

COMPLIANCE SYSTEM

EARNING THE SUPPORT AND TRUST OF ALL STAKEHOLDERS

AUTOBACS SEVEN is committed to making an ongoing contribution to the advancement of society with cars, by offering customers more comfortable driving experiences through the provision of automotive goods and services statutory safety inspections and maintenance services as well as car sales and purchases under its franchise chain system. Through such activities, we strive to enhance the AUTOBACS brand. Valuing the relationships we have with customers, shareholders, employees, business partners, local communities, and all other stakeholders, we aim to continue growing together with society.

Relationship with Stakeholders



BASIC APPROACH TO COMPLIANCE SYSTEM

Adhering to legal regulations and corporate ethics is the obvious prerequisite to earning the support and trust of all our stakeholders. We define compliance as meeting the legitimate needs of all our stakeholders. This is clearly explained in our Code of Conduct and its Guidelines, which form the basis of our compliance system. Basing upon this approach, we are working to promote compliance.

ORANGE HOTLINE

The Orange Hotline is an internal reporting system, to facilitate reporting of legal violations and compliance-related issues from employees. In addition to providing a reciprocal monitoring function to raise compliance-related awareness among executives and employees, the Hotline is designed to allow quick detection of unethical behavior.

PRODUCT QUALITY CONTROL

The Company undertakes quality control guided by its Product Quality Control Regulations. Our quality control system covers not only private brand merchandises, but also national brand items. Working closely with manufacturers and suppliers, we adopt a multifaceted approach to quality control, considering such aspects as the legality and safety of the products themselves and how they are used, as well as protection of consumers based on product liability laws.

1. Early Detection of Low-quality Products

Many of our private brand merchandises are manufactured at overseas plants. We ensure stable quality by monitoring production sites and offering advice. We inspect private brand merchandises using the globally adopted Acceptable Quality Level (AQL) standard immediately before shipment from factories or on arrival at the logistics centers. For both private brand and national brand items, we provide all our business partners with data on merchandise defects in order to prevent low-quality products from entering our business transactions.



Inspection based on AQL standard

2. Dealing with Low-quality Products

On rare occasions, we will find a defect with a national brand product. In such instances, in order to prevent recurrence, we implement every measure, extending to even manufacturing process, which includes the mandatory submission of an action plan by the manufacturer. We have also introduced the "Defective Product Hotline" on the Chain's online bulletin board to ensure that the relevant information is shared among the AUTOBACS Chain stores on a timely basis.

3. Other Compliance Related Activities

Our customers include those who want us to help them customize their own cars. In order to meet this need for original features, we are constantly improving our advanced technological capabilities, and even hold technology contests for cars customized at our stores. When customizing a car, we check that the vehicle complies with safety standards set out in the Road Transport Vehicle Act.

One of our duties as a leader in the industry is to promote compliance-related operations. AUTOBACS SEVEN fulfills this duty through its active participation in the activities of the Auto-Parts & Accessories Retail Association (APARA) and the Auto Aftermarket Action League (AAAL).

ENVIRONMENTAL ACTIVITIES

In recent years, making a positive contribution to the environment has become an important component of corporate social responsibility. Almost since the invention of the automobile, society has sought to achieve harmony between man and the motor car. As a Group involved in the three core businesses of automotive goods and services sales, statutory safety inspections and maintenance services, and car sales and purchases, we take an active role in environmental initiatives.

Disposal and Recycling of Store Waste

Waste such as tires, oil, and batteries is generated at our service pits, where we change tires and perform all sorts of inspections and maintenance services. To ensure the proper disposal of waste, we subcontract waste management companies to handle the disposal of all illegal waste. Using an online system to manage compliance, we check subcontractors' licenses, subcontracting agreements, and manifests for waste shipments.



Waste battery retrieval

We also recycle more than 80% of waste tires, oil, and batteries, and encourages the reuse of fuel and raw materials.

Extending Merchandise Life Cycle

Customers are able to trade-in automotive goods they no longer want at our stores. These items are then sold through our AUTOBACS *Hashiriya Tengoku Secohan Ichiba* stores, which specialize in the sale of used automotive goods.

Reducing Packaging Materials

Our logistics centers are responsible for distributing a huge number of merchandises to our stores. The centers' efforts to minimize the amount of cardboard it uses include the adoption of reusable foldable containers.

Other initiatives aimed at reducing waste, include e-

Learning for employees that encourages them to reduce the number of plastic bags used at the checkout counter. We use posters and messages at our stores to encourage customers to also minimize their use of plastic bags.



Foldable containers used at logistics centers

Cleanup Activities

Since 2002, AUTOBACS SEVEN has held annual cleanup activities at Mount Fuji. Every autumn, we seek volunteers from the entire Chain, including franchisees. We introduced this activity to not only make a contribution to the environment and society, but also as part of raising employee awareness of environmental issues. Unfortunately, the foothills of Mount Fuji are strewn with a large amount of illegally dumped items, which even include car tires and batteries. As a company that is committed to achieving harmony between man, cars, and the environment, we recognize that recovering garbage illegally discarded is something that we must do in order to operate business.

Since 2005, the Company has made a contribution as a corporate citizen by organizing a weekly cleanup of the area surrounding its head office.



Group photo at the annual Mount Fuji cleanup activity

Reducing CO₂ Emissions

We are currently in the process of measuring the amount of CO₂ emissions we produce at our head office and stores. Directly managed stores and subsidiary stores are conducting an experiment to measure the benefits of introducing energy-saving lighting. We recommend that franchise stores also adopt this and similar initiatives that meet the dual needs of reducing costs and saving energy. Although such initiatives are still at the experimental stage and are limited to the Company, directly managed stores, and subsidiary stores, we are committed to ultimately conserve energy and reduce CO₂ emissions in the entire Chain.



Service pits that use fluorescent lighting with higher energy efficiency