

June 25, 2014

To all concerned,

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### **Announcement of partial revisions of the internal control system structure basic policy**

transcosmos would like to announce that, at the Board of Directors meeting held on June 25, 2014, our company has passed a resolution to make the following partial revisions on the fundamental policy for the internal control system design revised Board of Directors meeting held on May 13, 2011.

(Objective of the Revisions) Our company disclosed on May 13, 2011 "Announcement on Partial Revision of the Fundamental Policy on Internal Control System Structure" at the Tokyo Securities Exchange; we have revised its wording in part to accommodate the current organizational structure.

#### Record

#### **(1) Structure to ascertain that the execution of duties of the Board of Directors is in accordance with the regulations and articles of corporation**

In order to ascertain that the execution of the Board of Directors' business duties are in accordance with the regulations and articles of corporation and that the societal obligations are fulfilled, the duties are to be carried out in accordance with the articles of compliance, policy for compliance, and compliance regulations. Through training efforts on the subject matter of compliance, we would strive for higher awareness of all the Board of Directors on compliance and the duties are strictly to be executed accordingly.

The Board of Directors meetings are to be operated in accordance with the Board of Directors code of procedures and are in principle to be held once a month. They are to promote smooth communication among the Board of Directors and at the same time for them to monitor each other's business operations, with the auditors also requested to be present to monitor the appropriateness of the Board of Directors' execution of their business duties. External presidents/CEO's attend the meetings in order to reinforce the monitoring process of the company's management capabilities.

Following the implementation of the laws and regulations related to the internal control, the fundamental plans for the internal control system design are to be re-evaluated; under the advice of lawyers, certified public accountants, and other external advisors, the internal control system is to be further improved.

#### **(2) Structure pertaining to maintenance and management of execution of the President/CEO's duties**

Important decision-making and reporting will be made based upon the board of directors regulations.

As for documents and other information pertaining to the execution of duties, document management rules, information management rules, and internal transaction management rules are to be applied, and inspections for operation conditions and re-evaluation of those rules are to be

held as necessary.

These tasks are to be managed by the division manager, and inspections of the operation conditions and process of the re-evaluation are to be reported to the Board of Directors meetings as deemed appropriate.

In addition, in order to help promote business operations efficiently, we shall further promote rationalization of the business systems and introduction of Information Technology.

### **(3) Structure pertaining to regulations on loss risk management**

The internal auditing department, as an organization directly under the President/CEO, shall discuss the items for auditing and methods and draw up the auditing plans, based on the internal auditing rules, and conduct auditing based on the plans.

In case a violation of the regulations or articles of corporation are found, and/or in case of an obstruction of the business duties which might lead to losses, must immediately be reported to the President/CEO through the internal auditing department.

Risk management is handled by the compliance promotion division, based on the risk management basic rules.

Each division is responsible for its own risk management, and in case any risks for possible losses are discovered, it is responsible for establishing a system to report any such risks to the compliance promotion division immediately. In order to lessen the workload for collecting information pertaining to risks, the importance of the compliance promotion division shall be fully understood by the company employees; and the employees are to be instructed to report any such risks to the compliance promotion division immediately when any risks for possible losses are discovered.

The information management system should be fully established in accordance with privacy mark and other rules and regulations of the protection of personal information.

### **(4) Structure to ascertain that the Board of Directors' duties are being executed in an efficient manner**

With the annual plans and mid-term management plans, our company's objectives should be clarified; and for each Board of Director, the organization for which he or she is responsible and its performance goals should be clarified. The progress toward the goal is reviewed at the Board of Directors meetings, with the feedback of the results, in order to secure business efficiency and also to evaluate and compensate for the performances

The president/CEO's payment authorities and responsibilities are to be clarified in accordance with the Board of Directors code of procedures, rules and regulations on the job authorities and Ringi (decision-making) process regulations.

The president/CEO shall manage and monitor the way Board of Directors' duties should be fulfilled.

The decision-making process should be simplified, so that the decisions could be made in an efficient manner in accordance with the management meeting rules, and as for important matters, they shall be discussed carefully and efficiently at the management meeting comprising of the Board of Directors.

### **(5) Structure to ascertain that the assistants' duties are being executed in accordance with the laws/regulations and the articles of corporation**

In order to ascertain that the assistants' execution of their duties is in accordance with the laws/regulations and the articles of corporation, code of honors for compliance, compliance policy, and compliance rules should be fully known and understood among all the assistants.

Moreover, in accordance with the compliance policy, in order for our company to take a firm stand against anti-social powers which pose threat to the citizens' and society's order and safety, our company shall establish a company structure which allows no relationship, business dealings and otherwise, with such organizations.

The compliance promotion division shall draw up and conduct compliance programs on a regular basis, with the division manager as the supervisor, and through such programs, it shall educate the assistants on the subject of compliance through training sessions, preparing and distributing manuals, in order to increase the knowledge level and awareness on compliance.

Also, an environment should be established where an internal informant would feel at ease providing information by setting up a helpline, etc.

**(6) Structure to ascertain the appropriateness of the business duties performed at our company and the corporate group which consists of our company's subsidiaries**

In order to determine the availability of the risk information of our company and the corporate group which consists of our company's subsidiaries, each division at our company which is in charge of the subsidiary shall manage the subsidiary's conditions in accordance with the related companies' management rules.

In case each division in charge of a subsidiary gains knowledge of risks for possible losses, the division is to report to the president/CEO immediately the nature of the risk for loss, scale of the loss, and its possible influence upon our company, etc.

A president or an auditor shall be dispatched to the subsidiary to attend its Board of Directors meeting and participate in the subsidiary's business management.

In order to prevent inappropriate transactions or accounting processing between our company and subsidiaries, the internal auditing department shall conduct auditing as deemed necessary.

Auditors' group meetings with the group comprising of the regular auditors from our company and major subsidiaries shall be held on a regular basis in order to make the auditing duties efficient and effective.

**(7) In case the auditors request assistants: Matters pertaining to the said assistants**

In case the auditors request hiring of assistants, the President/CEO shall consider the number, major tasks, time period, and reason for the request and select the suitable personnel promptly.

**(8) Note regarding the independent nature of the aforementioned assistants from the president/CEO**

The assistants who assist the duties of the auditors provide support to the auditors with their auditing duties, under instructions and supervision of the auditors. Regarding transfers, performance evaluations, and termination of the said employees, the Board of Directors need to grant prior consent.

**(9) Structure for the President/CEO and assistants to report to the auditors and structure for reporting matter to other auditors**

The President/CEO and assistants shall report the following matters to the auditors on a regular basis, and the auditors to attend the Board of Directors meetings and other important meetings to receive the reports.

- Decisions made by the Board of Directors meetings, reported matters
- Monthly, quarterly, and annual performance and estimated performance and management conditions
- Contents of important disclosed material
- Important organizational and personnel changes
- Matters which may cause great losses to our company

- Our company's important accounting policies, accounting standards, and their changes
- Activities of the internal auditing department and compliance division
- Other important decisions and payment matters

In addition to the above, in case matters which the auditors consider important take place, they are to be reported immediately.

**(10) Structure to ascertain that the other auditing by the auditors are conducted effectively**

The President/CEO and assistants shall gain deep understanding of the auditing conducted by the auditors and strive to establish the work environment for the auditors' tasks.

The president/CEO shall exchange opinions with the auditors on a regular basis and establish a system for the auditors to communicate with the internal auditing department appropriately and conduct the auditing duties effectively.

**(11) Structure for disclosure at appropriate times**

In accordance with the appropriate disclosure rules, disclosure should be fully exercised by the assistants and directors alike, and at the same time, the reporting line for the disclosed information among the corporate group comprising of our company and its subsidiaries. The appropriateness of the contents is to be determined at the managers' meeting, and appropriate disclosure should be made at an appropriate frequency.

The End