

Internal Control Principles

Adopted: June 6, 2006

Revised: January 5, 2009

JASDEC (or "The Company") has, in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, established at a meeting of its Board of Directors the following Internal Control Principles (i.e. principles to develop a framework for appropriate operation of the Company), and shall review these principles as appropriate. The President & CEO shall inform all directors and employees of the contents of these principles and thereby ensure the cultivation of an environment that is conducive to effective internal control.

1. System for ensuring adaptation of execution of duties by directors and staff to laws, regulations and articles of incorporation
 - (1) JASDEC shall apply the corporate philosophy and basic management policies formulated by the Board of Directors and the compliance principles formulated by the President & CEO as the code of conduct for directors and employees, and shall endeavor to ensure compliance with all applicable laws, regulations, articles of incorporation and social norms.
 - (2) The President & CEO shall improve and develop internal rules as appropriate and endeavor to maintain an efficient internal control framework relating to compliance with laws, regulations, and so forth.
 - (3) JASDEC shall endeavor to maintain transparent operations through the active disclosure of its business accomplishments, etc. via its website, etc. in order to maintain and improve its trustworthiness as a settlement infrastructure.
 - (4) JASDEC shall establish and properly maintain a means for directors and employees to directly report any conduct involving possible violations of compliance with laws and regulations, and so forth, to an internal or external reporting hotline (i.e. compliance hotline).
 - (5) JASDEC shall adopt a firm stance against anti-social forces that present a threat to the order and safety of civil society, and shall maintain this stance throughout all aspects of its organization.

2. System for archiving and managing information on execution of duties by directors

- (1) JASDEC shall archive and manage information pertaining to the execution of duties by directors as appropriate in accordance with laws, regulations, articles of incorporation and internal rules.
- (2) JASDEC shall exercise particular care with regard to ensuring the security of information that includes personal data.

3. Rules and other systems concerning risk management

- (1) JASDEC shall establish a Risk Management Committee chaired by the President & CEO, which shall hold both regular and extraordinary meetings to maintain a risk control system to manage risks throughout all aspects of the Company's operations, including system risks, administrative risks, and risks arising in financial operations, etc.
- (2) The President & CEO shall establish risk management principles providing basic guidelines for the management of risks in the execution of duties by directors and employees.
- (3) The President & CEO shall report as appropriate to the board of directors regarding the status of operation of the Risk Management Committee, the maintenance of the risk management framework, system development and operation, and so forth.

4. System for ensuring efficient execution of duties by directors

- (1) JASDEC shall establish and maintain a system for the appropriate and efficient execution of duties by directors in accordance with the authorization and the separation of duties stipulated by the company rules.
- (2) The Board of Directors shall formulate a medium-term business plan of three years in duration, which it shall revise annually. Annual business targets and budget shall also be formulated at this time in order to materialize the medium-term business plan.
- (3) The President & CEO shall endeavor to maintain efficient systems for the accurate allocation of management resources, internal

information sharing, and so forth, in order to ensure efficient implementation of the medium-term business plan, annual targets and budget.

(4) The President & CEO shall report monthly to the board of directors regarding items important to business execution, as well as reporting the quarterly financial results.

(5) In addition, a Business Operations Committee and associated subcommittees shall, in accordance with deliberation by the Board of Directors, examine key areas of business operations, appraise the needs of users of JASDEC's services, and thereby contribute to efficient business execution.

5. System for ensuring appropriate structure and execution of operations of business group comprising parent company and subsidiaries

(1) The President & CEO shall report as appropriate to the Board of Directors regarding the operations of subsidiaries.

(2) The composition of the Risk Management Committee shall include department heads from subsidiaries, thereby ensuring unified risk management for the JASDEC group as a whole.

(3) A full-time auditor also functioning as the auditor of subsidiaries shall audit the business execution of the JASDEC group.

6. Appointment of staff when deemed necessary to assist auditors in the execution of their duties

(1) To ensure efficient auditing functions, staff may be appointed to assist auditors in the execution of their duties and operate an Auditors Office.

7. Independence of auditors' assistant staff from directors

(1) Directors in charge shall give prior notice of any transfers or evaluations of auditors' assistant staff to the full-time auditor, thereby ensuring the independence of assistant staff from directors.

(2) Auditors' assistant staff shall include full-time personnel not concurrently holding positions with responsibility for business execution.

8. System for reporting to auditors by directors and staff, and other reporting to auditors

- (1) In addition to reporting to auditors on the status of business execution at Board of Directors meetings and other important internal meetings, reporting shall be made to auditors or to the Board of Auditors as appropriate regarding any items relating to JASDEC or its subsidiaries that have importance with respect to compliance with laws, regulations, and so forth.
- (2) Notwithstanding the above, reporting shall be made to auditors on a continual basis as deemed necessary by auditors.
- (3) Through the appropriate use of a compliance hotline, an efficient system shall be maintained that enables the reporting of legal and regulatory violations or other compliance-related problems.

9. System for ensuring effectiveness of other aspects of auditing

- (1) In addition to regular discussions conducted by auditors and the Board of Auditors with the President & CEO, discussion and coordination shall also be sought with auditing firms functioning as accounting auditors.