



September 14, 2018

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(Stock exchange code: 1435, TSE First Section)
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Notice Concerning Measures to Prevent Reoccurrence of Inappropriate Actions by an Employee of the Company

As announced in the “Notice Concerning Today’s Media Report” on August 31, 2018 and the “Notice Concerning Establishment of Special Investigation Committee” on September 4, 2018, it was discovered that an employee of TATERU, Inc. (the “Company”) manipulated deposit balance data received from a client to make it easier for the client to pass a loan screening by making the amount of balance seem higher than it is and submitted the data to The Saikyo Bank, Ltd. (the “Matter”). The Company is conducting an investigation by establishing a “Special Investigation Committee” consisting primarily of external expert advisors in order to confirm whether any similar manipulation of documents occurred in this or other cases, and to receive advice on preventing reoccurrence, taking into consideration any facts discovered as a result of the investigation.

Apart from the investigation by the Special Investigation Committee, the Company has made specific considerations on measures to prevent reoccurrence regarding the Matter, and hereby makes notice that measures to prevent reoccurrence will be implemented as stated below. Furthermore, the Company will earnestly incorporate future advice regarding measures to prevent reoccurrence that it receives from the Special Investigation Committee that take into consideration any facts discovered as a result of the investigation and make revisions as necessary.

The Company wishes to extend its sincerest apologies for the considerable concern and trouble caused to all parties, including shareholders. Moving forward, the Company will steadily implement measures to prevent reoccurrence and ensure thorough awareness of compliance to work toward regaining trust, and therefore asks for your continued understanding and support.

Measures to Prevent Reoccurrence

1. Modifying Operational Workflows

Previously, workflows consisted of sales representatives directly receiving deposit balance data from clients upon request from financial institutions, with these sales representatives sending this data to the financial institutions. As this point can be seen as a factor in this Matter, workflows will be modified starting today to enable discovery and prevention of manipulations similar to those in this Matter. Specifically, an “Administrative Section” will be newly established in a department independent of sales representatives, and receipt of loan-related documentation from clients and submission to financial institutions will be handled only by the Administrative Section.

2. Stricter Contract Suitability Procedures

The Company will ensure stricter procedures for confirming client contract suitability for sale and purchase, etc. of clients, when the Company concludes sale and purchase agreements, etc. with these clients, while the Administrative Section will be required to confirm original copies of balance data for these clients, such as deposit passbooks.

3. Operational Monitoring

Monitoring (spot inspections) will be implemented by the Internal Audit Office regarding the state of compliance with 1. and 2. above.

4. Revision of Compliance Structures

To reestablish a thorough awareness of compliance among all officers and employees, a clear message emphasizing compliance will be sent out from top management on an ongoing basis, and the Company will work to improve compliance awareness through strengthening and revising compliance education and training structures.

5. Enrichment of Whistleblowing System

Up to this point, there were no instances of whistleblowing regarding the manipulation of documents in this Matter or other cases similar to this Matter.

Accordingly, while once again thoroughly raising awareness of the existence of the whistleblowing system and its purpose among all officers and employees, the Company will establish a compliance hotline for related parties (clients and transaction partners) outside of the Company by October 1, 2018 and work toward improving, enriching, and revitalizing reporting systems.

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