

Our foundation for sustainable growth

FamilyMart UNY Holdings Group believes that it is important to work toward formation of a sustainable society by facing current social issues as the group overall and improving the transparency of management through disciplined activities and appropriate information disclosure.

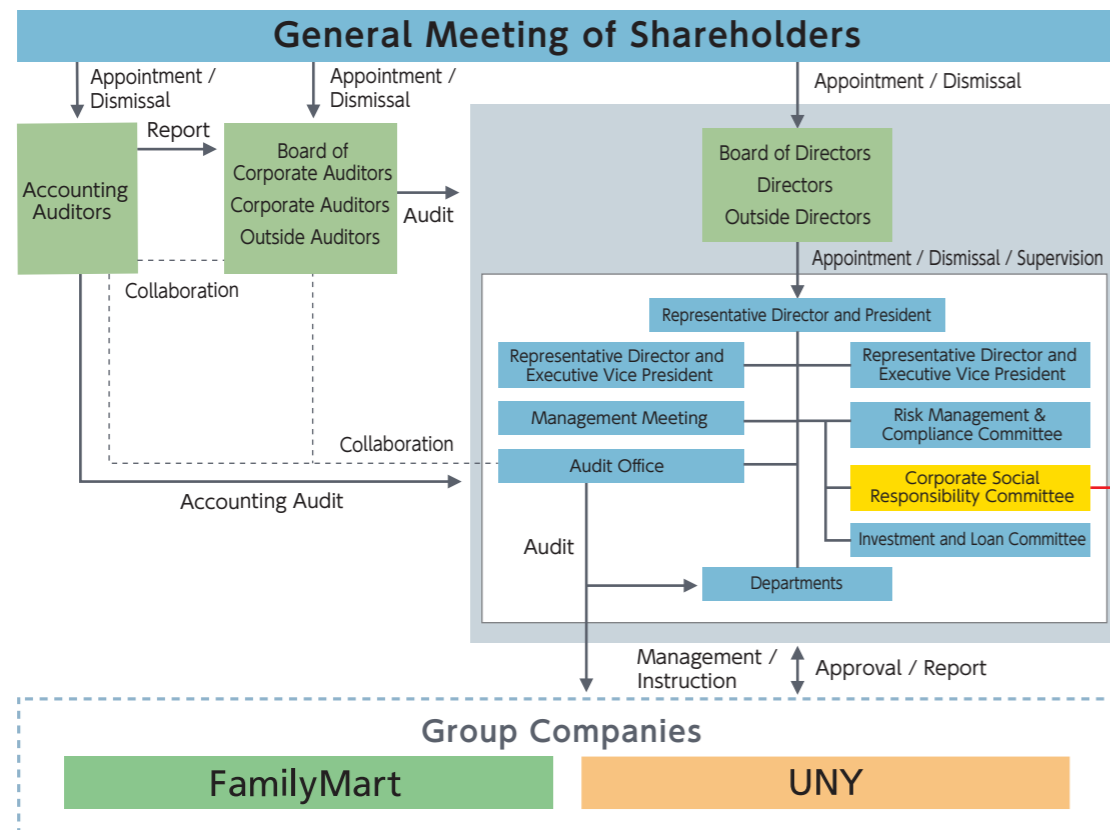
Corporate governance

FamilyMart UNY Holdings Group has a pure holding company structure under which FamilyMart UNY Holdings is the holding company and a total of 70 companies, including 42 subsidiaries and 28 affiliates and jointly controlled companies, respectively develop operations in the CVS business, the GMS business, and peripheral businesses, etc. (as of February 2017). Aiming to construct a highly transparent management system and to construct a corporate governance structure primarily based on management monitoring by corporate auditors, we have adopted a company with corporate auditors (Board of Corporate Auditors) system. We appointed 11 directors, including two highly independent outside directors, and we are working to strengthen and improve the effectiveness of management supervision and the transparency of decision-making by the Board of Directors. Furthermore, we appointed four outside corporate auditors and we are ensuring the enhancement of the monitoring and

supervision functions by the corporate auditors and the greater transparency of their decision-making.

In order to improve the effectiveness of the structure launched from September 2016 as a result of the integration, an evaluation by the directors and corporate auditors is carried out with respect to the meetings of the Board of Directors that are as a general rule held once every month. In fiscal year 2016, the Board of Directors generally functioned appropriately, and the ensuring of effectiveness was confirmed, while on the other hand criticisms were also made, including the need to deepen the involvement of the outside directors in the Appointment / Dismissal of the top executives and a request for improvement of the materials provided to the Board of Directors. The Board of Directors of the Company is endeavoring to improve its effectiveness with reference to these evaluations.

● Corporate Governance System of FamilyMart UNY Holdings Group



Corporate Governance Report <http://www.fu-hd.com/ir/management/governance/>

CSR Promotion System

FamilyMart UNY Holdings has established a specialist department with the objective of ensuring good corporate governance, which is the foundation of management, and has also established the Risk Management & Compliance Committee with the objectives of enhancing our risk management structure and strengthening our structure for compliance with ethics, laws and regulations. In addition, in order to make reports regarding social and environmental initiatives and hold deliberations on the issues, etc. we established the Corporate Social Responsibility Committee and the directors serve as the Chair in that committee together.

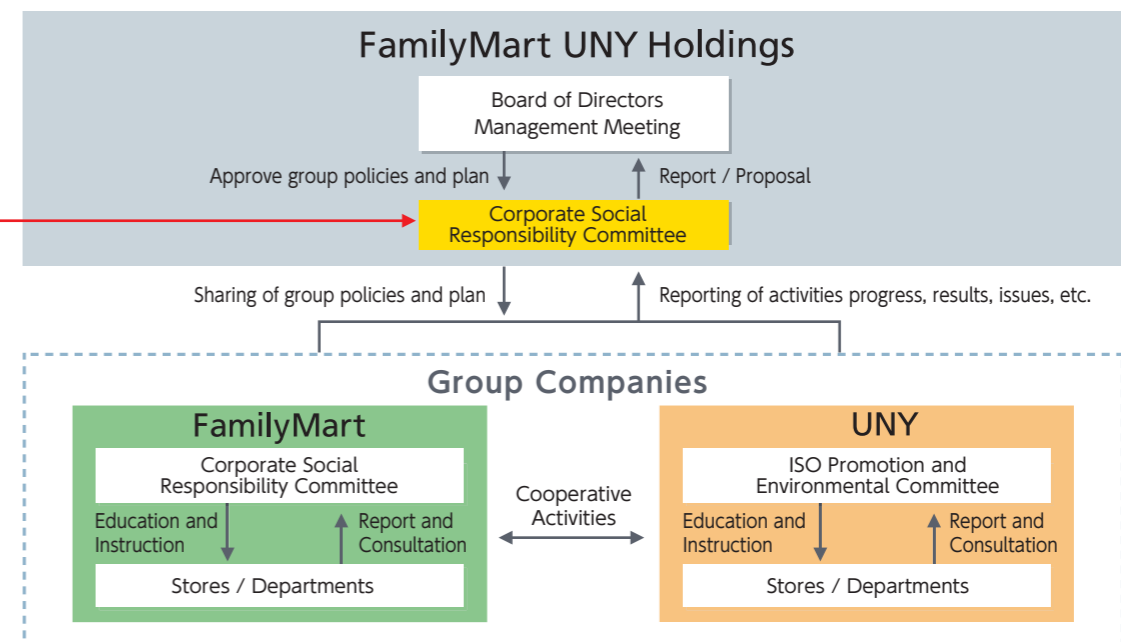
We have established the Risk Management & Compliance Committee and the Corporate Social Responsibility Committee in FamilyMart, the core of the CVS business, and the Risk Management Committee and the ISO Promotion and Environmental Committee in UNY, the core of the GMS business. The committees hold deliberations and take action from the perspective of the opportunities and risks for the businesses with regards to the management of the risks faced by each business and compliance-related issues, and social and environmental issues. Furthermore, in order to fulfill our social mission for customers and local communities as a retailing business that fulfills a function as social and lifestyle infrastructure, we have prepared for not only normal times but also an occurrence of large-scale disasters, etc. by developing crisis management regulations and also a business continuity plan, etc. and have ensured that we can gather information

promptly and can mount a mobile response when there is an emergency. We have stipulated the matters that each group company needs to report to the Company, such as important matters related to management that could have an impact on the business activities of the group, etc., have made prior approval and reporting mandatory, and respond in a timely manner.

The Audit Office under the direct jurisdiction of the Representative Director and President implements internal audits of these processes. Furthermore, it closely shares information with the corporate auditors of each group company, and regularly confirms whether strengthening of governance for the group overall and initiatives for risk compliance and the solution of social and environmental issues are being implemented appropriately.

Moreover, this group has established the Group Code of Conduct and Compliance Guidance, etc. and requires all of the directors, executive officers and employees to comply with these regulations, etc. We have established the internal reporting system to enable consultation with and reporting to experts inside and outside the company regarding the situation in the unlikely event that there is an action in violation of these regulations, etc., and we are operating under the slogan "Do not do, do not allow, do not overlook." By establishing contact points inside and outside the company in this way, we are aiming to correct and prevent in advance our own actions in violation of compliance.

● CSR Promotion System of FamilyMart UNY Group



● Compliance Status (No. of referral cases using the internal reporting system; by category)

Suspicious of improper acts, illegal activities, rules violation	14	Harassment	7
Consultations on labor contract, work, work hours, etc.	8	Other	14
Consultations on product or quality	0	Total	96
Consultations on workplace environment, behavior, speech	53		

Data collected: September 2016 - August 2017