

■ *New Logistics Infrastructure*

FamilyMart began operating four new delivery centers for chilled products throughout its distribution network during fiscal 2000. These centers vastly improve distribution efficiency by allowing mixed-lot deliveries of products with different temperature requirements. In addition, we started operations at four new integrated distribution centers that combine production facilities for rice-based products, *bentos*, and other food products, with delivery centers for chilled products.

Achieving the fastest possible delivery to ensure product freshness is a high priority in our distribution planning. We are continually fine-tuning our just-in-time delivery system, which aims to have deliveries made within 15 minutes of the scheduled time. In fiscal 2000, we further improved our success rate in achieving this target.

Moreover, in fiscal 2001 we will shorten lead time requirements for chilled products and other daily items by delivering Saturday orders on Sunday, as opposed to Monday.

■ *MBE Japan, Inc., Starts Operations*

The rapid growth of the SOHO (small office/home office) market, in conjunction with general business restructuring, has resulted in demand for business-outsourcing services spiraling upward in recent years. FamilyMart has acted promptly to meet this new demand through its business services franchising agreement with Mail Boxes Etc. USA Inc. (MBE). In August 1998, FamilyMart established a wholly owned subsidiary, MBE Japan, Inc., to manage MBE franchise operations in Japan.

MBE Japan opened two stores in Tokyo in fiscal 2000 and began taking applications for area and individual franchises in February 2000. MBE Japan's goal is to open 1,000 stores nationwide by fiscal 2010.





■ ISO 14001 Certification Acquired

Since obtaining ISO 14001 certification for its environmental management systems in March 1999, FamilyMart has continued to move forward with measures aimed at increasing its contribution to global environment preservation.

These measures include a recycling system whereby compost produced from incinerated waste is supplied to contract growers, who in turn supply FamilyMart with organic grains. The system was first introduced in Mie Prefecture in April 1999 and is now being set up in Tokyo, Kanagawa, and Saitama prefectures.

Energy conservation is another major goal of environmental management. During fiscal 1999, FamilyMart began using refrigerated delivery vehicles with hybrid engines to improve the fuel efficiency of its delivery fleet. The auxiliary motor of the hybrid engine solves the problem, encountered by vehicles with conventional engines, of refrigeration shut-down when the engine is turned off. This problem means that the engine has to remain idling while drivers are unloading to ensure that the required temperature is maintained.

In addition, in December 1999 FamilyMart began operating a recycling system for frying oil in Fukuoka Prefecture. Previously, solidified oil was disposed of as combustible waste, but at a recently completed recycling facility the new system is employed to convert the solidified oil into either chicken feed or a substance for use in paint.

FamilyMart opened its first environment-friendly Eco-Shop in 1997 and now has nine such shops in its network. Eco-Shops employ a variety of techniques, including energy conservation and recycling systems, to minimize their impact on the environment.



We Love Green

■ Community Activities

As part of its cooperative activities with Save the Children Japan (SCJ), FamilyMart has placed donation boxes in all its stores. SCJ is a nongovernmental organization that was set up to improve the lives of children, primarily in Asia, through educational and other support activities. Since July 1993, FamilyMart has donated a total of ¥237 million to SCJ.

In 1999, FamilyMart completed placing donor cards in all network stores. FamilyMart hopes this measure will help raise awareness of the importance of organ transplants in Japan.

FamilyMart also raised ¥1.5 million for the victims of a major earthquake that struck Taiwan in September 1999.

