improper transactions or account processing between our company and its subsidiaries, the internal audit office will conduct audits as needed.

Group auditors' board meetings, composed of full time auditors from our company and its major subsidiaries, will be held periodically to facilitate the efficiency and effectiveness of auditing work.

**(7) Matters concerning employees when it is necessary to place employees whose work is to be assisted by an auditor**

When it is necessary to place employees whose work will be assisted by an auditing officer, the president will promptly appoint an appropriate person, taking into consideration the number of employees, requirements, time period and reasons.

**(8) Matters concerning independence from the previous director of employees**

Employees who are to assist the work of an auditing officer support the auditing work under the direction and supervision of the auditor. Prior consent will be obtained from the board of auditors regarding the personnel transfer, personnel evaluation and disciplinary action with respect to the employees.

**(9) Systems for reporting by directors and employees to auditors and for other reporting to auditors**

Directors and employees should periodically report the following matters to the auditors, and auditors will attend board meetings and other important meetings to receive reports.

- Board of directors resolution matters, Report items
- Monthly, quarterly and full year business results, Earnings forecasts and business conditions
- Contents of important disclosure documents
- Important organization and personnel changes
- Matters involving a risk of significant losses to our company
- Our company's important accounting policies, accounting standards and any changes thereto
- Activity status of the internal audit office and compliance promotion department
- Other important requests for approval and decision matters

In addition, promptly report when any other matters arise which should be reported by the auditors.

**(10) System to ensure the effective performance of other auditing work by the auditors**

Strive to improve understanding of auditing work by directors and employees, and streamline the auditing work environment.

In addition to periodic exchanges of opinion between the president and the auditors, develop a system to facilitate good communication and effective auditing work between the auditors and the internal audit office.

**(11) System to facilitate timely and appropriate disclosures**

Based on timely disclosure rules, keep executives and regular employees well informed, and also develop a reporting line for disclosed information within the business group formed by our company and its subsidiaries. Ensure appropriate content in management meetings, and practice timely and appropriate disclosures.

The End