

April 9, 2021

Company Name: Warabeya Nichiyo Holdings Co., Ltd.
Representative: Hiroyuki Otomo, Representative Director, President
(Securities code: 2918, Tokyo Stock Exchange First Section)
Contact: Naoshi Asano, Director, Managing Executive Officer
(Tel: 03-5363-7010)

Notice of Measures for Recurrence Prevention, Etc. Regarding Misconduct at Warabeya Nichiyo Holdings' Subsidiary

Warabeya Nichiyo Holdings Co., Ltd. sincerely received the recommendations of the measures for recurrence prevention, etc. contained in the investigation report of the Internal Investigation Committee announced in “Notice of the Receipt of Investigation Report from Internal Investigation Committee” announced on March 15, and studied the concrete measures for recurrence prevention. As a result, we hereby announce that we have reached a decision on such measures for recurrence prevention as detailed below.

Going forward, we will implement the measures for recurrence prevention swiftly, and work to restore everyone's trust in the Company. Accordingly, we humbly ask for your understanding and support.

1. Risk Management System to Operate at All Times

(1) Strengthening the Risk Management System and Compliance at Warabeya Nichiyo Holdings Co., Ltd. (“HD”)

HD will implement risk assessment for legal risks, including those for subsidiaries, and through implementing measures to address legal risks at each company, HD will strengthen the management structure.

Moreover, HD will increase and strengthen personnel in the Legal and Compliance Office. Through such measures, HD will build a management structure that ensures that the officers in charge of promoting compliance at subsidiaries cooperate with HD's Legal/Compliance Office, thereby ensuring an effective line of communication for compliance-related information and enabling early knowledge of information.

HD will continue to conduct compliance training for company officers and employees, including those of subsidiaries and promote awareness of the whistleblower reporting system.

(2) Subsidiary Management Structure at HD

HD will increase and strengthen personnel in the Corporate Planning Department, which is the office in charge of oversight management of subsidiaries, and appoint personnel dedicated to the corporate management of subsidiaries.

Moreover, HD will increase and strengthen personnel in the Internal Control Office and build a comprehensive structure of checks and balances in order to strengthen internal auditing, including that of the business offices of subsidiaries.

(3) Subsidiaries' Own Risk Management Structures

a) Establishment of Multiple Information Routes within the Reporting and Verification Structure

- i. The President of a subsidiary sends a message to the company officers and employees of HD to clarify the subsidiary's commitment to the corporate management of compliance.
 - ii. In the operational reports to corporate management meetings at each business office, it shall be required that they also contain risk information that includes compliance risks, and it shall also be required that the risk information so reported be also reported to the general manager of administration.
 - iii. At times such as when employees join a subsidiary, and when employees are promoted to general manager of business office, it shall be required that they undergo education and training that includes compliance training, and that compliance training shall use the "Warabeya Nichiyo Group Compliance Manual."
 - iv. Thorough promotion of awareness of the whistleblower reporting system shall be continually carried out by the general manager of administration.
- b) Strengthening of Compliance Management at Corporate Management Meetings and at Board of Directors Meetings
- i. The general manager of administration shall report to the corporate management meeting periodically on acceptance of foreign workers at each business office, status of compliance of the aforementioned manual, etc.
 - ii. At subsidiaries' boards of directors where HD company officers attend as part-time officers, risk information, including compliance risks shall be reported periodically.
 - iii. When a circular memo for decision making approval is circulated when a business office is newly established, it shall have attached a business plan for the revenue, expenditure, personnel structure, etc., and for the first three fiscal periods, the progress status of that plan shall be reported to the corporate management meeting and board of directors, and the plan shall be studied as to whether changes are necessary.
 - iv. The minutes of corporate management meetings shall be reported and shared with all directors.
- (4) Establishment of Procedures and Administrative Methods Relating to Acceptance of Foreign Workers
- a) When hiring foreign workers, HD shall create a manual to ensure there is no violation of the Immigration Control and Refugee Recognition Law, and by stipulating checks and balances, etc. through assigning checkers for required documentation and residence card validity, etc., HD shall thoroughly ensure operations are carried out according to the manual.
- Moreover, the aforementioned operations will be added as items to be audited in internal audits carried out by HD's Internal Control Office to strengthen the structure of checks and balances.
- b) As a general rule, the use of intermediaries, such as brokers, shall be prohibited when hiring foreign workers.
 - c) In cases when illegal residency status, etc., is discovered, the procedures on reporting it, and with whom to consult shall be stated in the manual, etc.
 - d) A person responsible for and a person in charge of the acceptance and administration of foreign workers at each business office shall be designated and notice of such designation shall be reported to HD's Administration Division, and the same notice shall be required whenever there are personnel changes in those positions.

- e) As part of the hiring process of foreign workers, there shall be the thorough application of strict controls of QUO Cards and other cash equivalents.
- f) On inspection visits to each business office by the Administration Division, the statuses of operations stipulated in the aforementioned manual shall be thoroughly checked.

2. Strengthening of Crisis Management Structure for Crisis Occurrence at Subsidiaries

(1) Creating Multiple Information Routes under Crisis Management Rules, and Review of Definition of Corporate-Management-Level Crisis Information

HD shall review the definition of the corporate-management-level crisis information that subsidiaries should report to HD under the Corporate Management Crisis Response Rules. As part of this review, new routes for reporting to HD shall be added in order to create multiple information routes.

(2) Ensuring Alignment Between Subsidiaries and HD's Administration Division Regarding Crisis Response Procedures

For situations when a subsidiary carries out a crisis response, including when making a decision on whether an office in charge of crisis response needs to be established in light of the crisis information, it shall be clearly stated in the corporate management crisis response rules of the subsidiary that the subsidiary should cooperate with the General Affairs Department in HD's Administration Division.

Moreover, a system must be in place to ensure that when an incident involving a violation of rules, etc. is discovered at a subsidiary, the person in charge of promoting compliance at that subsidiary shall report to the general manager of the General Affairs Department and the general manager of the Legal/Compliance Office within 24 hours.

Note: This English translation is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.