

Approval of the Commitment Plan submitted by Tokyo interior corporation

January 25, 2024

Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter referred to as the “JFTC”) has investigated TOKYO interior corporation (hereinafter referred to as “TOKYO interior”) in accordance with the provisions of the Antimonopoly Act (hereinafter referred to as the “Act”), and suspected that TOKYO interior’s conduct described below might violate the Article 19 of the Act (Article 2, Paragraph (9), Item (v) [Abuse of a Superior Bargaining Position] of the Act).

Recognizing that competition would be promptly restored, through the Commitment Procedures, by measures to be swiftly taken by TOKYO interior to eliminate its conduct, the JFTC issued the Notice of Commitment Procedures to TOKYO interior on November 22, 2023, pursuant to the Article 48-6 of the Act.

TOKYO interior submitted the Commitment Plan to the JFTC for approval of measures necessary to eliminate its conduct described below, pursuant to the Article 48-7, Paragraph 1 of the Act.

The JFTC today approved the Commitment Plan, pursuant to the Article 48-7, Paragraph 3 of the Act recognizing that the plan is sufficient to eliminate the alleged conduct and expected to be reliably implemented ^(Note 1) ^(Note 2).

It is noted that today’s approval of the Commitment Plan does not mean that TOKYO interior’s conduct violated the ACT.

(Note 1) An Approval of the Commitment Plan is an administrative disposition under the Act.

(Note 2) The JFTC is to render a decision to rescind the approval pursuant to the Article 48-9, Paragraph 1 of the Act and resume the investigation procedure conducted before the Notice of Commitment Procedures is issued, for instance, if the JFTC recognizes that the Commitment Plan is not being conducted according to the approved Commitment Plan.

1 Overview of TOKYO interior’s business

TOKYO interior operates furniture stores. From 2016 to 2022, TOKYO interior was the leading seller in the nationwide furniture retail market.

2 Overview of the alleged conducts

TOKYO interior committed the following conducts on its suppliers at latest from around May 2016 to around June 2022:

(1) At the time of opening a new store or refurbishing an existing store, TOKYO interior

forced its suppliers to dispatch their employees to the stores in order to have them perform work of bringing in and displaying the goods for the store, including goods other than those delivered by the supplier. TOKYO interior had not concluded agreement with those suppliers on the terms of dispatch in advance of the conduct, and did not bear expenses necessary to the dispatches.

- (2) At the time of opening a new store, TOKYO interior had the suppliers provide the amount of money calculated by multiplying the delivery price of goods delivered to the store before opening by the 5% rate etc. under the pretext of "open monetary contribution", without disclosure of the calculation basis for the amount to be paid, the use of the money, etc. in advance, and/or even though the provision of the money would be a burden beyond a reasonable range in consideration of the direct benefits, etc. that the supplier would gain through the provision.
- (3) In response to the earthquakes that occurred off the coast of Fukushima Prefecture in February 2021 and March 2022, the company had the suppliers provide all or part of the amount of money equivalent to that of the goods delivered by the suppliers to compensate for its own losses due to discounts or disposal of the goods damaged or defaced by the earthquakes.

3 Overview of the Commitment Plan

- (1) Resolving following matters at a meeting of the Board of directors:
 - (a) To confirm that the conducts described in section 2 above have been ceased;
 - (b) To decide not to engage in conduct similar to that described in section 2 and to implement this measure for the next 3 years.
- (2) Notifying its suppliers and employees of the measures taken pursuant to the plan (1).
- (3) Recovering the lost monetary value incurred by the conduct described in section 2 to the suppliers.
- (4) Refraining from engaging in conduct similar to those described in section 2 and implement this measure for the next 3 years.
- (5) Taking necessary measures to perform following items:
 - (a) Compiling action guidelines for compliance with the Act related to transactions with suppliers and disseminating these guidelines to all of its employees;
 - (b) Periodic training for its executives and employees and periodic supervision by legal section for compliance with the Act regarding transactions with suppliers.
- (6) Reporting the status of implementation of the measures described in (1), (2), (3) and (5) above.
- (7) Reporting annually for the next three years the status of implementation of the

measures described in (4) above and the measures taken in accordance with (5) (b) above.

With the implementation of the Commitment Plan, the recovery of the lost monetary value described in section 3 (3) above is expected to be about 166 million yen in total for approximately 120 suppliers at present.

* This announcement is tentative translation. Please refer to the original text written in Japanese for more details.