

Administrative Punishment of Goodwill and Future Action

The subsidiary Goodwill received administrative sanctions for violating the Worker Dispatch Law on January 11, 2008. We humbly accept the fact and sincerely reflect on it.

► Details of the administrative sanction

(1) Order to suspend worker dispatching operations

- Suspension of worker dispatching operations at all Goodwill offices for two months
- Suspension of worker dispatching operations at 67 Goodwill offices (of the 708 offices) for four months

(2) Order to improve worker dispatching operations

- To examine all worker dispatching operations and rectify violations if any (from December 1, 2007 to January 10, 2008)
- To identify the causes of violations and take preventive measures
- To establish a method and a system to determine the employment status of dispatched workers
- To establish a compliance system

(3) Period of the suspension of operations

- From January 18 (Friday), 2008

► Causes for the punishment

(1) Business environment

Goodwill has striven to create job opportunities to meet the diversifying needs of workers concerning employment. It has also taken steps to meet client demands for cost savings by matching its registered staff members to the broad array of needs that companies have for employees.

Meanwhile, calls to improve the treatment of irregular employees have been spreading, and the negative aspects of the so-called working poor and Internet café refugees are increasingly emphasized.

We acknowledge that we have fallen short in this area at a time during the high growth period that followed the foundation of our Group.

(2) Our challenge

We will gain insight into matters and think seriously about the approach that the Group, including Goodwill, should take as an employer.

Human resources are the foundation of the worker dispatching business. Based on this concept, we, as an employer, need to meet the needs of our staff members with respect to job satisfaction, upskilling, and career progression, in addition to playing the good roles that we have played.

Based on the sincere reflections, we think we need to make serious changes to practices that do not reflect changes in the business environment or that have become inappropriate in the current environment.

► For recurrence prevention

To prevent the problems from recurring, Goodwill has taken the following **seven measures**:

1. Establishment of a Booking Confirmation Center: We have established a Booking Confirmation Center consisting of 40 members under the Goodwill Compliance Promotion Office. The center double checks the terms and conditions of each worker dispatching agreement in addition to the self-checks performed by each location.

2. Regular interviews: Each office carries out regular on-site inspections of workplaces where workers are dispatched and regularly interviews dispatched staff members, thereby obtaining information on the actual working situation. The Booking Confirmation Center also interviews staff members and gives support to each office.

3. Clarification of the duties of the dispatching manger: We clearly segregate the duties of the dispatching manger and business operation manager. We restrict the duties of the dispatching manger to dispatching operations (relating to agreements, on-site inspections, etc.).

4. Enhancement of management organizations: We assign compliance officers to higher management organizations (management department and operations department).

5. Keeping the destination company informed about the Worker Dispatch Law: We encourage understanding by companies to which staff members are dispatched of the provisions of the Worker Dispatch Law, including double dispatch and excluded services, which are related to the administrative punishment.

6. Keeping dispatched staff informed about the Worker Dispatch Law: We also promote understanding by dispatched staff of the provisions of the Worker Dispatch Law, including the purpose of the law, double dispatch and excluded services.

7. Internal employee education: We check and fully revise the existing internal business manuals and educate all employees based on new internal business manuals.

► Determination of Goodwill

The worker dispatch business has entered a new stage, in which the business must not only play the existing role of achieving a balance between supply and demand in industry but also to comply with laws and regulations and to give more consideration to the quality of worker dispatch that is required from companies and employees.

In these circumstances, Goodwill will address each challenge and bolster compliance through comprehensive action to prevent any recurrence and through business improvement measures.

We will be committed to fulfilling our responsibility as a worker dispatch business and will put the emphasis on restoring the trust of our stakeholders, including shareholders, customers, and staff members.