

# Status of Measures Taken by Cooperatives, Etc. Regarding Compliance with the Antimonopoly Act (Overview)

June 2020

## Purpose of the survey

- This survey was conducted to clarify the status of measures taken by cooperatives ,etc. regarding compliance with the Antimonopoly Act, and to clarify cooperatives are aware of exemption systems of the Antimonopoly Act, as well as presenting measures, etc. for improvement of the compliance.

## Method and target, etc. of the survey

### 1) Questionnaire survey

Target	Number of survey responses
Business Cooperatives Federation of Cooperatives	278 (collection rate: 59.1%) 11 (collection rate: 61.1%)
Commercial and industrial associations Federations of same	209 (collection rate: 69.4%) 19 (collection rate: 70.4%)
Fisheries Cooperatives Federations of same	285 (collection rate: 60.4%) 16 (collection rate: 76.2%)
Agricultural Cooperatives Federations of same	406 (collection rate: 93.3%) 24 (collection rate: 64.9%)
Total	1,248 (collection rate: 70.1%)

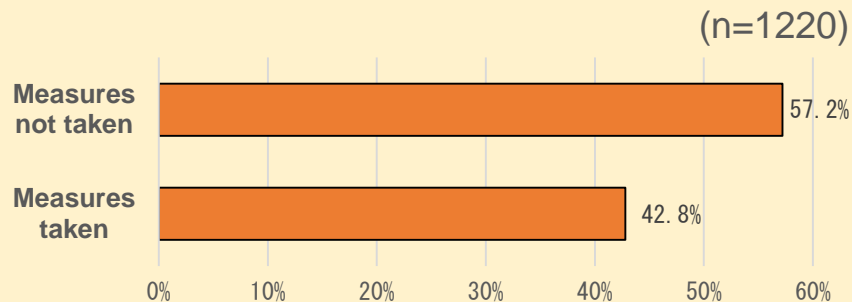
### 2) Hearing survey

Conducted telephone or interviews targeting 22 cooperatives, etc. who responded to provide examples that were useful to other cooperatives in the questionnaire survey.

\* Sent the questionnaire in November 2019 to investigate the situation as of the end of October in the same year.

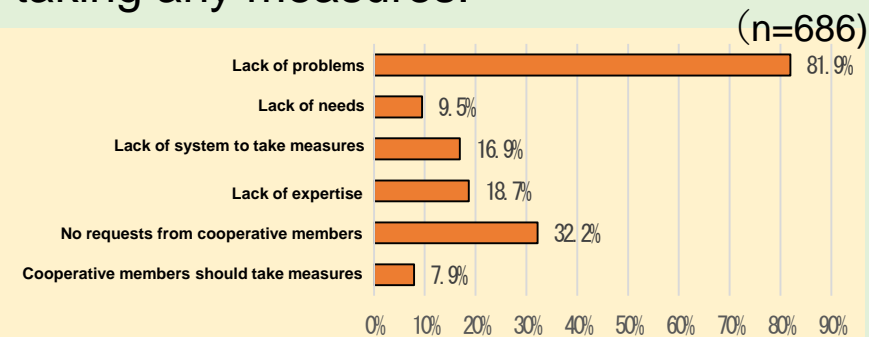
## Whether measures to comply with the Antimonopoly Act are taken or not

- More than 40 percent of the cooperatives were taking measures.



## Reasons for not taking measures regarding the Antimonopoly Act

- Many cooperatives cited a lack of problems and needs as reasons for not taking any measures.



## Necessity of Compliance with the Antimonopoly Act

- Many violations by cooperatives were related to sales businesses, and more than 60% of respondents to this survey were engaged in sales businesses.
- There were few cooperatives which accurately acknowledged the details of violations and the exemption system.

> **Cooperatives should also promote compliance with the Antimonopoly Act.**

On the other hand

- In terms of reasons for not taking any measures, many cooperatives cited that due to the circumstances of personnel and budgets, there is a lack of a system in place to carry out measures, etc. and there is also a lack of expertise.
- Each cooperative has a different business type and environment, and the degree of necessity for carrying out measures varies.

> **It is preferable to take measures realistically and in order of easiness, based on the measures and ingenuities of other cooperatives.**

## Implement measures to prevent violations (1)

### Messages about compliance from representatives

- Seek to raise and transform the compliance awareness of executives and employees, etc. by having representatives provide messages clearly and repeatedly about the importance of compliance.

#### [Example of measures]

- An action guideline for complying with the Antimonopoly Act states that the said guidelines shall be followed by president thoroughly.
- Representatives provide messages at training sessions and general meetings.

### Establishment of legal and compliance departments

- Seek to disseminate awareness across organizations by consolidating and accumulating information on the Antimonopoly Act in the said department, and by applying this information to implement measures exhaustively.
- Seek to improve expertise by having a person responsible for the Antimonopoly Act.

#### [Example of measures]

- Although it is not possible to establish a dedicated department due to insufficient human resources, the general affairs department is also responsible for handling compliance matters.
- Persons responsible for compliance are allocated at each location to disseminate and follow up on directions, etc.

## Implement measures to prevent violations (2)

### Establishment of legal consultation desks

- Seek to prevent violations or to take prompt corrective actions by providing thorough consultations at a consultation desk before business is carried out, and by trying to find cases with problems through consultations after commencement of business.

#### [Example of measures]

- Utilize the contacts of support organizations such as the National Federation of Small Business Associations, etc. or related organizations.
- Persons responsible for compliance, etc. are allocated at each department to provide consultations.

### Establishment and update of the Antimonopoly Act compliance manuals

- Encourage employees to effectively acquire knowledge of the Antimonopoly Act by writing down the details of violations and the risks involved in the violation in the manual.
- After the manual is established, it shall be updated periodically by adding new cases, etc.

#### [Example of measures]

- Devise creative ways such as compiling past cases together in a Q&A format or using illustrations to make them easier to understand.
- When establishing manuals, use resources from support organizations such as the National Federation of Small Business Associations, etc. and government offices as a reference.

## Implement measures to prevent violations (3)

### Implementation of training sessions on the Antimonopoly Act

- As with the manual, encourage employees to effectively learn the details of violations and risks through training sessions.
- Since it takes a reasonable amount of time for knowledge regarding the Antimonopoly Act to take root, training sessions shall be implemented regularly and continuously at the time of personnel changes, etc.

#### [Example of measures]

- Violation types and cases specific to associations are explained using support tools that are available at the Japan Fair Trade Commission's website.
- Participate in sessions held by support organizations such as National Federation of Small Business Associations and share the acquired information with subordinates as a trainer.

### Establishment of disciplinary rules

- Prevent employees from getting involved in violations by establishing rules that stipulate that involvement in violations will be subject to disciplinary action.
- Introduce a system in which the contents of disciplinary actions shall be subject to consideration of reductions (internal leniency policy) if the executives and employees involved in violations report them voluntarily.

#### [Example of measures]

- Stipulate in rules that legal violations are subject to punishment.
- In determining the contents of a punishment, consider the presence or absence of voluntary reporting and the level of cooperation to the internal investigation.

## Development of crisis management systems for early detection and correction of violations (1)

### Establishment of internal reporting offices

- At internal reporting offices, collect information on possible Antimonopoly Act violations occurring behind the scenes and try to resolve them.

#### [Example of measures]

- Since it is difficult for employees to report only at internal offices, establish external contacts, too.
- Such contacts are made available not only to executives and cooperative members but also to business partners.

### Implementation of audits

- Make efforts to find possible Antimonopoly Act violations through the implementation of audits.

#### [Example of measures]

- By conducting inspections within each department, a company succeeded in making employees aware of possible conduct that could be violating the Antimonopoly Act.
- Implement audits in sales and purchasing business with a special focus on the Antimonopoly Act.

## Development of crisis management systems for early detection and correction of violations (2)

### **Establish policies to respond to problems when they occur**

- Minimize the risks caused by violations by establishing response policies in advance, assuming cases where violations of the Antimonopoly Act are suspected.
- It is effective to include a leniency policy and commitment procedures in the response policy and deal with cases based on these.

### **[Example of measures]**

- Register and consolidate information of misconducts into systems to share information, provide directions for improvement, and report improvements among those concerned.
- Create manuals showing a response flow starting from the point when a risk emerges and distribute them to all executives and employees.