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To All Stakeholders:

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## Statement about the Decision to Not Prosecute Employees of a USS Subsidiary and Preventive Measures

As was announced on December 14, 2013, the general manager of the Recycling Department of R&W Co., Ltd., a subsidiary of USS Co., Ltd., two other R&W employees and one former R&W employee were arrested by the Chiba Prefectural Police. These individuals were charged with counterfeiting official documents and uttering of these documents. Subsequently, as was announced on December 27, these three employees were released without indictment. On March 24, 2014, the decision was made not to prosecute these individuals because of insufficient evidence. Furthermore, the actions outlined below have been taken for the purpose of preventing this type of incident from occurring again at R&W.

USS extends its sincere apology for the concerns this incident has caused among customers, shareholders, investors and all other stakeholders.

The USS Group will further upgrade and strengthen internal administrative systems. In addition, there will be additional measures to ensure that all executives and employees of the group fully understand the importance of corporate ethics and compliance with laws and regulations. By taking these actions, the USS Group is determined to prevent this type of incident from occurring again.

### 1. Summary

The former R&W employee is alleged to have altered automobile information in automobile storage location certificates and then used the altered certificates for different vehicles.

### 2. Preventive measures

- (1) USS believes that there are two causes of this incident. The first is the inadequate business process flow at R&W for the procedure used to change the ownership of purchased vehicles. The second is the system at R&W in which the former employee handled the receipt of all automobile storage location certificates and had authority for administrative procedures for these certificates. In response, a number of actions have been taken that include but are not limited to the following measures: a business process flow has been

prepared for the clerical procedures to transfer registrations; the department responsible for holding automobile storage location certificates has been changed; a column has been added to the vehicle ledger for recording the automobile storage location certificate receipt number; and a reporting system has been established for use by individuals who discover improper behavior at R&W.

- (2) To upgrade and strengthen compliance and internal administrative systems at R&W, the Compliance Department has been placed under the direct supervision of the company president. In addition, a director responsible solely for compliance and internal administration has been named and the Compliance Department's staff has been increased. These measures make it possible to perform even more thorough activities involving these two systems.
- (3) The Compliance Department will conduct frequent on-site inspections while working with attorneys and other external professionals. Performing these inspections will facilitate highly effective monitoring of the compliance of business operations of R&W head and branch office departments with laws and regulations, the Articles of Incorporation, and other company rules.
- (4) The Compliance Department will hold structured compliance training sessions for all R&W employees and internal administrative systems will be strengthened for all activities at R&W.