

Risk Management

In order to continue meeting social demands and consumer needs, we make ongoing efforts to enhance our risk response ability and communication skills within the Group and thereby minimize loss and improve profit.

Basic Approach

FamilyMart UNY Group aims to maximize corporate value while implementing community-based management. To this end, it is essential to implement risk management in an appropriate manner.

Our brick-and-mortar stores that function as social and living infrastructures need to have preventive measures against various risks in place to promptly provide safe and reliable products to customers.

It is also important to have not only measures for ordinary operations but also a contingency plan, including measures against large-scale disasters. In an effort to minimize the negative impact on stakeholders, including customers and local communities, the Company has risk management rules and a Business Continuity Plan (BCP) in place to enable the prompt collection of information and quick and agile response in the event of an emergency. In both normal and emergency conditions, the Company works to enhance emergency readiness so that normal operation can be resumed as quickly as possible.

In an effort to carry out these risk management measures in a consistent manner, information is shared with group companies, and a consensus is built among them under the leadership of the Company.

Operational Structure

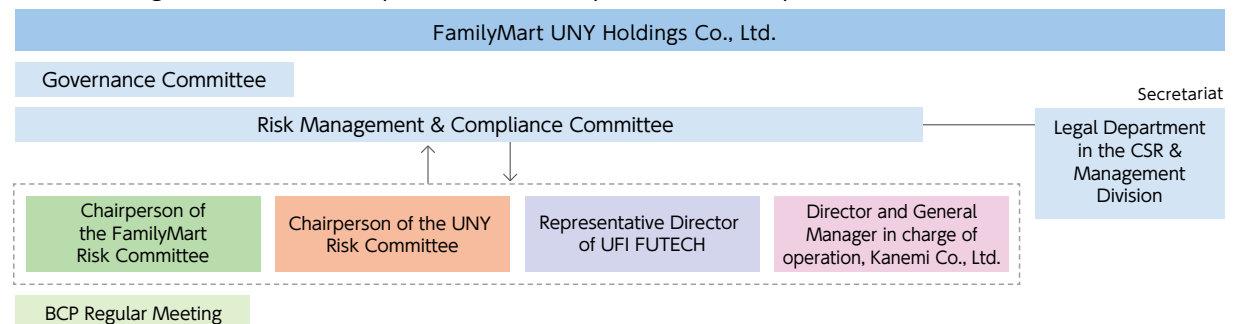
As is the case with compliance, the Group promotes risk management under a unified system. While the Legal Department in the CSR & Management Division of the Company have control over the risk management of the entire Group, the Risk Management & Compliance Committee (RC Committee) in collaboration with the Governance Committee oversees overall risk management. The RC Committee holds a meeting once a quarter where the representatives of the internal committees of FamilyMart and UNY and the general managers in charge of operation of UFI FUTECH and Kanemi Co., Ltd. report progress to the Committee.

Business risks are identified through a workshop style process, where the Company's department in charge

extracts potential risks based on social conditions and recent cases by using a mapping method and examines a risk management method for each department. In the process, business risks are extracted and countermeasures are developed for each group company as well. While taking the risks identified for each company into consideration, the RC Committee deliberates on which risks should be addressed by the Group as a whole.

For crisis management, such as disasters, emergency procedures are discussed in the BCP regular meeting that is held four times a year. A disaster-relief drill is also implemented once a year with the disaster headquarters. For the management of particular risks, such as food safety, incidents and accidents, natural disasters, and fraud and legal violations, that have become evident, the Company has a dedicated escalation system in place.

Risk Management Promotion System of the FamilyMart UNY Group



Major Risks

The Group deems the following seven to be relatively high-risk themes or areas for the Group. While positioning them as key items in risk management, the Group is promoting countermeasures together with business partners and stores:

- ① Business and consumer trends and trends of retail companies in the same and/or different industry in the countries and regions where the Group conducts business
- ② Natural disasters
- ③ Franchise management in the CVS business
- ④ Securing of food safety and reliability
- ⑤ Tightening of ESG-related laws and regulations
- ⑥ Handling of personal information
- ⑦ Information system management

Emerging Risks

From a medium and long-term perspective, the development of further countermeasures may be required in the future for the following risks. While considering appropriate measures to reduce the risks on an as-needed basis, we will turn them into new business opportunities and value:

- ① Personal information management associated with the revision of the Act on the Protection of Personal Information
We will further enhance employee compliance awareness by revising internal rules and reinforcing training.
- ② Tightening of environment-related laws and regulations
To respond to the tightening of environment-related laws and regulations due to growing awareness of environmental issues, such as the Paris Agreement and plastics waste in the ocean, we will promote efforts to reduce environmental burdens in collaboration with the industry group.

Response to Key Risks

The Group has developed and promoted measures to be prepared for natural disasters, such as earthquakes and typhoons early on. In particular, Japan is a country where about 20% of the world's earthquakes with a magnitude of 6.0 or greater occur. Therefore, it is essential for the Group to develop the BCP that covers everything from the maintenance of headquarters functions and the securing of production factories and a logistics network to the operation of stores in the afflicted areas.

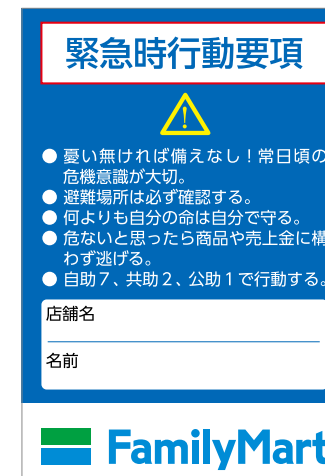
The Group performs earthquake simulations using scenarios that vary with the seismic intensity and the epicenter and verify stress conditions in the entire process from procurement, production, and logistics to headquarters functions and store operation while incorporating the factors that have been verified through actual experience in past earthquakes. Since the incorporation of the actual experience into risk management is helpful in providing an appropriate initial response in future earthquakes, we consider the collection of experiences in different regions as an important factor in risk management.

Similarly, we capitalize on our experiences in concentrated heavy rainfall and torrential rainfall, which are said to arise from global warming, in the development of the BCP while giving due consideration to regional conditions.

Development of Risk Culture

The Group believes that it is essential for the thorough implementation of risk management that all executives and employees deepen their understanding of corporate risks in light of their duties and positions.

Therefore, as was the case with compliance training, FamilyMart conducts risk management training once a year via e-learning. This training targets all employees, including executives.



Portable Emergency Action Cards for the Store Staff of FamilyMart (front cover)



FamilyMart Disaster Message Board

Moreover, the Group conducted drills on safety confirmation as a means to raise awareness of natural disaster and accident risks four times a year. Since 2018, about 17,000 franchisees have introduced the drill as part of the safety drill toward the further enhancement of risk awareness.

Other group companies also address the enhancement of risk awareness through their own training programs. In the future, we will reinforce a comprehensive risk management system through collaboration between the Company and other group companies.