

# Corporate Governance

FamilyMart UNY Holdings Co., Ltd. comes face-to-face with its stakeholders and secures the transparency and integrity of the management of the Group as a whole by verifying its corporate governance in a continuous manner.

## Basic Approach

Under the pure holding company system with FamilyMart UNY Holdings Co., Ltd., as the holding company, the FamilyMart UNY Group comprises a total of 65 group companies, including 38 subsidiaries, 14 affiliated companies, and 13 jointly controlled entities, each of which operates the CVS business, GMS business, and/or a related business (as of the end of February 2018).

Since the management integration in September 2016, the Group has been pursuing the maximization of Group synergy to further increase our corporate value. In this pursuit, it is critical to ensure the transparency and integrity of management of the entire Group; therefore, the main focus is placed on the enhancement of corporate governance.

The Group established the Group Principle, "Everyday Fun and Fresh," and the Code of Conduct at the time of management integration. It shares these with all group companies and aims to build the business base toward the achievement of the Group Principle through a unified system. The Group aims to contribute to the realization of a sustainable society. In 2017, the Group established the Sustainability Policy to actively address the ESG issues through community-based management and fulfill its accountability.

In the future, we will listen to the views of our stakeholders in good faith and continue our ongoing efforts to reinforce our corporate governance while verifying it.

## Operational Structure

We aim to build a corporate governance system that is based on the highly transparent management system and management monitoring by auditors and have the Board of Corporate Auditors in place. For the Board of Directors, 13 directors, including two independent outside directors are appointed to strengthen and improve the effectiveness of management oversight by the Board of Directors and the transparency of decision-making. For the monitoring of management, five directors, including four Outside Corporate Auditor, are appointed to enhance the monitoring and oversight functions and secure the transparency of decision-making. There are five independent directors (as of May 28, 2018).

In principle, the Board of Directors' meeting is held once a month. The effectiveness of the Board of Directors is verified through the effectiveness assessment conducted by directors and auditors. According to the effective assessment of 2018, almost all items were assessed as appropriate, which demonstrated that the Board of Directors was functioning effectively. We will work to further improve the effectiveness while giving feedback on areas for improvement.

With the aim of maintaining and strengthening the management base, the Company has established the Investment and Loan Committee, the Governance Committee, the Risk Management & Compliance Committee, and the Corporate Social Responsibility

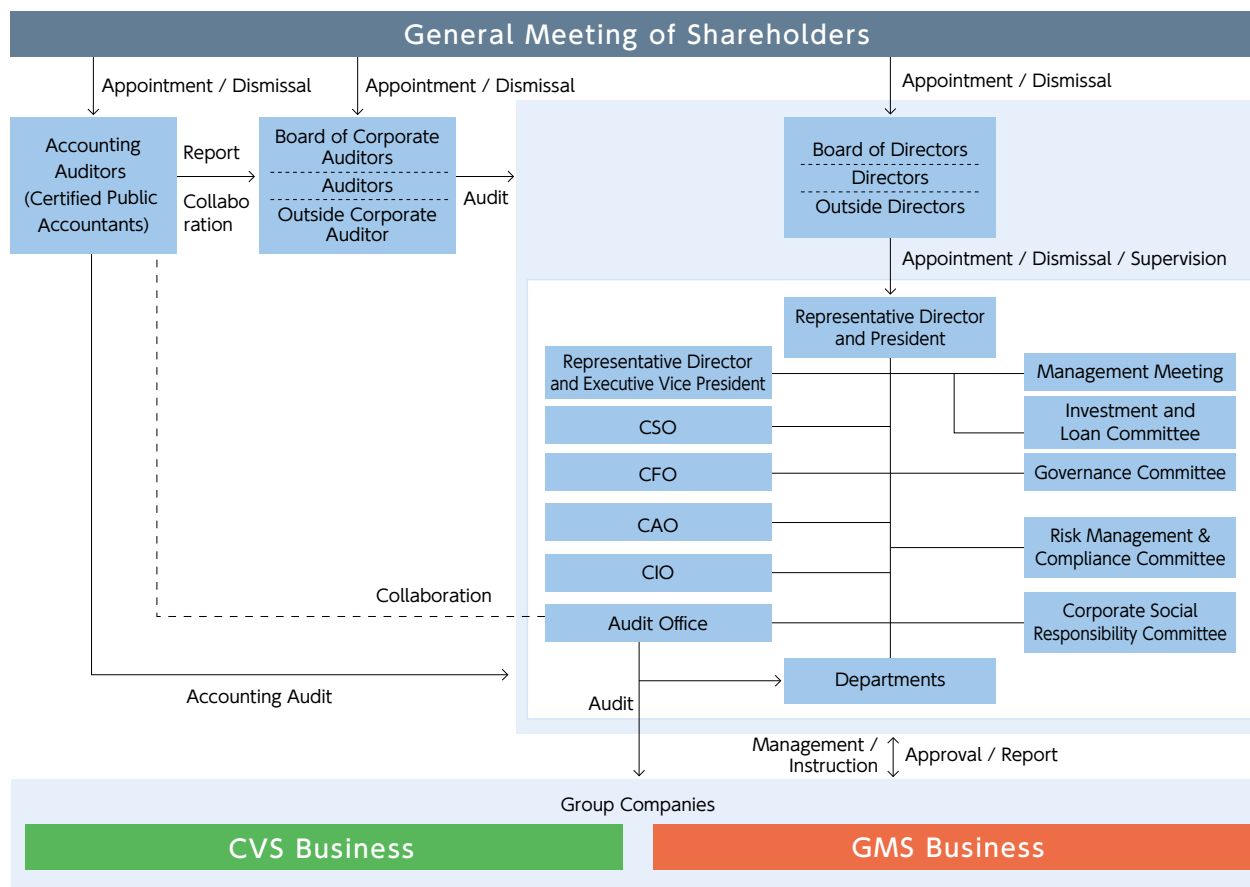
Committee. Among business companies, FamilyMart Co., Ltd., the core company in the CVS business, has the Risk Management & Compliance Committee and the Corporate Social Responsibility Committee in place, whereas UNY Co., Ltd., the core company in the GMS business, has the Risk Management Committee and the ISO Promotion and Environment Committee in place. These committees discuss the risk management and compliance issues that each business faces and social and environmental issues from the perspective of opportunities and risks associated with each business, and they take necessary actions.

Moreover, the Company has set matters to be reported to it, including important business matters that may have an impact on the activities of the Group, and requires each group company to obtain prior approval and reporting for such matters from the Company. Then the Company handles the reported matters in an appropriate manner.

For these processes, the Audit Office under the direct control of the president conducts an internal audit. While sharing information with the auditors of each group company, the Audit Office checks on a regular basis whether the efforts toward the enhancement of governance of the Group as a whole and the resolution of issues related to risk, compliance, and social and environmental responsibilities are implemented appropriately.



■ Corporate Governance Organizational Chart of FamilyMart UNY Group



**Agenda for the Board of Directors**

The major governance agenda for the Board of Directors in fiscal 2017 were as follows:

- Results of the assessment and audit concerning internal control over financial reporting
- Status of the development of the internal control system
- Effectiveness assessment of the Board of Directors
- Revision of executive compensation
- Verification of the significance of holding listed shares
- Responses to the effectiveness assessment of the Board of Directors
- Status of sustainability (CSR) activities
- Review of disaster response criteria

CSO : Chief Strategy Officer  
 CFO : Chief Financial Officer  
 CAO : Chief Administrative Officer  
 CIO : Chief Information Officer

■ **Investment and Loan Committee**

This is an advisory body for the Management Meeting and is chaired by the CSO. It conducts the preliminary review of important investment and loan cases in the Company and each group company and submits the results at the Management Meeting.

■ **Governance Committee**

This is an advisory body to the president and is chaired by the CFO. With the aim of enhancing the governance of the entire Group, it deliberates on the development and operation of the internal control system in a comprehensive manner.

■ **Risk Management & Compliance Committee**

This is an advisory body to the president and is chaired by the CFO. With the aim of developing the risk management system and consolidating the ethics and legal compliance system, it controls potential compliance risks that may confront the Company and group companies in a crosscutting manner.

■ **Corporate Social Responsibility Committee**

This is an advisory body to the president and is chaired by the CAO. It shares and deliberates reports and issues related to the efforts of social and environmental aspects of the Company and the group companies with members to improve the efforts toward the realization of a sustainable society.