

Basic Policy Concerning Internal Control System Maintenance

1. Systems to ensure that directors and employees fulfill their duties in accordance with laws, ordinances, and the Articles of Association

- (1) Based on the “SKY Perfect JSAT Group Mission” and the “SKY Perfect JSAT Group Principles,” in order to ensure that directors and employees comply with laws and ordinances, etc. (including the Articles of Association, internal regulations, and corporate ethics) (hereinafter referred to as “Compliance”), the Company shall create the SKY Perfect JSAT Group Compliance Basic Regulations and the Group Officer and Employee Code of Conduct.
- (2) The Company shall appoint a Chief Compliance Officer, and establish a Compliance Committee, chaired by the Chief Compliance Officer, as well as a Compliance Office, which shall serve as the office for the Compliance Committee. The Chairman shall refer to the Committee matters relating to frameworks for the purpose of ensuring Compliance within the Company (hereinafter referred to as “Compliance Programs”), issues, etc. relating to Compliance, and any other matters relating to Compliance, and report the results of any deliberations to the board of directors.
- (3) The Company shall maintain and manage Compliance Programs throughout the Company, and conduct education and training, etc. of directors and employees in order to ensure internal Compliance.
- (4) The Company shall audit Compliance through a department in charge of auditing department.
- (5) The Company shall establish a “Compliance Help Line” as a system to enable prompt reporting or consultation by either internal or external parties if deliberate acts that are in breach of laws or ordinances are discovered to have been committed, either in the course of the Company’s business activities or otherwise committed by directors or employees.
- (6) The Company shall not maintain any relations with antisocial groups or individuals that threaten the order and safety of the community, and shall establish a system to prevent the provision of any benefits to said groups or individuals, irrespective of the pretext.

2. Systems to retain and manage information pertaining to the performance of duties by directors

- (1) The Company shall create regulations concerning the retention and management of information, and shall retain and manage information pertaining to the performance of duties by directors in accordance with said regulations, in a safe yet easily retrievable manner that is appropriate to the storage medium.
- (2) If a director or auditor requests to review information, the Company shall promptly transfer information to a location at the Company in which it may be reviewed and retain it in said location.
- (3) In accordance with the Information Security Basic Policy and other policies pertaining to information security, the Company shall internally disseminate information concerning

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information security, and establish systems as appropriate to ensure that threats to the Company's information assets do not arise.

3. Regulations and other systems pertaining to management of risk of loss

- (1) In order to raise awareness of, and evaluate risks in the course of the execution of duties and respond appropriately to said risks, the Company shall create risk management regulations, and implement company-wide risk management systems.
- (2) In order to ensure effective risk management, the Company shall appoint a Chief Risk Management Officer and establish a Risk Management Committee to be chaired by the Chief Risk Management Officer.
- (3) The Risk Management Committee shall determine risk management policies, and also evaluate risks and consider risk prevention measures from a risk management perspective, while planning the implementation of company-wide risk management systems through consideration of individual proposals.
- (4) The Company shall implement risk management systems, which include contingency procedures, and respond quickly and appropriately to prevent the loss from increasing and limit damage to the minimum amount.
- (5) The Company shall audit risk management through a department in charge of auditing department.
- (6) The Chief Risk Management Officer shall report to the Board of Directors as necessary concerning risk management, etc.

4. Systems to ensure that directors fulfill their duties efficiently

- (1) Apart from holding meetings of the Board of Directors on a monthly basis (regular meetings), special meetings may also be held as necessary. Furthermore, the decision-making process shall be stipulated in the regulation including the President's decision-making, etc., and matters that require the President's decision shall be discussed and implemented through meetings of the management committee, which functions as a consultative body of the President, as necessary.
- (2) Division of responsibilities among directors shall be made clear, and with regard to implementation, regulations concerning organizations and business departments shall not only make clear the allocation of duties between each department, but also designate responsible officers and ensure there are systems in place to facilitate proper and effective implementation.

5. Systems to ensure the appropriateness of the Group's consolidated financial reporting

In order to ensure the appropriateness of the Group's consolidated financial reporting, the Company shall implement and operate a system to ensure the reliability of itself and each subsidiary and conduct continuous monitoring (internal control pertaining to financial reports).

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6. Systems to ensure appropriate business conduct by the group comprising the Company as well as its subsidiaries

- (1) While respecting the operational policies of subsidiaries, and based on the management regulations of the company in question, the Company shall engage in operational management of subsidiaries, requiring subsidiaries to report, establish various liaison committees and joint committees, etc., and engage in proactive sharing of information with regard to certain matters relating to the implementation of directors' duties, (including but not limited to those related to internal control). Furthermore, the Company shall ensure efficient operation through the introduction of efficient group finance (cash management system).
- (2) Based on the "SKY Perfect JSAT Group Mission" and the "SKY Perfect JSAT Group Principles," as well as the SKY Perfect JSAT Group Compliance Basic Regulations and the Group Officer and Employee Code of Conduct, the Company shall implement uniform Compliance promotion at each subsidiary. Furthermore, each subsidiary shall implement Compliance Programs based on those of the Company, and disseminate information and support education and training to promote Compliance.
- (3) The Group shall implement a "Compliance Help Line" as a system to handle reports and queries from subsidiaries.
- (4) When implementing systems relating to the retention and management of information pertaining to performance of directors' duties, as well as regulations and other systems, etc. pertaining to risk of loss, the Risk Management Committee shall determine subsidiaries' Risk Management Policies and consider and implement each subsidiary's individual proposals, etc. to ensure that subsidiaries' risk management systems are in accordance with those of the Company, and support subsidiaries' own systems as appropriate for each subsidiary's scale and business conditions.
- (5) A department in charge of auditing department shall conduct internal audits of subsidiaries, and report the results of said audits to the directors of the Company and the subsidiary in question.

7. Systems for employees to support auditors, and ensuring that employees who support auditors retain their independence while directions to said employees retain their effectiveness

- (1) A department in charge of auditing department may define job responsibilities as necessary, for the purpose of assisting audits conducted by auditors.
- (2) Employees who support auditors from a department in charge of auditing department may not be given directions or commands by directors or their superiors, etc. concerning the auditor's requests. Furthermore, reassignment, evaluation, and disciplinary action against said employees may only occur with the consent of the auditor.

8. Systems for directors and employees to report to auditors, and other systems pertaining to reporting to auditors

- (1) The Company shall clearly stipulate matters that ought to be reported to auditors by directors or employees, meetings to be attended by auditors, and documents to be examined by auditors, etc., and educate all directors and employees with regard to such.
- (2) Irrespective of the above, auditors may require reports from directors or employees, attend meetings deemed important, or require production of documents at any time that they deem necessary.
- (3) The Company shall implement a system to allow periodic exchange of information between the Company's auditors and subsidiaries' auditors. Furthermore, a department in charge of auditing department shall report the results of audits of subsidiaries to auditors.
- (4) The internal reporting status of the Group's "Compliance Help Line" shall be reported to the auditors without delay.
- (5) Regulations concerning internal reporting shall ensure that directors and employees of the Group shall not be dealt with to their disadvantage as a result of the content of reports made to the Group's "Compliance Help Line" being reported to auditors.

9. Other systems to ensure that audits are conducted effectively

- (1) The President and CEO shall hold periodic meetings with auditors to facilitate mutual understanding.
- (2) A department in charge of auditing department shall inform internal auditors of plans and report to them the results of audits, both periodically and at any other time, as necessary, in order to facilitate a close working relationship.
- (3) The Company shall implement a system to ensure that auditors may consult with lawyers and other external specialists, and ensure that there is a sufficient budget for auditors to make such consultations and to cover all other auditing expenses.