



August 7, 2020

To All Concerned Parties

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Exchange)
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Notice of Formulation of Basic Policy for Initiatives to Restore Trust (Outline)

As notified in the Notification Regarding Establishment of Consultative Committee on July 7, 2020, the Company established a Consultative Committee for Preventing Recurrence and Improving Company-Wide Compliance Based on the Kagoshima Incident, with the aims of preventing similar incidents from occurring in the future and detecting and addressing them at an early stage, as well as improving compliance across the company. By scrutinizing the inappropriate business operations in the Kagoshima Center, as well as other past compliance-related incidents, and surveying and interviewing employees, the committee examined and analyzed the Company's problems from various angles and delivered a great deal of harsh, yet accurate critical feedback.

Taking the Committee's critical feedback seriously, including the honest opinions expressed by employees through the Committee, the Company's executive management held multiple discussions to analyze the true causes of the incident, before taking the remedial action of formulating a Basic Policy for Initiatives to Restore Trust (Outline). This Policy was approved by the Committee and was today resolved by the Board of Directors. The details of the Policy are provided in the attached separate document.

The Company will establish concrete action plans based on the Outline and will ask the Committee to monitor the implementation of those action plans and provide critical feedback and recommendations for improvement where necessary.

Once again, the Company extends its profound apologies to those customers who were subjected to inappropriate solicitations and to all stakeholders for the great concern and inconvenience this incident has caused.

Attachment 1. Basic Policy for Initiatives to Restore Trust (Outline)

Attachment 2. Record of Consultative Committee's Activities

Attachment 3. Message from Management to Employees



Attachment 1

Announcement of the Basic Policy for Initiatives to Restore Trust (Outline)

August 7, 2020

Executive Management
Relia, Inc.

Regarding the recent serious compliance-related incident at the Kagoshima Center, the Company once again expresses its profound apologies to the consumers who were subjected to inappropriate solicitations and to our client, TEPCO Energy Partner, Inc., for the great inconvenience this incident has caused. We deeply regret the sense of betrayal and disappointment felt by all stakeholders, including our many customers who have placed their trust in the Company, our shareholders, and our employees who have engaged in operations sincerely, as well as their families, and for this we extend our heartfelt apologies.

Relia, Inc. provides services with the aim of meeting the wishes of our client companies. To truly fulfill that aim, it is imperative that we respect the interests of the end users, namely the consumers with whom we deal on behalf of our client companies. In this respect, it may be said that the Company's mission is to contribute to our client companies by serving the interests of consumers. Despite this, in the incident in question, the Company failed to disclose these malevolent acts timely at the time that we recognized the acts and to take appropriate action, including apologizing to the consumers who were inconvenienced by those acts. We sincerely regret that the decisions taken at that time were contrary to the Company's own mission.

The Company's executive management considers this incident and the previous recent incident of inappropriate accounting (announced on February 8, 2019) as the manifestation of inherent problems within the Company. We also feel a sense of crisis that our corporate philosophy, including our Mission Statement and the Four Promises, may have been reduced to a mere façade. We are deeply concerned that a pervasive belief within the Company that we are no more than our client companies' subcontractor may have caused inadequate awareness of our mission to provide valuable information to consumers through our own ingenuity and earn the trust of our client companies in the true sense of the word. With this realization, the Company's executive management returned to the philosophy that the Company has held since its foundation and held renewed discussion of the Company's raison d'être, future vision, and current challenges.

[Ref.] Our Philosophy

(Mission Statement)

Sharing inspiration and excitement with more people and corporations, we declare that we will contribute to the further development of society and lead to the happiness of our employees and their families through the growth of our company.

(The 4 Promises)

1. We promise to value our customers and will continually commit to do so in order to maintain our customers' trusts.
2. We promise to value harmony and aim to have a Corporate Culture that is free and open-minded.
3. We promise to aim to continually challenge ourselves and be creative.
4. We promise to value courtesy & civility and will strive to train ourselves in self-management and basic behaviors.

Through these discussions, we realized anew that our business has an important role (social mission) to fulfill as part of the social infrastructure that connects people and society. The fact that we have continued to perform work that is essential to people's lives even under the state of emergency declared due to the spread of the novel



coronavirus also reminded us of the importance of our business.

However, in the course of the company's growth, the Company placed particular value on those organizations and employees that the executive management assessed would drive the company's growth in numerical terms and gave them important positions, which has engendered an excessive sense of competition and over-emphasis on numbers within the company. At the same time, a failure to thoroughly instill in our employees a code of conduct based on our corporate philosophy led to junior employees emulating their superiors' belief that only results matter, causing undesirable personnel promotion cycles and human resources development. This trend led to a neglect of proper processes, giving rise to a phenomenon of "evasive bosses," that is, superiors who would not face up to problems squarely, instead turning a blind eye to them or foisting them onto their subordinates or the people at the individual sites. Meanwhile, there was also a rampant tendency among employees at the sites to believe that they would not gain recognition unless they did something about problems themselves. This was a belief that, at its most excessive, led to behavior such as concealing and misrepresenting problems and letting them slide (disregard), and caused the erosion of the relationships between superiors and their subordinates.

Quality control vulnerabilities and issues with the IT infrastructure management and control environment and other aspects may be cited as the causes of this incident. However, we believe that a more fundamental cause may be that site managers have been unable to consult with their superiors and have become isolated, even amid an increasing focus on numbers that has resulted from the Company's unhealthy corporate culture, based on the historical background discussed above.

In this way, the incident at the Kagoshima Center should be regarded as just one manifestation of our company's unhealthy corporate culture. To prevent a recurrence of similar incidents and improve compliance going forward, it is essential that we re-acknowledge profoundly the social mission of our business, renounce the unhealthy corporate culture that has permeated the Company, reform our management style into one that is a return to our corporate philosophy and that addresses people and issues squarely, and rapidly develop a robust management foundation. Recognizing the need to take action in this regard, we have now formulated the Basic Policy for Initiatives to Restore Trust (Outline). Going forward, we will strive to regain the trust of all of our stakeholders, including consumers and client companies, in accordance with this Outline.



The Basic Policy for Initiatives to Restore Trust (Outline) **(Summary)**

1. The Company's Fundamental Problems

- (1) Problems with corporate culture (psychology and consciousness that cause misconduct)

Relia's business expanded in response to various consumer needs arising from social changes such as deregulation, the implementation and revision of legal systems, and the release of new products and services. In the course of that expansion, certain divisions of the Company achieved outstanding results. In the past, there had been excessive rivalry divisions within the company, partly because there was no separation between the sales areas of each division. The Company's executive management further encouraged that excessive priority on numbers and sense of inter-divisional rivalry with its unconditional commendation of divisions and employees that drove the company's growth in numerical terms, giving them important positions. At the same time, there was a failure to ensure compliance by employees with a code of conduct based on the corporate philosophy. This failure created the phenomenon of "evasive bosses," meaning superiors who would turn a blind eye to problems or foist them onto their subordinates or the people at the individual site, which damaged the relationships of trust with them.

The result of this phenomenon was the emergence of an unhealthy corporate culture, in which results were prioritized over the corporate philosophy and ethics, and employees were concealing and misrepresenting problems or letting them slide because they were unable to consult with their superiors.

- (2) Problems arising from failures in company-wide standardization caused by an excessive focus on individual optimization (environmental factors that lead to misconduct)

Since its foundation, Relia has established operation centers to meet the needs of our client companies, conducting individually optimized operations to improve the quality of our services. In 2009, we introduced an Industry Division structure organized by each industry, in which individual divisions had full responsibility for all operations, from sales to business operations, in order to provide highly specialized services and to curb excessive competition between divisions. However, due to insufficient inter-division personnel rotations and a failure to standardize operations from a company-wide perspective, individually optimized operations accelerated to an excessive degree, and quality control and IT infrastructure were designed and built separately for each operation. As a result, the foundations of business operations became inconsistent from the perspective of overall optimization.

In addition, due to thinking that prioritized numbers, the Company was not investing in its back-office divisions, such as the corporate division, which ordinarily should have on-site support and containment functions.

The consequences of this have been a lack of personnel mobility, operation centers becoming isolated "islands on land," rampant local rules, personnel being stuck in specific roles, and operations becoming invisible from the outside. This has created a fragile operational environment that is overly dependent on the individual sites.

2. Main Measures to Remedy Problems

- (1) Measures to remedy problems with corporate culture

<Basic directions for remedy>

The Company's executive management is extremely concerned that the Company's survival and the restoration of trust will be impossible to achieve without eliminating the concealment, misrepresentation, and disregard of problems and commendations based on results alone. To convey this sense of crisis to individual employees and, ultimately, to spread it across the entire company, it must be shared by middle management (heads of divisions and departments and heads and deputy heads of offices), who form the core of the company and on whose shoulders the company's management will lie in the future. These problems must be overcome with common values, and the foundations of a new corporate culture must be



established. To achieve this, executive management must first change their own mindset with determination, proactively set an example, and involve themselves deeply in the work of middle management to build a corporate culture of addressing people and issues squarely, based on the corporate philosophy. To promote this, executive management will adopt as their fundamental value the true fulfilment of the Company's social mission. So that they can address our client companies and end users, namely consumers, squarely, without evading problems, executive management will involve themselves in all measures and actions, take the lead in addressing challenges, and display a determination to achieve these goals. Through these actions of executive management, middle management employees themselves will be able to take such actions of their own volition (becoming "bosses who are not evasive"). At the same time, this will establish a cycle of passing on that new corporate culture to their own subordinates in turn, permeating it throughout the entire company.

In order to establish a corporate culture based on the corporate philosophy within the company and to keep this incident from being forgotten, workshops and training sessions will be held for all executives and employees to discuss the code of conduct that embodies the corporate philosophy and to create opportunities for all executives and employees to exchange their opinions freely. New standards of conduct will then be established based on feedback from employees obtained through these initiatives.

Further, personnel systems and other areas will be re-examined. While cherishing and upholding the corporate philosophy and standards of conduct, we will promote the appointment of personnel from outside the company who, although they have grown up in different environments, share the same values, and further evolve and develop those universal values.

<Concrete remedial actions>

- A. Foster a corporate culture of addressing people and issues squarely (management style reform)
 - a. Promote measures under the leadership of executive management (members of the Management Meeting)
 - b. Promote personnel diversification that includes the appointment of managers from outside the company
 - c. Undertake initiatives for the permeation of the corporate philosophy and establish new standards of conduct through those initiatives
 - i. Hold workshops for all executives and employees aimed at the permeation of the corporate philosophy and the establishment of new standards of conduct based on feedback from employees
 - ii. Conduct training for site managers and above level of the positions aimed at reforming mindsets and raising sensitivity to risk
 - iii. Conduct role-specific training for all employees
- B. Promote personnel measures
 - a. Clarify roles and review assignment criteria with standardized criteria across the entire company
 - b. Review personnel systems, etc.
 - i. review personnel systems toward appraisal based on ethics and personal qualities
 - ii. Ongoing personnel rotations
 - iii. Conduct regular employee satisfaction (ES) and compliance surveys

- (2) Measures to remedy problems arising from failures in company-wide standardization caused by an excessive focus on individual optimization

<Basic directions for remedy>

Because Relia has, in the past, designed and conducted business operations for each individual operation as



a way of responding flexibly to our client companies' needs, the quality control methods employed by each site have been many and varied, and operations have depended on the capabilities of individual quality control officers. In addition, because the checking and containment functions for on-site quality control were under the management of the Industry Division, quality control functions were viewed as a cost and tended to be neglected.

However, given the public role that our business fulfils as part of the social infrastructure that connects people and society, from a compliance perspective in particular, and also from the perspective of serving the interests of consumers, we should actively pursue a certain level of standardization across the entire company. Investing the costs needed to do so to ensure a high standard of quality will raise the value of the services we offer and, in turn, contribute to the growth and prosperity of the Company.

With this recognition, while continuing to provide services that respond flexibly to the needs of our client companies, to ensure that acts such as inappropriate solicitations, false reports, editing of audio recordings, and data falsification never happen again, and, moreover, to further improve our function of providing valuable information to consumers, we will pursue the fundamental strengthening of our quality control functions and IT infrastructure and undertake company-wide standardization.

Further, by strengthening back-office divisions such as the corporate division, we will build management foundations with a number of different functions. Those functions include a quotation review function to avoid leaving individual quotations entirely to the individual sites and placing an excessive burden on them, a function for assistance/augmentation from branch companies and offices to the Industry Division (sites), and a containment function to ensure the appropriateness of business operation quality.

<Concrete remedial actions>

- A. Establish company-wide standardized policies and criteria and realize standardized implementation
 - a. Undertake initiatives to improve the quality control functions for business operations at the sites
 - b. Establish strict information security policies regarding editing of audio recordings, data falsification, etc., and build a robust IT infrastructure
 - c. Re-examine the various systems that accelerated individual optimization and hindered company-wide standardization
 - i. Abolish the system of inter-departmental outsourcing of operations within the company, which obscures the chain of command
 - ii. Abolish dedicated centers that hinder personnel mobility and make it easy for personnel to become isolated
- B. Strengthen branch companies/offices and corporate division, and re-examine systems
 - a. Strengthen review and monitoring functions for outsourcing contracts won
 - b. Strengthen branch companies/offices that perform assistance/augmentation of Industry Division and establish the mechanisms
 - c. Strengthening corporate divisions and various internal committees

3. Other Remedial Actions

From the perspective of making doubly sure of the remedial actions described in 1. and 2. above, and from the perspective of remedying the problems in the Company that we have recognized through the recent incident, the following actions will be taken.

- a. General review and, where necessary, review of the contents of reports made to client companies
- b. Investigation of appropriateness and, where necessary, review of high-risk contract terms and conditions and operations



Review of responses in the event of future compliance-related incidences, including position on disclosure

Attachment 2

Record of Consultative Committee's Activities

1. Name of consultative committee

Consultative committee for preventing recurrence and improving company-wide compliance based on the Kagoshima incident

2. Purpose of the consultative committee

In light of inappropriate telephone solicitation practices and inappropriate editing of the audio recordings from such telephone solicitations at the Company's Kagoshima Center, the committee will consider policies for preventing recurrence of similar incidents and for detecting and addressing them at an early stage, and will report and make recommendations on the following to the Board of Directors with the aim of improving company-wide compliance.

- (1) Evaluation, critical feedback, and recommendations on the adequacy of the content and implementation of the various existing measures
- (2) Critical feedback and recommendations on further additional measures
- (3) Monitoring of measures and critical feedback and recommendations on remedies as necessary

3. Composition of consultative committee

Chairperson	Akira Takeuchi	Attorney at Law, Certified Fraud Examiner, Proact Law Office
Member	Minoru Hayashi	Certified Public Accountant, KPMG FAS Co., Ltd.
Member	Mikako Yusa	Independent Outside Director of the Company
Observer	Hiroyuki Koga	Company Director, CFO/CCO/CPO, In charge of Overseas and Corporate
Observer	Hitoshi Kurokawa	Company Director, CIO, In charge of Industry Division and Operations
Observer	Toshiaki Maruoka	Audit & Supervisory Board Member of the Company

Two attorneys from Proact Law Office and two certified public accountants from KPMG FAS provided support as assistants to the committee.

4. Details of activities of the consultative committee to date

Since its establishment on July 7, 2020, through investigation of the facts, four meetings of the full committee, and communication as needed via e-mail, telephone, and other means, the committee discussed the Company's Kagoshima incident and other past compliance-related incidents, the Company's fundamental problems observed from its business model, organizational structure, and other facets, and measures for preventing recurrence of similar incidents and for detecting and addressing them at an early stage, and gave critical feedback (2. (1) and (2) above) to the Company.

An outline of the investigation of the facts conducted by the consultative committee are as follows.

(1) Analysis of relevant materials

The committee analyzed the materials it deemed necessary, including materials regarding the Kagoshima incident and other past compliance-related incidents, materials regarding the Company's organization, and materials related to contracts with client companies.

(2) Interviews with executives and employees

The committee interviewed the executives and employees deemed necessary by the committee, including personnel relevant to the Kagoshima incident, executives and employees in positions of responsibility for the Company's compliance.



(3) Employee questionnaire survey/establishment of hotline

The committee conducted a questionnaire survey of employees of certain ranks deemed to be relevant to the committee's purposes (4,565 respondents, response rate of over 90%). It also made a wide appeal for information, establishing a hotline to encourage those employees to report any relevant information anonymously.

5. Main critical feedback from the committee to the company

- (1) The committee called on the Company to go beyond responses to this year's Kagoshima incident and to explore the broader and deeper causes of other compliance-related incidents of varying degrees, including last year's inappropriate accounting incident.
- (2) When the Company's series of compliance-related incidents are lined up together, they reveal a pattern of behavior of concealment, misrepresentation, and disregard of problems, and an unhealthy corporate culture that tolerates that kind of behavior. It can be inferred that, at the heart of these problems, there lies a weakening of employees' sense of the Company's *raison d'être* and identity and of their own sense of pride and self-esteem in their work. The committee called on the Company to pursue initiatives that would restore those things (provide an anchor for employees) with the strong leadership of executive management.
- (3) Compelling the Company to implement recurrence prevention measures would not change anything, so the consultative committee itself will not prescribe recurrent prevention measures. What will really be the first step toward the Company's reformation will be the process in which executive management practices deep introspection, conducts lively exchanges of ideas and debates the issues thoroughly. Based on that debate, they should then draw up a clear vision of "New Relia," indicate to all employees the path to achieving that vision and lead them along that path.
- (4) The committee called on executive management to face squarely up to the Company's relationships with client companies that outsource their operations to the Company in the course of its discussions, and to thoroughly debate the kind of healthy relationships and methods for building such relationships that they would prefer.

6. Consultative committee's activities going forward

The company plans to formulate concrete action plans based on the Outline. The consultative committee will monitor the formulation of those action plans and their subsequent implementation and provide critical feedback and recommendations on matters for remedy where necessary.



Attachment 3

To All Employees

Members of the Management Meeting

We wish to express our sincere apologies for the concern and, at the same time, the disappointment that the recent scandal has caused among the employees who routinely engage in your work in good faith, as well as your families. We also deeply regret that many employees first learned about the incident in newspaper reports. This has made us recognize anew that, in any discussion of the fundamental relationship of trust, in which executive management trusts the employees and the employees trust executive management, we need to improve the way that information is shared.

Our company possesses many strengths, such as the expertise we have cultivated since the early days of the contact center market in Japan, our sincere dealings with the client companies that outsource their operations to us, and our outstanding response quality and site management capabilities. On the other hand, as described in the Outline, an excessive priority on numbers, management that is left entirely to the individual sites, weakened relationships between superiors and subordinates, and other elements of an unhealthy corporate culture have also developed in the course of the company's growth. The recent serious incident has unquestionably occurred within that unhealthy corporate culture. At the same time, it has highlighted as an issue the fragility of our management foundations, including vulnerabilities in our quality control functions and information security infrastructure.

The fact that we have overlooked this unhealthy corporate culture and the fragile state of the company's management foundations, our inability to listen adequately to the voices of employees who have engaged in your work in good faith, the lack of provision of sufficient educational opportunities to encourage further growth, and, above all, our failure to instill thoroughly, across the entire company, a code of conduct that is founded on our Mission Statement and the Four Promises that form our corporate philosophy, are a major responsibility of executive management both past and present, and for this we feel deeply regretful.

To regain the trust in our company that has been lost, executive management and all executives and employees must take ownership of the issues and measures described in the Outline and work toward the reformation of the company. To this end, we have a request of all employees.

One of our three great policies is "to put our client companies first." However, this does not mean blindly following our clients; rather it means providing them with professional services. Meanwhile, we feel that, on more than a few occasions, there have been situations where, instead of consulting with clients and discussing the issues with them as we should have, decisions have been made that evaded those situations. In particular, we would ask the heads of headquarters, business divisions, and offices not to leave these situations up to the individual sites, but to be more conscious of engaging with the sites and working together with them to make improvements. For the sake of proper business operations, we ask you to face up squarely to the various situations and issues without evading them, to make decisions and take actions based on ethics and intentions that are right for the company, and to see them through. As described in the Outline, the members of the Management Meeting will actively involve themselves in these initiatives and will look not at the results but at the attitude and actions of the employees as you address your work.

In the company's current state, the functions needed to maintain the quality of business operations and the functions of the horizontally connected divisions that support the Industry Division, the corporate divisions, including IT, and the branch companies/offices are overwhelmingly insufficient. If things stay as they are, not only will we be unable to maintain our business at its current scale, we have reached a point in which the very survival of the company is at risk. To counter this, in addition to mindset reform among executives and employees and management style reform to achieve the changes declared in the Outline, we will supplement the personnel (through external recruitment and internal transfers) for the divisions that are responsible for the aforementioned functions. To deal with the personnel shortages that this move will create in the Industry Division (business divisions), although this will be a painful decision, we are resigned to withdrawing from certain contracted service operations, with the intention to move forward toward the restoration of on-site management of truly strong quality.

In conclusion, we ask all executives and employees to recognize anew that it is the mission of our company to connect our client companies and their customers beyond them, the end users, in a circle of trust. We hope you will address your work with a sense of pride and responsibility that our services have an important role to play as part of the social infrastructure. We ask you to work together with us toward the realization of a fair and sincere "New Relia."