

# Compliance

In an effort to provide safe, reliable products to consumers, FamilyMart UNY Holdings Co., Ltd. works together with group companies to ensure thorough compliance.

## Basic Approach

Toward the realization of a sustainable society, companies are required to squarely face social issues and enhance the transparency of management through well-controlled activities and appropriate information disclosure. The FamilyMart UNY Group believes that compliance is essential to build trust with local communities and implement community-based management. Compliance is also the basis of management in terms of deepening consumer engagement and maintaining good relationships with business partners.

For the Group, compliance means not only the observation of all laws, regulations, and social norms of the countries and regions where the Group conducts its business, but also for each employee to act with high ethical standards and moral awareness based on the Group's Code of Conduct. Based on this understanding, the Group carries out a wide range of measures. Compliance is promoted in light of internal control and checked by audits on the operational process of the internal control and reporting system.

Among a variety of themes related to compliance, the Group places a particular focus on issues related to consumers. Because of the unique characteristics of the retail business, our supply chain extends over a wide area. Since we sell both private and national brand products, we at the Group take every precaution to prevent consumers from misidentifying them and thoroughly control the

operations related to the management of product labels in collaboration with the departments involved and business partners to ensure that we deliver safe, reliable products to customers.

In recent years, interest in the protection of personal information has been mounting significantly in Japan and overseas as exemplified by the enforcement of the Amended Act on the Protection of Personal Information in 2017. As a business operator who handles personal information of consumers, we are required to commit ourselves to the protection of personal information more than ever before.

## Compliance Operational Structure

In the Group, the Legal Department in the CSR and Management Division of FamilyMart UNY Holdings Co., Ltd. takes overall control of the promotion of compliance. In addition, the Risk Management & Compliance Committee (RC Committee) is established with the Legal Department as its secretariat. The persons in charge of compliance control in the four direct investment companies (FamilyMart, UNY, UFI FUTECH, Kanemi Co.,Ltd.) report to the RC Committee once a quarter. While in FamilyMart and UNY, an internal committee is in charge of compliance control, the general manager of the Operations Division is responsible for compliance control at UFI FUTECH and Kanemi Co.,Ltd.

Since fiscal 2018, the Governance Committee of two

executives of the Company and three outside experts has established to deliberate on the overall situation of compliance. The Governance Committee in collaboration with the RC Committee oversees the compliance promotion efforts of the entire Group.

The Company and domestic group companies have whistleblowing contact points inside and outside the companies as a system to prevent compliance violations and ensure the implementation of corrective measures upon occurrence of them. The rules to protect whistleblowers are also established and strictly observed. Overseas group companies have their own compliance promotion system based on the laws, regulations, and particularities of each country.



## Implementation of Compliance Promotion Training

The Group conducts training for executives and employees on a regular basis to ensure thorough compliance. Moreover, we at the Group ensure that every employee is informed of the whistleblowing system through which they can confer with or report to the person in charge of compliance about such things as compliance issues regarding daily operations.

FamilyMart conducts compliance training on a specific theme once every two months and e-learning-based compliance training once a year, according to the annual training plan. When a compliance training program is conducted, a questionnaire is also carried out as a survey to confirm an increase in employees' awareness of compliance and examine improvement strategies. In addition, training programs on individual environment and food laws and regulations are also provided through e-learning.

A business partner survey is also conducted to build a healthy and fair partnership with business partners by checking on a regular basis if FamilyMart employees use undue pressure to them during negotiations.

We also distribute portable cards where the Group's code of conduct and the whistleblowing system are described to all employees to help raise their awareness of compliance on a daily basis. Since employees who work in stores account for over 80% at UNY, the company distributes compliance readers as a tool to raise their awareness of compliance. The QC(Quality Control) activity that the company has been promoting early on also helps raise employees' awareness of compliance and ethics in the stores. An increase in employees' awareness of compliance is assessed by the self-checking process, and the results of the assessment are used to improve training programs compliance activities. These compliance promotion efforts of group companies are reported to the RC Committee on a regular basis.

## Compliance Status

Building compliance awareness through training is indispensable for the development of the sound and solid foundation of a Company. If we should encounter

actual compliance violations or consultation about such violations, we implement countermeasures and corrective actions promptly and prevent compliance violations. During the period from March 2017 to February 2018, there were 157 whistle-blowing cases. For the cases where a compliance violation was confirmed, measures for precaution and recurrence prevention were promptly implemented.

Use of employee hotline and business partner helpline	(Fiscal 2017)
Suspected fraud, law breaking, or rule violation	19cases
Inquiry about labor contract or working hours	7cases
Inquiry about workplace conditions, behavior, language	67cases
Suspected harassment	43cases
Other	21cases
<b>Total</b>	<b>157cases</b>



Portable ethics and compliance cards for FamilyMart employees



Compliance training for new employees at FamilyMart