

Basic Policy on Development of Internal Control System

As per the Companies Act and the Ordinance for Enforcement of the Companies Act, our company has resolved to formulate the “Basic Policy on Development of Internal Control System” at a meeting of the Board of Directors as follows as a basic policy on a system that ensures the appropriateness of the business of our company and our corporate group:

1. System for ensuring that the directors and employees of our company execute their respective duties in accordance with the laws and the Articles of Incorporation

Our company has developed the Basic Compliance Policy and the Code of Business Conduct in order to make our directors and employees comply with the laws and the Articles of Incorporation and establish our social responsibilities and business ethics.

In addition, we strive to maintain and improve our compliance system by formulating the Compliance Manual that we use as a teaching material for in-house education and training programs through which all of our employees learn thoroughly about compliance.

Furthermore, at the beginning of each fiscal year, our company requires every director and employee to submit the Written Oath for the Fiscal Year in order to raise their awareness of compliance.

Our company clearly declares our fundamental attitude toward elimination of antisocial forces through the Basic Compliance Policy, the Code of Business Conduct, and the Compliance Manual inside and outside the company. We completely break off all contacts with antisocial forces by adopting an attitude of resolution, and report contacts with antisocial forces to the police, our legal adviser, and outside specialized agencies (such as the National Center for Removal of Criminal Organizations), if any, and cooperate with them as needed.

In accordance with the Internal Audit Regulations, the Internal Audit Office regularly checks that in-house businesses are executed in compliance with the laws, the Articles of Incorporation, and various internal rules, and report the results to the president.

2. System for storing and managing information associated with the execution of duties by the directors of our company

Our company specifies how documents containing information associated with the execution of duties by our directors and other important information, including electromagnetic records, are produced, stored, managed, and disposed of based on internal rules including Document Management Regulations complying with the laws. The Board of Directors, the Board of Auditors, accounting auditors, and other related parties keep such information available as necessary.

3. Regulations and other systems regarding management of risks of loss on our company

Our company ensures control by each board in charge of managing critical risks related to our company's management and business, and the structure of the risk management committee that monitors how each board manages such risks by formulating the Risk Management Regulations, the Risk Management Bylaws, and the Risk Management Committee Regulations in order to minimize loss and impact of various risks or contingencies related to general business activities of our company and corporate group.

4. System for ensuring that the directors of our company effectively execute their duties

Our company holds regular meetings of the Board of Directors every month and extraordinary meetings of the Board of Directors as needed in order to monitor the decision-making process for important matters related to our company's management and the status of business execution by each director, and ensure streamlined execution of duties by facilitating communication between the directors. In addition, we appropriately make the person entrusted by the Board of Directors with business execution attend board meetings so that the person reports to us about how each director has executed their respective duties. Besides meetings of the Board of Directors, our company holds meetings to which the directors, the auditors, the operating officers, and other related parties are summoned, meetings for the general managers, and other important meetings required for our business on a regular basis or as needed in order to make sure that our company's business is executed through accurate and effective decision-making.

5. System for ensuring the appropriateness of the business in the corporate group consisting of our company, our parent company, and our subsidiaries

As per the DNP Group's Basic Compliance Management Regulations set forth by our parent company, Dai Nippon Printing Co., Ltd. (hereinafter referred to as DNP), our company ensures the appropriateness of our business as a member of the DNP Group.

In addition, our company manages our subsidiaries and affiliated companies as members of our corporate group in an appropriate and transparent manner in accordance with various policies and regulations that we have established, including the Affiliated Company Management Regulations, while respecting the independency of each group company. Furthermore, we set up the following four systems in an effort to assure the appropriateness of the business of our subsidiaries:

i. The directors of our company receive reports on matters related to business execution by our subsidiaries by holding regular meetings with the presidents of our subsidiaries and attending meetings of the Board of Directors of our subsidiaries and other important meetings as required.

In addition, the Accounting Department of the General Affairs Group of the Administrative Division of our company, which takes charge of management of our subsidiaries, receives reports on the execution of duties from each department of our subsidiaries.

ii. Our subsidiaries apply the Risk Management Regulations of our company *mutatis mutandis* and establish systems that enable them to manage risks associated with their respective business activities on their own.

iii. Our company promotes the business of our subsidiaries in accordance with our corporate group's management policies and ensures that our subsidiaries execute their duties in a streamlined manner by concurrently appointing our directors or employees to the director or other similar positions at our subsidiaries and allowing ourselves to be involved indirectly with the management of our subsidiaries.

iv. Our company makes our subsidiaries comply with the Code of Business Conduct and the Basic Compliance Policy, which must be abided by throughout our corporate group, in order to ensure a system that conforms to the laws and the Articles of Incorporation. In addition, the Internal Audit Office of our company builds a system for assuring fair audits and instructs our subsidiaries about implementation, checks, assessment, and improvement in accordance with the Internal Audit Regulations.

6. Matters related to the employees who assist the auditors of our company with their duties when the auditors require appointing such people, matters related to the independency of such employees from the directors, and matters related to ensuring the effectiveness of instructions given by the auditors to the employees

When the auditors of our company require appointing people to assist them with their duties, we appoint appropriate employees according to the request. The employee who conducts business under instructions by the auditors shall ensure his or her independency from the directors in relation to the duties, and our company will obtain consent of the Board of Auditors in advance regarding job transfer, performance assessment, disciplinary action, and other related matters associated with the employee.

In addition, in order to assure the effectiveness of instructions of the auditors, we prioritize the auditors' instructions and orders, if any, obtain information needed for audits conducted by the auditors, and appropriately submit reports on the status of business execution to the auditors.

7. System for enabling the directors and employees of our company to submit reports to the auditors, and system related to reports from the directors, auditors, and employees of our subsidiaries to the

auditors of our company

The directors, auditors, and employees of our company and our subsidiaries immediately submit reports to the auditors of our company when they have found facts that could incur significant loss on our company, or acts of dishonesty regarding business execution, significant facts of violation of the laws or the Articles of Incorporation, and any other important matters associated with compliance. Our company gives maximum consideration on protection and confidentiality of the whistleblower in accordance with the Whistleblower Protection Regulations.

8. Matters related to the policies on the procedures for advance payment or redemption of expenses incurred through fulfillment of the duties by the auditors of our company, and handling of other expenses or debts incurred through fulfillment of duties

When the auditors of our company request prepayment for the expenses to be incurred through execution of their duties, our company swiftly accepts the request, excluding the cases in which we consider such procedures to be irrelevant to business execution by the auditors.

9. Other systems for ensuring that the auditors of our company effectively conduct audits

The auditors of our company join meetings of the Board of Directors and other important meetings, and give necessary advice and recommendations.

In addition, they read written requests for approval (called ringi-sho in Japanese), reports, and other related documents in order to understand the general management condition of our company. The auditors increase the effectiveness of their audits through communication with the president and accounting auditors, regular opinion exchange, and cooperation with the Internal Audit Office, if necessary.