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Announcement concerning our company's response after receiving the external investigation committee report

As detailed in External Investigation Committee Report disclosed on May 25, 2018, besides the inappropriate conduct disclosed on February 28, the problems from the past have also been pointed out.

We have taken seriously that violation of compliance occurred in the past, and we were unable to grasp this situation. Based on the recommendation of the external investigation committee, we are implementing following measures to prevent recurrence.

1. Measures to prevent recurrence

To prevent recurrence of inappropriate conduct, we set up a "Recurrence prevention committee" under the direct control of the CEO, we will promptly and persistently promote compliance and monitor so that such inappropriate conduct will not occur again.

(1) Awareness reform

- As an effort that all employees recognize that compliance is absolute norm without exception, all employees will receive educational training based on the external investigation committee report.
- We will improve communication between employees and the management team, as well as employees and managers.
- We will regard compliance and appropriate handling of employees as one of evaluation factors for managers and will include that in promotion and salary increase decision making.
- At the same time, we will improve workplace environment

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(2) Organization reform

- On June 1, we implemented organizational reform to support the manufacturing function and quality, procurement, sales and other functions that should check each other. This includes appropriate differentiation of quality assurance function and factory inspection function.
- We will fully review the quality assurance process and quality assurance related manual etc. and make appropriate change.
- Internal audit by quality assurance function will be performed periodically.

(3) Enhancement of audit function

- We will strengthen preventive audit.
- We will further strengthen cooperation with the Audit Committee and Internal Audit Office.

(4) Notification of Internal Reporting System

- We will strengthen whistle-blower system (in-house reporting desk as well as external hotline).
- We will cultivate awareness that "To raise voices for the company" is a good thing.

(5) Strengthening human resources

- We will nurture and appoint internal talent while simultaneously introducing external human resources with appropriate external experience and ability.
- We will create a system for human resource education.

2. Discipline to related parties

We handled dispositions to officials involved in this inappropriate conduct and directors responsible for the result of supervision as follows.

Persons involved in misconduct :

Retired, demoted or reduced salary for officers and managerial officers.

Responsibility as a director:

We decided on a pay cut of 50% for three months for CEO and appropriate pay cut for other directors as well.

3. Looking to the future

In connection with this matter, there is a possibility that our consolidated business results may be affected, in case of having a significant impact, we will notify promptly.

We will reflect heavily on the occurrence of the inappropriate acts, we will strive to prevent recurrence and restore trust, we request your understanding and continued support.

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