July 26, 2017

FOR IMMEDIATE RELEASE

TOKYU CORPORATION
Representative: Hirofumi Nomoto, President & Representative Director
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Notice of Measures to Prevent Incidents Similar to the Recent Fraudulent Transactions at a Consolidated Subsidiary

Tokyu Corporation (hereinafter "the Company") announces that on July 26, 2017, Nagano Tokyu Department Store Co., Ltd. (9829, JASDAQ), a consolidated subsidiary, released the Notice of Measures to Prevent Incidents Similar to the Recent Fraudulent Transactions, which is attached to this notice.

(Attachment)

• Notice of Measures to Prevent Incidents Similar to the Recent Fraudulent Transactions
  (Announced on July 26, 2017, by Nagano Tokyu Department Store Co., Ltd.)

July 26, 2017

FOR IMMEDIATE RELEASE

Nagano Tokyu Department Store
Representative: Hajime Kusuno,
President & Representative Director
(Code: No. 9829, Tokyo Stock Exchange JASDAQ)
Contact: Kenichi Negishi, Managing Director,
Chief Director of Operations
(Telephone: 026-226-8181)

Notice of Measures to Prevent Incidents Similar to the Recent Fraudulent Transactions

Nagano Tokyu Department Store (the "Company") released the Notice of Investigation Report of a Third-Party Committee and the Company's Reaction dated June 13, 2017 in connection with the fraudulent transactions committed by a then-employee of the Company.

On July 18, the Company received a Report on Prevention of Similar Incidents from a third-party committee established by the Company (the "Third-Party Committee"). At the meeting held on July 26, 2017, the Board of Directors examined the problems and suggestions for measures to prevent similar incidents presented in the investigation report and developed specific preventive measures, which are outlined below.

We are determined to ensure more thorough legal compliance and get all the executives and employees of the Company to strive to regain the trust of our shareholders. Your understanding would be greatly appreciated.

1. The Third-Party Committee's Report on Prevention of Similar Incidents
   Please refer to the attachment

2. Actions taken as measures to prevent similar incidents
   The Company has already initiated the following actions:

(1) Improvement and thorough compliance with merchandise management rules (started in May 2017)
The following measures have been taken to improve the control of the removal of goods from the store, recording sales, and payment completion for high-value items and items that can be easily exchanged for money.

• Strict handling of slips when removing merchandise from the store

The merchandise management system has been changed to one that requires employees to obtain a seal of approval from their superior on a specified slip before removing any item that can be easily exchanged for money from the store and systematize the information on the subsequent events concerning the slip to ensure more appropriate control.

• The use of credit sale slips at the World Jewelry & Watch Fair has been suspended.

(2) Management system of the World Jewelry & Watch Fair (started in June 2017)

The manager responsible for the jewelry and watch section of the store has been made responsible for the operation to facilitate the daily control of the removal of merchandise from the sales floor.

(3) Centralized management of out-of-store accounts (started in May 2017)

Account management has been centralized in the out-of-store sales management section of the out-of-store sales division for appropriate operation, and credit management has been added to the responsibilities of the corporate management division to establish a mutual check-and-balance function.

3. Actions taken in response to the advice of the Third-Party Committee

In addition to the measures for preventing similar incidents in section 2 above, the Company will implement the following at an early stage in response to the advice of the Third-Party Committee.

(1) Establishment of a recurrence prevention committee

A recurrence prevention committee will be established to strengthen and implement a company-wide system of controlling operational risks, which will be responsible for comprehensively controlling operational risks.

The recurrence prevention committee will be obligated to report to the President on a regular basis and oversee the company-wide operational risk management.

(2) Operation of the World Jewelry & Watch Fair

The Company will prepare an operation manual for the World Jewelry & Watch Fair and ensure that the employees comply with the following rules:

• When handing a merchandise item to a customer, whether in or outside the store, always have the customer sign a receipt confirming that the item has been received.

• Prohibit the act of letting others use the name of an employee who has sold merchandise to customers. If the name must be of someone else as an exception, the handling of the situation must be clearly indicated.

• Share the manual with the vendor and request information if the employee who has removed merchandise from the store and the employee handing over the merchandise are different or an abnormal amount of merchandise has been removed in a short period of time.

- If the buyer name is changed, require the employee in charge to clearly state the reason and submit a voluntary written report to his/her superior.
- A sales target is not the employees' assignment, but review and rationalize the targets set and focus on the sales team's achievements. The Company will also reconsider how to announce the sales results.

(3) Verification of appropriate use of credit cards

The Company will confirm the rules for using credit cards in cooperation with credit card companies.

(4) Improvement of whistleblowing system

The Company will take measures to improve the functioning of the employee whistleblowing system even further.

(5) Ensuring the awareness of legal compliance

The corporate managers will hold meetings with the employees on legal compliance and promote the awareness of compliance requirements.

The Company will also prepare a manual for the handling of various types of slips and continue to hold compliance training, including accounting treatment, for different positions.

July 18, 2017

Nagano Tokyu Department Store Co., Ltd.

Report on Prevention of Similar Incidents

Third-Party Committee
Chairperson: Eiji Ueda
Member: Seiichiro Ishii
Member: Mahito Ogawa

The Third-Party Committee submitted an investigation report dated June 13, 2017 on the illegal deals (the "Deals") at the World Jewelry & Watch Fair (the "Fair") organized by Nagano Tokyu Department Store Co., Ltd. (the "Department Store"), which had been undertaken by a then-employee (the "Former Employee") in charge of the customer center of the Department Store. The Third-Party Committee hereby reports the measures to prevent similar incidents, etc. in the future based on the major causes of the Deals.

I. Introduction

1. The Deals consist of the Former Employee's conduct at the Fair, which includes 1. removing merchandise from the vendor using removal slips, 2. preparation of Credit Sale Slip 5s ("Credit Sale Slips") using the names of relatives and acquaintances without permission, 3. use of the names of other employees as staff in charge of removing merchandise and preparing Credit Sale Slips, etc., and 4. preparation of Purchase Slip 5s ("Purchase Slips") using the names of relatives and acquaintances for payment for the merchandise and the settlement of payment for the merchandise using RCC accounts, etc.

   At the Fair, the Company permitted its employees to sell on credit by removing merchandise from the store and relaxed its merchandise management and credit management. The Fair expected each employee to sell the merchandise using their local personal relationships, with the accounting department checking the transaction slips and managing payments and delinquency charges. The employees were responsible for collecting the receivables, which had never caused any major problems at the Fair that had been held continuously for many years.

2. The principal cause of the illegal deals committed by the Former Employee over several years is likely the coincidence of external factors, including the inadequate information provided to the Department Store by the vendor at the time of removing merchandise from the store and preparing Credit Sale Slips and the abnormal situation, i.e. the unexpected disclosure of credit card numbers by persons holding external RCC accounts.

Further, not only the names of relatives and friends, but also fictitious names of buyers were used and employees were also lending and borrowing their names in this case, causing the names of "buyers" and "persons in charge" to disperse. These means of sales activities therefore prevented the easy detection of misconduct through normal accounting treatment. This is likely to have caused the inability of the Company to discover the illegal acts at an early stage, despite the spread of such acts.

While the Department Store's internal system of controlling the normal risks expected at the Fair was functioning, overdependence on the daily monitoring carried out by the accounting division had therefore caused weaknesses, particularly in the whistleblowing practice of detecting and reporting abnormal practice involving unexpected risk factors such as the dispersion and change of buyer names, the lending of names of persons in charge, and the disclosure of credit card numbers. These weaknesses have most likely caused the delay in the implementation of corrective measures.

3. The prevention of the same or similar fraudulent acts in the future should require a system that facilitates the early discovery of any misconduct, a corporate culture that encourages the reporting of any illegal act that has been detected, and training for such reporting.

   The Company must also recognize that the employees' sense of burden caused by the sales targets and participation rate set by the Company contributed to the illegal acts in this case, and reconsider how to announce the sales made at the Fair to the employees and the setting of the sales targets.

   The following examines the condition and causal relationships of the Deals and proposes measures for preventing similar incidents.

II. Causes of the Deals and Measures

1. Stage of goods removal

   The method of selling merchandise at the Fair is by removing merchandise from the vendor using removal slips.

(1) This poses two problems:

a. When removing the merchandise, only the vendor's removal slips were prepared and the Department Store did not prepare any documents such as merchandise transfer slips.

b. Employees maintained the merchandise personally and independently.

(2) Merchandise transfer slips

Fact a. above was caused by the contractual relationship of the Department Store and the vendor, which is based on a purchase-upon-sale agreement. Under the agreement, merchandise items removed by the employees of the Department Store for the Fair were still the inventory of the vendor, and the Department Store may have considered merchandise transfer slips unnecessary.

As a result, the goods removed from the vendor by the employees of the Department Store were in the personal custody of the employees, and the Department Store was unable to locate such items.

Since the employees of the Department Store had signed removal slips and removed the merchandise from the vendor, however, the Department Store could not deny its responsibility for the maintenance of such items even if they belonged to another company, and the Department Store would have been subject to the Liability of Employers under Article 715 of the Civil Code, had any loss or damage had been caused to the items in the hands of its employees. In other words, the possession of the merchandise does not immediately require slips.

Under the above purchase-upon-sale agreement, too, merchandise transfer slips are therefore considered necessary for the management of merchandise in custody, and the preparation of merchandise transfer slips that commenced in May 2017 by the Department Store is a positive improvement.

The Department Store should prepare a manual for preparing and handling each type of slip at the Fair and clearly specify the use of merchandise transfer slips.

(3) Method of removing merchandise

As described above, the items removed from the vendor by the Department Store's employees were received personally by the employees from the vendor and left in their custody.

Some of the stores of Tokyu Department Store Co., Ltd. ("Tokyu Department Store") require the presence of both the vendors' personnel and the stores' sales personnel when transferring merchandise.

This requirement assumes the transfer of high-value products worth several million yen or more, which is not necessarily appropriate for the removal and sale of merchandise by employees at the Fair that often involve transactions of relatively small amounts. (No items exceeding one million yen were found in the Credit Sale Slips investigated by the Third-Party Committee, and none of the products wrongfully removed by the Former Employee exceeded two million yen.)

Further, taking into account the number of employees who removed merchandise from the vendor at the Fair (regular employees alone were more than 200), the capacity of the vendor employees to serve the Department Store's employees was limited, and requesting the vendor employees to accompany the Department Store's employees would have contradicted the method of sale involving removal by employees.

2. Misrepresentation of buyer names on Credit Sale Slips

While the buyers indicated on the Credit Sale Slips in the Deals included persons whose existence could not be confirmed, none of them actually purchased goods through the Former Employee or had been notified of or approved the use of their names as buyers in advance.

(1) This poses the following problems:

a. The inclusion of the names of buyers who did not actually exist indicated on the Credit Sale Slips was not discovered until the Deals were questioned.

b. None of the Credit Sale Slips had the buyers' signatures in the "delivery" space.

(2) Discovery of non-existent buyers

The Department Store was unable to discover the inclusion of names of buyers in the Deals whose existence could not be verified until the Deals committed by the Former Employee surfaced as a problem.

The Fair had an operational system in which the sales division of the conventional store was in charge of the overall management and, more specifically, the accounting division was checking Credit Sale Slips, Purchase Slips, etc. While the accounting division formally checked the amounts on the slips, slip numbers, etc., it did not verify the actual existence of the buyers.

In fact, when each employee makes sales decisions and submits credit sale slips in businesses such as department stores that engage in transactions with numerous customers, no one normally questions or investigates the existence of individual buyers.

Some of the buyer names written on the Credit Sale Slips in the Deals, however, were somewhat similar and caused questions to be raised about their validity. If the division responsible for the Fair were a division in charge of jewelry that holds local purchase information, it may have noticed the abnormality of unnatural fictitious names such as the above.

In reality, the Department Store changed the responsibility for the Fair to the jewelry, watch, and art division in June 2017. This may certainly help discover any misconduct earlier than before, even if it does not immediately prevent the use of fictitious names or guarantee the detection of misconduct in advance.

(3) "Delivery" space on Credit Sale Slips

Many of the Credit Sale Slips did not have the signature of the buyer in the "delivery" space. Even in some exceptional cases where a signature was entered, many of the slips did not include the name of the person in charge. The Department Store suspended the use of Credit Sale Slips in May 2017.

While credit sale slips are normally prepared for the purpose of recording sales, at the Fair, unlike for sales at the store, products were removed from the vendor and sold on credit, and the delivery of the products and slip processing did not occur at the same time. When a copy of the Credit Sale Slips was given to the buyers, the procedure for posting sales had already finished, and as a result, the buyers did not enter their signature in the "delivery" space of the Credit Sale Slips.

At the Fair, employees were selling goods to customers that they knew by sight, using their personal connections. The Company had likely assumed the acquaintances trusted by its employees to be the buyers, since the employees were responsible for the payment collection and thus expected a low risk of problems in merchandise delivery.

Additionally, it may be difficult to request a signature from general buyers who have purchased products through the employees' personal relationships on a business document such as the Credit Sale Slip, which is an accounting document used in the Department Store.

The Company should consider maintaining clear records at least of product delivery using a product receipt in a different format from internal accounting documents such as the Credit Sale Slip.

The Company should therefore prepare a manual for the processing of various slips used at the Fair to maintain clear records at least of the receipt of products by the buyers.

3. Person in charge of Credit Sale Slips

A Credit Sale Slip contained information on the buyer and the item sold, the name, team name, and code of the employee responsible for the sale, and other information, which was to be signed personally by the employee responsible for the sale in the signature space. The employee in charge received a reward according to their amount of sales at the Fair, but was held responsible for the collection of receivables. With this system, the Company did not assume the possibility of name lending by the employees in charge of sales.

One of the reasons why the misconduct in the Incident was not recognized as a problem in the company and was not discovered for an extended period of time despite the large number of employees involved in the Fair was the dispersion of buyer names as previously described. Another reason was that the employee in charge used techniques such as name lending and the use of names to prevent the discovery of misconduct in the normal accounting process.

(1) Three problems can be identified from this situation:

a. There is a risk of name lending in cases other than the Incident if employees approve this use of their names at the Fair.
b. The Former Employee prepared Credit Sale Slips by presenting other employees as the persons in charge of sales, which was beyond the knowledge of the Department Store.
c. The names of employees in charge could be used without the approval of other employees.

(2) Handling of name lending

Each employee had a sales target at the Fair and the progress was announced within the company, which placed considerable psychological burdens on them. There was therefore a reason that the employees would have no choice but to accept any offer of sales records by other employees.

When processing various slips at the Fair, there was no internal rule for the names of the employees responsible for sales, and there were no clear prohibitions on employees' name lending.

With this background, other employees, due to the burden of fulfilling their targets at the Fair, lent the names of the persons in charge of sales by accepting the sales records without any awareness of injustice or fraud.

The Company must therefore prepare a manual on the handling of the various slips used at the Fair, clearly prohibit the name lending of employees in charge of sales constituting the transfer of sales, and present exceptional cases in which sales records must be divided among the employees and how to handle such a case.

The exceptional cases in which the sharing of sales records among the employees may be allowed may include: 1. Employees and the out-of-store sales division have sold merchandise to the same customer at the same time; and 2. Multiple employees have worked in cooperation and sold merchandise outside the store. Requirements for superiors' approval and the consultation of superiors from all divisions involved when cross-divisional sales are made, among other rules, should be considered for such exceptional cases.

(3) Credit Sale Slips stating another employee as the person in charge

At the Fair, all employees focused so much on boosting the sales of the jewelry that the level of alert for misconduct committed within the company was low. The vendor also trusted the Department Store's employees so much that it did not have any doubt or reluctance in preparing Credit Sale Slips stating a different employee from the employee who had removed the merchandise from the vendor as the person in charge. Consequently, the vendor did not report the difference between the employee who had removed the merchandise from the vendor and the person in charge of sales stated on the Credit Sale Slips to the Department Store until the discovery of the Incident.

This allowed the Former Employee to instruct the vendor to prepare Credit Sale Slips using the names of other employees when receiving merchandise from the vendor's location.

To prevent this improper practice from occurring again, the Company must prepare a manual on the handling of the various slips used at the Fair, provide the manual to the vendor as well, and instruct the vendor to write the name of the employee who has actually removed the merchandise from the vendor's location on the Credit Sale Slip when such an employee is not the person indicated on the Credit Sale Slip as the one who is responsible for the sales.

A copy of the Credit Sale Slip is sent not only to the accounting division, but also to the team, and a statement that is different from usual should help the team leader to be more alert.

(4) Prevention of the use of other persons' names

One of the reasons why the names of employees in charge of sales could be used by the Former Employee without the approval of such employees was the easy access not only of the employees in the company, but of the vendor, to the employees' team names and the codes of the employees responsible for sales.

The Credit Sale Slips used at the Fair required information on the jewelry as the merchandise, and were thus prepared by the vendor. Employees' team names and the codes of employees responsible for sales were disclosed in the daily work reports published within the company, which were easily accessible to the vendor.

To prevent misconduct similar to the Incident, the Company should reconsider the internal information management and stop disclosing some of the employee codes.

4. Names of persons who made payments

In the Deals, the buyer name often differed between the Credit Sale Slip and the Purchase Slip when the payment was made using an out-of-store account or Royal Customer Card (RCC) account, and the name of the person making the payment also differed in a considerable number of cases.

(1) This situation suggests two problems:

a. The team, the division supervising the team, and the accounting division to which the slips were circulated did not check the differences in the names between the Credit Sale Slips and the Purchase Slips.

b. The Company failed to recognize the possibility of the abuse of RCC accounts that could be used without cards.

(2) Checking changes in buyer names

The Department Store processed payments in its accounting treatment without question as long as data such as slip numbers, employee codes, and sales amounts were consistent, and did not check the buyer names.

When some receivables were uncollected, the employees would focus on the collection; it is likely, however, that they were not particularly attentive to the names of the persons who made the payments when the receivables were collected. The reason is that this is occasionally the case when customers use a credit card under the name of a family member, and in practice, it is highly unlikely for a debt of a person who is completely unrelated to the payer to be repaid.

The investigations into the Incident have nonetheless discovered that it was, in reality, extremely rare for the name on a Credit Sale Slip and the name on the corresponding Purchase Slip to be inconsistent, and such inconsistency would have been clearly abnormal. This suggests that the personnel involved in the transactions should have been aware that they should be vigilant regarding the transactions to a certain extent.

While the accounting division, which only checks Purchase Slips and journals, cannot easily detect any inconsistency in names between the Credit Sale Slips and the Purchase Slips, the Company should be able to indirectly control fraudulent transactions by requiring all employees to report any inconsistent buyer name between a Credit Sale Slip and the corresponding Purchase Slip and provide a supplementary explanation on the Purchase Slip of the reason for the inconsistency.

To this end, the Company should prepare a manual on the handling of the various slips used at the Fair and clearly state the employees’ duty to explain any inconsistency in the buyer name between a Credit Sale Slip and a Purchase Slip.

This will help identify the violation of work rules if failure to provide a supplementary explanation on the Purchase Slip for buyer name inconsistency between a Credit Sale Slip and Purchase Slip is discovered at a later date.

The accounting division and superiors may also demand a supplementary explanation of the reason for any inconsistency they have discovered, even if the discovery is coincidental.

Additionally, if the submission of a report on the status of the collection of outstanding receivables becomes necessary in the above transaction, they should be able to demand a further explanation by treating the case as an irregular transaction.

(3) Use of RCC account numbers

The RCC account settlement allows customers to make a payment by entering an account number without a lent credit card, which was misused in the Deals.

The Former Employee sought the approval of acquaintances for the use of their RCC accounts after promising repayment before the purchase amounts would be withdrawn from their RCC accounts, obtained their account numbers, and settled the payments. While the RCC account holders received account statements from the credit card company, the Former Employee transferred funds before the payment deadlines, and thus the fraudulent transactions were not discovered until the Incident was questioned. In view of internal control, however, this practice of card holders allowing the use of their credit line, which may be detrimental to their credit, should be entirely unexpected.

The Department Store's trust of its employees was nevertheless greater than one would normally expect, due partly to the characteristics that it operated in a limited region of Nagano. Offenders in recent local frauds pretended to be tax office employees and obtained account numbers, and crimes abusing the credit of the Department Store could possibly be committed again in the future.

While solving the above issue through internal control is difficult, the Company should consider working in cooperation with the credit card company and emphasizing the importance of account number protection to the card holders, since RCC accounts are out-of-store sales accounts that allow payments with credit card numbers alone, without the possession of the credit cards.

5. Credit limit

The credit sales at the Fair were carried out by the employees, and credit lines had not been established in advance. Credit decisions were made by the employees who had removed the merchandise, which did not particularly require the approval of their superiors. The vendor was not in the position of assessing customer credit, and the employees in charge of sales would not report to the Department Store on any abnormal credit sales clearly beyond their sales capability.

As a consequence, an employee who lent her name to the Former Employee sold merchandise worth more than five million yen in fiscal year 2016, and in fiscal year 2017, the Former Employee removed merchandise valued at more than 30 million yen from the vendor.

The reason for this is supposedly that merchandise removed from the vendor by an employee is, in most cases, held in good faith by the employee and would be returned to the vendor, and conditions that should be reported are not normally expected at this point.

Assuming, however, a case such as the Incident in which a large amount of merchandise is removed from the vendor with the intention of reselling it, the absence of reports on the merchandise removed from the vendor contributes to the loss of opportunities for the Department Store to be aware of abnormal or suspicious transactions and to take preventive measures in advance.

In response, the following measures are feasible for the prevention of recurrence:

a. Set a temporary credit limit on receivables for each employee and require the approval of his/her superior for any receivable exceeding this limit.
b. Maintain close communication with the vendor and require the vendor to provide information on any removal of an abnormally large amount of merchandise. If, for instance, an employee not belonging to the out-of-store sales division removes more than a certain amount of merchandise in a month, the vendor may be required to report the types of such merchandise (jewelry or watches) and its quantity.

Such information supply should facilitate the early detection of cases such as the Incident and help the company to take preventive measures in advance.

6. Sales targets

The employees of the Department Store and its subsidiaries are given sales targets at the Fair. The targets undeniably encourage the employees' acceptance of name lending offered by the Former Employee. The employees expressed the heavy burden of their sales targets in the questionnaires and interviews conducted as part of the investigations into the Incident.

The sales targets constitute the core system of the Fair, which is an important event in the jewelry sales of the Department Store. It may therefore be difficult to immediately terminate the target requirement.

The employees are also well aware of the impact of the sales at the Fair on the financial results of the Department Store, and they seem to be willing to cooperate with the Fair as employees.

The following are feasible as improvement measures in response to the above issue:

1) Clearly state that the individual sales targets are not quotas.
2) In addition to the sales targets of employees as individuals, sales targets for each team in the division are specified. Employees should focus more on the sales targets of the entire company or their division teams, rather than focusing overly on the sales targets set for individuals.
3) Set the sales targets for individuals by considering not only their roles and duties and the divisions to which they belong, but also the purchasing power of their family members, relatives, friends, and acquaintances.
4) Announce the sales made by individuals only twice during the period of the Fair (in the middle

and on the last day), rather than updating the data and announcing the results every day.

5) Do not force individuals to make sales while fulfilling the participation rate target.

7. Improvement of whistleblowing system

In the Incident at the Department Store, 1. Buyer names were inconsistent between Credit Sale Slips and Purchase Slips, and 2. The name lending of sales personnel in exchange for the receipt of sales transfers was carried out. The whistleblowing system that would allow the reporting of these abnormal practices requiring attention, when employees discover such practices, was not functioning adequately.

III. Summary

The Third-Party Committee proposes the following as measures to prevent incidents similar to the Incident:

1. Preparation of a manual for the handling of various slips used at the Fair

(1) Measures at the stage of goods removal

Clearly state in the manual the duty to prepare merchandise transfer slips on the side of the Department Store in addition to the vendor’s removal slips when removing merchandise from the vendor’s location for the Fair.

(2) Receiving merchandise

Clearly state in the manual the duty to prepare merchandise receipts in a different form from the internal accounting documents such as Credit Sale Slips and make the receipt of the merchandise as clear as possible.

(3) Handling of name lending by sales personnel

Clearly state in the manual the prohibition on name lending, i.e. the transfer of sales, among the employees in charge of sales. Exemplify the exceptional cases in which sales are shared among the employees and indicate how to handle such cases.

(4) Credit Sale Slips stating another employee as the person in charge

Prepare a manual, provide the manual to the vendor as well, instruct the vendor to write the name of the employee who has actually removed merchandise from the vendor’s location on the Credit Sale Slip when such an employee is not the person indicated on the Credit Sale Slip as the one who is responsible for the sales.

(5) Checking changes of buyer names

Prepare a manual and require all employees to report any inconsistency in the buyer name between a Credit Sale Slip and the corresponding Purchase Slip, and provide a supplementary explanation on the Purchase Slip of the reason for the inconsistency.

2. Prevention of misrepresentation of buyer names

(1) Misrepresentation of buyer names on Credit Sale Slips

Shift the responsibility for the Fair to the jewelry division to ensure the comprehensive management of merchandise removal, etc. and prevent the misrepresentation of buyer names.

(2) Use of RCC account numbers

Notify the credit card holders of the importance of protecting account numbers in cooperation with the credit card company overseeing the RCC accounts.

3. Prevention of the use of names of sales personnel (employee codes)

Reconsider internal information management and stop disclosing some of the employee codes.

4. Credit limit

(1) Set credit limits on receivables at the Fair for employees not belonging to the out-of-store sales division and require the approval of their superior for any receivable exceeding such a limit.

(2) Seek the cooperation of the vendor and require the vendor to provide information on any removal of an abnormally large amount of merchandise.

5. Sales targets

As part of the future management of the Fair, the Company should direct employees to participate in the sales activities not to force them to fulfill their sales targets, but to contribute voluntarily to the improved performance of the Company.

(1) Clearly state that the sales targets of the employees as individuals are not quotas, and do not force individuals to make sales while fulfilling the participation rate target.

(2) Focus more on the sales targets of the entire company or their division teams, rather than focusing overly on the sales targets set for individuals.

(3) Set the sales targets of individuals by considering not only their roles and duties and the divisions to which they belong, but their purchasing power, so as not to set an excessive amount.

(4) Announce the sales made by individual employees only twice during the period of the Fair (in the middle and on the last day) if it is scheduled for the conventional period, rather than updating the data and announcing the results every day. If the period of the Fair is changed to a full year, announce the results once or twice a month.

6. Improvement of whistleblowing system

The Company should take measures to ensure comprehensive internal communication so that if an unexpected risk arises and employees discover an abnormal situation requiring attention, the whistleblowing system that allows employees to report such a condition functions adequately.

7. Training

   Taking the Incident into account, the Third-Party Committee considers that the department store employees should not focus overly on sales and overlook the presence of risks in their sales activities, and to prevent the risks from being overlooked, the Company must prepare a manual on the handling of various slips and provide adequate internal training for accounting treatment and other activities.