Enhancing Corporate Governance / Thorough Risk Management and Compliance

FamilyMart is enhancing corporate governance across the Group and ensuring management transparency and soundness for sustained growth and higher corporate value.

Corporate Governance Overview

The Company has adopted a corporate auditor system. As a general rule, the Board of Directors meets once a month to make decisions on the execution of the Company's important operations and to supervise the duties of the Board.

We have adopted an executive officer system to enhance rapid decision-making and business execution. Executive officers are appointed and assigned duties by resolution of the Board of Directors, and execute their assigned duties. In addition, we have established the Governance Committee (currently: Internal Control Committee), the Risk Management Committee, and specialized departments for the purpose of establishing internal controls and ensuring corporate governance.

The Audit Office established as the Internal Audit Division which reports directly to the Representative Director and President. The Audit Office conducts internal audits on company-wide management issues from the perspectives of efficiency in the execution of duties, risk management, and compliance with laws and regulations. For accounting audits, we have concluded an audit contract with Deloitte Touche Tohmatsu LLC, and have received audits under the Companies Act and the Financial Instruments and Exchange Act. The accounting auditor conducts audits of financial statements, etc. from the standpoint of an independent third party, and the Company receives reports on the audit results and exchanges opinions with them.

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Thorough Risk Management and Compliance

Internal Control System

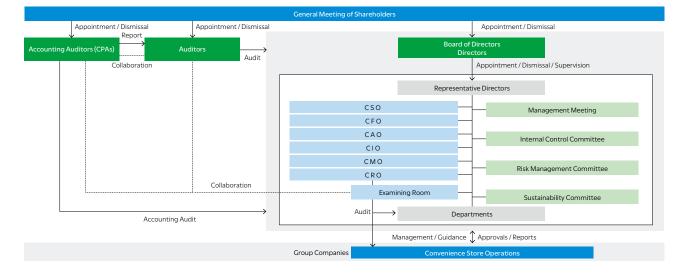
We have established the Governance Committee (currently: Internal Control Committee), the majority of which is composed of independent outside directors, etc., as an advisory body to the Representative Director and President. This committee confirms the status of the establishment (maintenance and operation) of internal controls based on the Basic Policy for the Establishment of Internal Control Systems. The Governance Committee met three times during the current consolidated fiscal year.

Compliance System

We have established Basic Ethics and Compliance Policy. We are working to make this policy known and thoroughly implemented. In addition, we are promoting compliance by assigning compliance officers to our company and our group companies, conducting education and training activities for our officers, establishing an internal information provision system (Employee Hotline, Supplier Helpline) and consultation counter on an ongoing basis.

Risk Management System

The Company regularly analyzes and evaluates the risks that each division of the Company may face, and then manages the control status of such risks. The Risk Management Committee has been established, and employees who discover the occurrence of a compliance-related case are required to report the details of the case to their supervisors and the Risk Management Committee Secretariat. We have formulated a business continuity plan (BCP) and disaster operations plan as designated public institution, and are conducting e-learning education and disaster preparedness training on how employees should behave in the event of a disaster.



Corporate Governance System