1．About FCM

The "Management Standards for Corporate Behavior in Food Communication (FC)" disclosed here, and hereinafter abbreviated as FCM, is a corporate ethics-based standard concerning behavioral management, proposed by the Yokohama College of Commerce Industrial Research Institute. It is widely disclosed to the public in the assumption that it will be used and applied effectively.

In 2008, the Ministry of Agriculture, Forestry and Fisheries of Japan established the Food Communications Project (hereinafter FCP). The purpose of the FCP is to create an environment that is valued by the consumers, where the food corporations themselves assess the needs of their customers and strive to improve reliability. In reality, the food chain process-the procurement of materials, processing, manufacturing, and distribution, until the product reaches the consumer's hands, is very long making it very difficult for the food and food-related corporations to fully understand it. For the consumer, this process is especially difficult to grasp. For this reason, the consumer judges the safety of food only from the name of the manufacturer or vendor or from the indication in the product's label. Basically, the consumer is judging the safety of the product relying solely on the information indicated on the label. Consequently, adding to the consumer's decision-making factors; making the manufacturing and food chain process more visible from the outside and removing the consumer's anxiety and distrust will lead to an increase in credibility towards the safety of food.

In the FCP, the food corporations involved in the food chain discussed the key points in behavior needed to: increase the transparency of their work processes and to provide safe and adequate food; in order to win the consumer's trust. This was summarized in "Key Perceptions in Collaborative Work".

The primary goal of the FCM is to increase the credibility of the consumers as food-related corporations utilize "Key Perceptions in Collaborative Work", and thus become highly aware about the safety of food. Also, by basing their actions on the FCM, the food corporations are able to mutually share confidence with the concerned parties that make up the food chain, leading to the reduction in transaction costs.

2．The Direction of the FCM

In the current society, regardless of the corporation's size, society is increasingly demanding CSR (Corporate Social Responsibility) management initiatives, which ask what kind of role the corporation is fulfilling in society as a responsible entity, and in what way are they making a contribution to building a sustainable society. There is an emerging need for all of the corporations that comprise the food chain to not only engage in such behavior promoted by many of the partner companies but also to conduct cooperative management.

However, corporations that are trying to initiate such efforts, while feeling the need for them, can not fully understand specifically where they should start or what kind of management system they should build. Each of the food corporations that participate in the FCP efforts realize the importance of addressing compliance; and when building a compliance system, the FCM supports them by clearly showing them how to respond and concretely how to create this system.

First, in the FCM we defined the "ethical behavior" being demanded from the food companies, as follows:

① In order to win the consumers' and the business partner's trust, the food corporations that comprise the food chain build an in-house compliance system and conduct fair and proper management.

② Conduct honest work based on the values and ethics as an employer and as a member of society.

③ By practicing those actions continuously, the food corporations are trusted by society and can obtain empathy; and as a result, the corporations conduct sustainable development activities.

This definition shows the basic ideas demanded from food corporations in terms of compliance.

Furthermore, the FCM shows an overall picture and clarifies the direction of a management system that promotes operations and is proactively constructed by management, in order for it become effective in corporate ethics and compliance.

In addition, the FCM shows a management system that allows the continuous execution of the work process in accordance with the FCP. Through the continuous operation of the work process based on such management system; it can become a corporation that is trusted by the consumers and business partners.

This approach can for the first time achieve a positive effect when all the corporations that make up the food chain have the same perspective. We can say that the consumer's credibility in food will be further ensured when this idea is shared from the domestic manufacturers to the vendors, and even the overseas suppliers. On the other hand, through this approach, whatever doesn't lead to the safety of food can be better recognized, as the awareness and behavior of both management and employees changes.

With the summary of the directions that the FCM should aim for above, its objectives are organized as follows:

① Through the construction of an ethical behavior management system, it aims to achieve management's understanding about "the importance of a compliance system in corporations and a mechanism that achieves management in accordance to compliance".

② It aims to be a mechanism where, as members of the food chain, corporations that have built an ethical behavior management system are evaluated fairly and rewarded in well-defined ways.

③ First by building an ethical behavior management system, the basis for consumer's trust in the safety of food is ensured; and by building trust between the corporations that make up the food chain, it aims to reduce societal costs related to food.

④ It aims for each company to create and operate their own voluntary action guidelines appropriate to each company.

⑤ It aims for the adoption of the FCM in the foreign companies that make up the food chain.

3．The Relation between "Key Perceptions in Collaborative Work" and the FCM

The "improvement of transparency" in the behavior of food corporations is an important theme in the FCP; and it is getting the proactive participation of highly motivated food corporations and promoting their efforts. In particular, food corporations summarized the action points that corporations in the food industry should focus on, and compiled it as "Key Perceptions in Collaborative Work".

FCM has been created based on "Key Perceptions in Collaborative Work" and with the food corporation in mind. The major feature of "Key Perceptions in Collaborative Work" is that it assembled the food corporations that make up a food chain, which is actually familiar with and which goes beyond the manufacturing, processing, wholesale and distribution industries; it considered consumer group interviews and customer representative hearings; and, in order to increase the consumer's trust in food, it repeatedly discussed from the perspectives of ① what is the necessary behavior for one's corporation, ② what are the items that should be mutually checked in a business transaction, ③ what are the points in behavior that should be understood by the consumers; and conducted a buildup examination, from which the outcome was compiled.

4．FCM Organizational Contents

⑴ Stakeholders and Compliance

In a corporation's business activities, there are many rules made that must be obeyed regarding the many stakeholders and various contacts. The stakeholders being mentioned here are defined as "those having an interest in the continuation and development of the corporation's management activities"; in the FCM, it refers to the customers, business partners, employees, and others such as investors (shareholders), financial institutions, competitors, government, local society, mass media, etc. A corporation is a public institution of society; so with the government and local societies in mind and from the stance point of being the principal in carrying out social responsibility, it is important to clarify the responsibility against these parties. It is necessary for corporations to conduct management behavior with a new set of values which try to coexist with these stakeholders.

⑵ Maintaining a Compliance System

The wide range of corporate activities must be continuously managed entirely for the long term; and in order to improve society's valuation of the entire corporation in a sustainable manner, it is necessary to

build a formal institution for the execution of a solid philosophy and system inside the corporate structure.

（3） Establishment of Compliance and Management Systems

In line with "Key Perceptions in Collaborative Work", when introducing a compliance program in the organization, full understanding by top management is required. When expressing such importance and establishing responsibility, it is effective to show - both internally and externally, the corporation's stance after management's important decisions and position changes, or a corporation's official procedures (board meeting's approvals, etc). Demonstrating that top management actively focuses on compliance, disseminating information, and participating in specific compliance activities, is necessary to let employees know that it is not just ending in principle.

In order to establish a concrete compliance management system, top management needs to be aware the following items: ①　Understanding the need and the importance of compliance, ②　Top management's role and the meaning of responsibility, ③　Awareness of the result achieved through compliance, ④　Presentation of countermeasures against the employees, ⑤　Viewpoint on corporate governance, ⑥　Presentation of results in case of a violation, etc, are important.

（4） Establishment of a Formal Compliance Organization

Compliance Management is put in practice throughout the entire organization; however, in order to build a concrete framework and achieve conceptual understanding, it is necessary to set up the creation of a special department that works responsibly, and also to clarify its duties as an operating and supervisory authority. In small-medium corporations, instead of a special department, a system of a double post is also possible. In this case also, it goes without saying that responsibility and authority must be clarified.

（5） Individual Standards of Conduct in Compliance and Formulation of Provisions

In separate operations, when enacting concrete standards of conduct and procedures, in conformity to the awareness in compliance, it is necessary to clearly define the action guidelines - "what is being complied with", in the individual companies. For food corporations, the FCP's "Key Perceptions in Collaborative Work" will be very helpful at that time.

Even if there were action guidelines in place, in order to put them into practice in the day-to-day operations, concrete standards of conduct and procedures (Compliance Plan), in each separate operation, are required. In particular, support from a notification system and/or monitoring system for discovering and preventing irregularities before they occur, becomes essential.

５．Formulation Procedures for the FCM

（1） PLAN: Corporate Behavior Management Standards Formulation Plan
　（a） Formulation of the Action Guidelines
In the FCM, while respecting the corporation's ideas such as the management philosophy, mission

statement, the corporate motto, etc, as the standard; the action guidelines in corporations that make-up the food chain are concocted from content that incorporates the common points and common language included in "Key Perceptions in Collaborative Work". The "Management philosophy", "mission statement", "corporate motto", etc., reflect the background of the founding and the history of the development of a corporation; and there are many corporations that share those same underlying values. The content varies from corporation to corporation but the management philosophy and corporate motto reflect the values and ethics as a corporation; and thus become the origin of corporate management's ideas and actions.

（b）　Construction of a Compliance Structure

①　The construction of a compliance structure is as follows:

Embodiment of an ethics policy → Checking of risks facing the food corporations → Developing of action guidelines → Checking for consistency with FCP's "Key Perceptions in Collaborative Work" → Checking the effectiveness of the code of conduct made.

（c）　Formulation of Standards of Conduct

As a control point in compliance, the corporate stance, in which the consumer is the base point, is clarified; and in order to win the consumer's trust, standards of conduct are formulated to explicitly confirm the basic policies when ensuring compliance in the corporation.

（d）　Expressing Top Management's Intention

At the beginning of the compliance manual, top management must express the importance of compliance, their commitment and responsibility, and show their willingness to comply equally with all employees, in relation with management philosophies/policies, the corporate social mission, etc. Since it is expressing the commitment of top management, it is necessary that they speak in their own words.

（e）　The Purpose of the Action Guidelines/Inquiry Contact for Verdicts/Punitive Clauses

Along with the purpose of this manual, the punitive clauses and inquiry contact for verdicts must also be shown concretely.

（2）　IMPLEMENTATION AND OPERATIONS: Implementation of Compliance Plans

（a）　Implementation Based on Departmental Implementation Plans

In the compliance manual, the action guidelines in each department are developed as a standard to adapt an even more concrete work flow and are drawn up into "Departmental Implementation Plan". By stipulating them by department, it becomes clear what kind of behavior each employee should specifically take, easing operations.

（b）　Systems for Communication and Education

In implementing compliance, communication is done mutually; within a department and between each department's employees, top-down from management to general employees and opposite bottom-up from general employees to management. When communicating about compliance, education also plays a very important role.

（3） AUDITING: Auditing Compliance

（a） Monitoring System

In daily operations, it is ideal if a control system that is linked to organizational authority and an information system which is constantly being checked are achieved.

（b） Audit

It is necessary to consider that, unlike self-checking and cross-checking, the corporation's in-house full-time auditing department regularly undergoes compliance audits from an external audit organization

（4） Improvement／Application

After receiving the contents of the audit, improvements in the compliance management system are conducted as the need arises. Through this continuous improvement, the compliance performance of the organization is enhanced.

６． Case Study on Constructing a Compliance Management System in Food Corporations

Case studies about the construction of a compliance system are introduced in the body text.