



December 22, 2017

(Translation)

Dear Sir/Madam,

Company: JP-HOLDINGS, INC.
Representative: Kazuhiro Ogita,
President and Representative Director
(Stock Code: 2749, First Section of TSE)
Contact: Mika Matsumiya,
General Manager, Administration Division
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Notice Regarding Our Company's Response Based on an Investigative Report of a Third Party Committee

As announced in "Notice of Receipt of Report on Results of Examinations by Third Party Committee (detailed version)" dated December 5, 2017 (on our website), JP-HOLDINGS, INC. scrutinized the content of the investigative report provided by the third party committee, and discussed how to respond to their comments. As a result, we have determined the following basic policy.

From now on, we will take concrete measures in accordance with the basic policy, and all of our group companies will join hands to improve our corporate value further by actualizing, maintaining, and improving a comfortable working environment. We would appreciate your understanding and support.

1. Regarding the evaluation on acts of the current representative and other executives

The investigative report of the third party committee gives the following comments about the current representative and other executives.

(1) Regarding power harassment

According to the investigative report, the current representative infrequently commits acts that can be considered as power harassment, and these acts are in the form of reprimands or reproach. Therefore, there is a possibility that evaluation varies according to the intention or purpose of his remarks, the behavior before or after the acts, whether he cared for the standpoint or feelings of the other party, and whether the acts are educational or instructive, and so on. In addition, it is recognized that other

executives have committed no acts that are or can be considered as power harassment.

(2) Regarding sexual harassment

According to the investigative report, it can be judged that the current representative's acts that can be considered as sexual harassment do not fall under sexual harassment in the relationship with the other party, because the other party had no complaints about said acts with a feeling of discomfort. However, if witnessed by surrounding executives or employees, the other party would feel discomfort, and said acts could degrade the working environment according to situations, the frequency of the acts, etc. and so said acts can be considered as sexual harassment. As for the sexual harassment by other executives, they are allegedly suspected.

In the evaluation on the acts of the current representative and other executives, it is considered that the acts have not degraded the working environment, but the acts could be considered as harassment according to the frequency, situation, etc. of the acts. We have to face the fact that we have received these comments although we have taken some measures against harassment. We will implement more measures so as not to receive this kind of evaluation in the future.

2. Regarding future measures for preventing harassment and strengthening our compliance system

Our company will determine our basic policies as follows based on the issues with our company and suggestions mentioned in the investigative report, design concrete measures according to them, and implement each measure.

(1) Declaration of eradication of harassment

Mainly the representative and other executives of our company will announce the "declaration to eradicate harassment at our workplace," diffuse it among all executives and employees, and educate them, to develop an environment that will flatly deny any harassment.

(2) Revision to and application of the code of conduct of our corporate group

Our corporate group upholds the ethos: "For the smiles of children..." Under this ethos, we specified the code of conduct, but in order to tighten compliance, we will revise mainly the provisions regarding ethics and duties, diffuse the revised version among all executives and employees, and enforce it.

(3) Enactment of related regulations, etc. for tightening compliance

The investigative report points out that the method for appointing members of the compliance committee and provisions regarding operation are insufficient. Therefore,

we will develop the rules for the method for appointing members of the compliance committee and its operation.

In addition, we will clarify the method for using the whistle-blowing system and the existence of the contact for harassment, revise related regulations, and produce manuals, etc.

(4) Developments of systems for whistle-blowing and consultation

Considering the privacy, unfair treatment, etc. of whistleblowers and consulters, we will clearly describe the procedures and flow for acceptance, solution, recurrence prevention, and feedback to whistleblowers with regulations, manuals, etc. and develop systems.

According to the investigative report, executives and employees are highly aware of the existence of the whistle-blowing system, but they are not familiar with how to use it, and it has been pointed out that they were not informed of the contact for dealing with harassment to a sufficient degree. Therefore, we will clearly describe the contact for consultation and how to use it, and inform all executives and employees of them thoroughly.

(5) Implementation of education, training, etc.

We have continuously educated executives and employees about compliance and harassment, but we will strive to further enhance the awareness of compliance by systems for giving lectures to all executives and employees regularly, the training at the time of joining our company or promotion, enriching training, etc. for each class according to duties, and developing a system for effective education and training.