

# Corporate Social Responsibility

Under the FamilyMart Basic Principles, we commit ourselves to giving careful consideration to the needs of the environmental preservation, actively making contributions to the welfare of the local communities in which we operate, creating a disclosure system that ensures management transparency of the highest order, and manifesting our corporate social responsibility in various other specific ways. In so doing we aim to raise the enterprise value of FamilyMart still further and to fulfill our responsibilities to all our stakeholders.

## Environmental Preservation

### Environmental management system

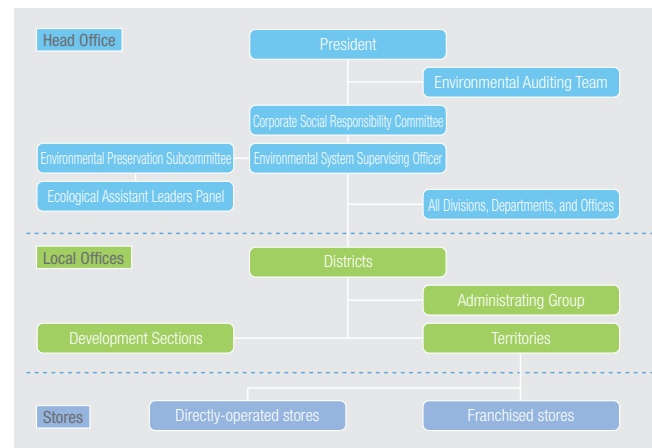
In March 1999 FamilyMart received ISO 14001 certification for its environmental management system. Since that time, the Company has been applying and constantly improving its environmental management system by utilizing the PDCA (Plan, Do, Check, Act) Cycle. This cycle is operated by an organization headed by the president of the Company and including staff at our head office as well as local offices and all our stores.

### Environment-conscious corporate activities

The need to preserve the natural environment is an issue that faces everyone on Earth. FamilyMart ensures that all staff in its store chain share a common awareness of the importance of this issue, and environmental preservation activities are positioned as an integral part of our corporate social responsibility.

On the basis of the ISO 14001 environmental management systems certification that FamilyMart has obtained, new goals are set each year for all the physical infrastructure and activities of the Company and its group, the management of the stores, and our offices and vehicles. Regular monitoring is conducted to ensure that the appropriate steps have been taken and that a process of continuous improvement is underway.

### Environmental management system operating organization



Products in the "We Love Green" environmentally-conscious private brand



This photo shows the underlying layer of white LEDs (at the left) used in a FamilyMart store-façade sign

Category	Principal Measures Implemented
Products and Services	<ul style="list-style-type: none"> <li>Redesigning products in the "We Love Green" environmentally-conscious private brand</li> <li>Replacing materials used in original-brand products with more environmentally-conscious ones, including reducing weight</li> <li>Devising ways of improving the chain's waste recycling rate</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>Replacing our delivery vehicles with new models featuring lower harmful gas emissions</li> <li>Improving the fuel consumption efficiency of all vehicles used by our delivery centers by ensuring that they are driven at optimally fuel-efficient speeds</li> </ul>
Store Infrastructure	<ul style="list-style-type: none"> <li>Installing co-generation systems encompassing each store's air-conditioning, refrigerators, and freezers so as to reduce energy consumption, as well as store lighting control systems</li> <li>Replacing existing store-façade signs with a new type using white LEDs</li> </ul>
Store Management	<ul style="list-style-type: none"> <li>Reducing the volume of waste generated by stores, and raising the proportion of waste recycled, through the use of a waste edible oil recycling system, a solid organic waste recycling system, and waste disposal units for each store</li> <li>Taking steps to reduce the number of plastic bags provided to customers</li> </ul>
Offices and Vehicles	<ul style="list-style-type: none"> <li>Reducing electric power consumption and the amount of copying paper used</li> <li>Ensuring that a large number of paper recycling boxes are placed in highly visible locations</li> <li>Gradually replacing existing fleet of company vehicles with low-pollution vehicles; ensuring that vehicles are driven at optimally fuel-efficient speeds</li> </ul>

## Contributions to Society

### Fund-raising for charity at our stores

In April 2006, in conjunction with the 25th anniversary of the Company's foundation, we set up the "FamilyMart Connecting Dreams Foundation." The foundation acts as a bridge between our customers — who make donations at our stores — and NPOs and NGOs working to improve the lives of children all over the world and to secure a brighter future for the global environment. The donations collected are distributed equally among four organizations engaged in social and environmental activities in Japan and overseas (see the table below). In fiscal 2006, our customers donated approximately ¥169 million.

We also have a system in place that enables the Company's management, in the event of the occurrence of a large-scale natural disaster, to e-mail all stores and order the immediate start of collection of donations of money to be used for the relief of the victims. This emergency donation collection system went into action on two occasions in fiscal 2006. Thanks to the generosity of our customers, we were able to deliver a considerable amount of funds for the relief of those who had suffered in these disasters.



### The FamilyMart Connecting Dreams Foundation

#### Our Customers

#### Collection of donations

FamilyMart Connecting Dreams Foundation (collection at stores)

#### Delivery of donated funds

##### Japan Association for the United Nations World Food Programme (WFP)

The WFP provides food aid to combat hunger, as well as assistance in achieving social and economic autonomy. In Japan, the association is a government-recognized NPO which acts as a contact point between the United Nations' food aid activities and the Japanese public and private-sector companies, engaging in the distribution of information concerning its activities and soliciting donations in aid.

##### Save the Children Japan

Save the Children is an international non-governmental organization (NGO) recognized by the United Nations, which is dedicated to protecting the rights of children all over the world, and to helping children suffering from poverty, disease, injustice, and violence.

##### The National Land Afforestation Promotion Organization

This organization is an NGO that works to gain public support for and participation in better forest and woodland management in Japan, and also makes donations for afforestation programs in other countries where excessive logging has reduced the forested area, with devastating consequences for the environment and for the human population, too.

##### The Environmental Restoration and Conservation Agency of Japan

This agency provides financial support for NPOs and NGOs engaged in environmental preservation activities. The agency's World Environmental Fund was set up in 1993 to provide a source of funding for private-sector initiatives aimed at retarding environmental degradation in Japan and overseas.

### A lifeline at times of disasters and emergencies

As FamilyMart stores are located in places where people tend to congregate, and as the majority of them are open for business around the clock, every day of the year, they will naturally become part of the lifeline of their local communities in the event of a major earthquake or tsunami, thanks to their ability to supply the necessities of life. They will also serve as places of temporary refuge for people unable to return to their homes (or those whose homes have been destroyed), and as "contact points," providing earthquake victims with access to telephones. As of the end of February 2007, FamilyMart has concluded agreements on the supply of goods in emergencies with seven of Japan's prefectures, and agreements on the provision of support for persons unable to return home with eight prefectures and other local governments.

### Clean-up initiatives conducted all over Japan

Twice each year, FamilyMart conducts activities as part of its program of Nationwide Environment Beautification. Staff from our stores, our Headquarters offices, and our business partners get together to carry out clean-ups of roads, sidewalks, parks and so on in communities all over Japan. FamilyMart intends to continue playing an active part in clean-up campaigns in all parts of the country, in line with its commitment to making a significant contribution to the society in which it operates. In this and other ways, the management of FamilyMart intend to strengthen the Company's communication with local communities.

### Clean-up initiatives in fiscal 2006

Implementation periods	Number of participants
Approx. May 20 to June 10	5,151
Approx. Oct. 20 to Nov. 10	8,021



### The FTSE4Good

In September 2003 FamilyMart Co., Ltd. became a constituent of the FTSE4Good Index Series. This is an equity index series created by the global index company FTSE Group, and is designed to facilitate investment in companies that meet globally recognized corporate responsibility standards with respect to social, ethical, and environmental criteria. The index is targeted at investors who have a strong interest in supporting companies that contribute to the realization of a sustainable society.



## Corporate Governance and Internal Control System

### Our basic stance on corporate governance

Based on our belief that strong corporate governance builds enterprise value, we are working to establish a transparent and effective management system. To this end, we are working to establish a system to ensure legal compliance and the accurate performance of clerical work. In addition, to ensure proper corporate governance, it is essential to fulfill our duty of accountability through regular and sufficient disclosure of corporate information.

### Our corporate governance system

In addition to a Board of Directors, the conventional statutory auditor system is also a central part of FamilyMart's corporate governance system.

As of June 1, 2007, the Company's Board of Directors comprises 11 directors. Regular meetings of the Board are held once every month, with extraordinary meetings convened whenever deemed necessary. The Board of Directors makes decisions on important matters relating to the execution of the Company's business operations, and also performs a vital oversight function with regard to the execution of their duties by individual directors. The Company has also adopted an executive officer system, under which the Board delegates considerable authority in relation to the day-to-day conduct of business to the Company's executive officers. This separation of responsibilities for day-to-day operations makes possible greater speed in decision-making by the Board of Directors and in the execution of operations.

As an internal auditing unit, the Company's organization includes the Audit Office, which reports directly to the President of the Company. The staff of the Audit Office examine the business operations of the Company from the perspective of such important Companywide management

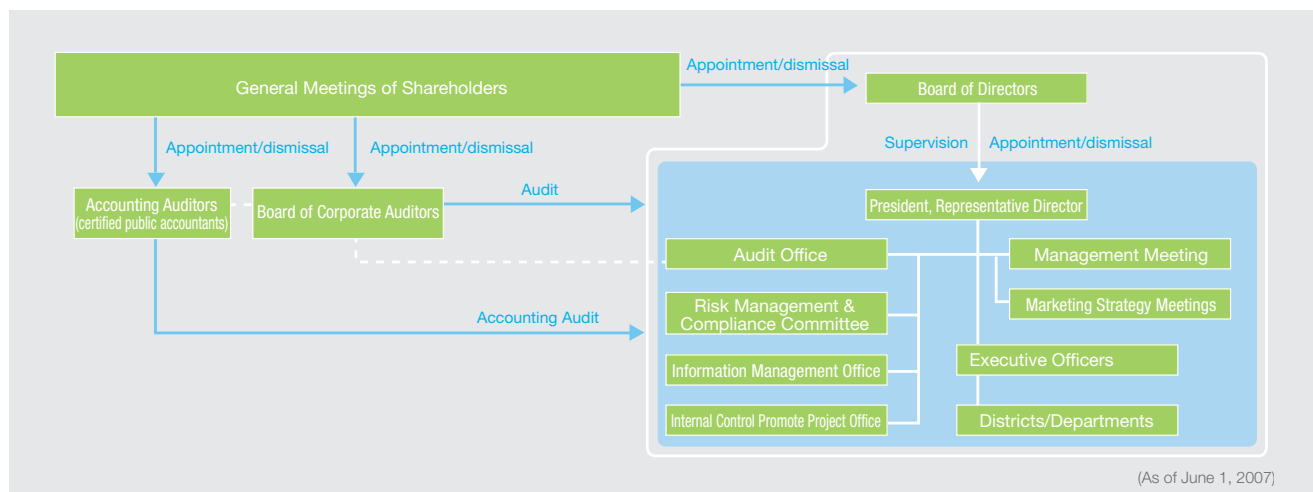
issues as efficiency in carrying out duties, risk management, legal compliance, and so on. They also conduct thorough checks on the implementation of directives issued by the Audit Office or measures taken in response to proposals made by the office, to confirm that improvements have been, or are being, made. The Audit Office staff also liaise with the internal audit staff of other Group companies for the sharing of information and the exchange of opinions.

The Company's Board of Corporate Auditors consists of four members, of whom two are external auditors. The auditors also: 1) sit in on meetings of the Board of Directors and other high-level managerial meetings; 2) ensure, by means of the perusal of documents relating to important management decisions, that they are kept constantly up-to-date with the state of the Company's business operations and with its financial position; and 3) check that the Board of Directors performs its function as laid down in law as well as in the Company's own Articles of Incorporation.

In addition, the auditors maintain close and constant contact with the Audit Office and other relevant units of the Company to ensure that the information available to them is at all times up to date, accurate, and adequate in coverage. The Company's corporate auditors also hold regular meetings with the corporate auditors of other Group companies to ensure that the same degree of rigorous corporate governance is conducted throughout the Group.

FamilyMart has a contractual agreement with the auditing company Deloitte Touche Tohmatsu to perform the auditing of the Company's accounts in line with the stipulations of the Corporation Law and of the Securities and Exchange Law. The auditing company, as an independent organization, examines the financial statements and other financial documents of the Company. Upon receiving independent auditors' reports, the Company exchanges opinions on the auditing results to pinpoint issues that need to be addressed.

### Corporate Governance System



### Internal control system and risk management system

The basic concept underlying the FamilyMart Group's operations is "Co-Growing," by which we mean the building of mutually beneficial relationships with our customers, franchisees, business partners, shareholders, employees, and the local communities we serve. Through the pursuit of our co-growing ideal, we hope to conduct convenience store operations in a way that enables all our stakeholders to interact harmoniously. To this end, FamilyMart insists not only on the observance of all the normal rules of behavior, but also on the maintenance of high ethical standards. Our internal control system exists to ensure that all members of FamilyMart follow these rules at all times.

In March 2006 we established the Internal Control Promote Project Office (which reports directly to the President) to direct initiatives to reinforce the Company's internal control system and simultaneously push forward with reforms of our administrative processes on a Companywide scale. In May of 2006 we announced our basic policy on the creation of a more effective internal control system in response to the enactment of the Corporation Law, which requires companies to establish stricter in-house regulations with regard to their internal control systems. We will be regularly monitoring and assessing the effectiveness of our basic policy, and will be implementing such revisions as we deem necessary in the light of changes in our operating environment.

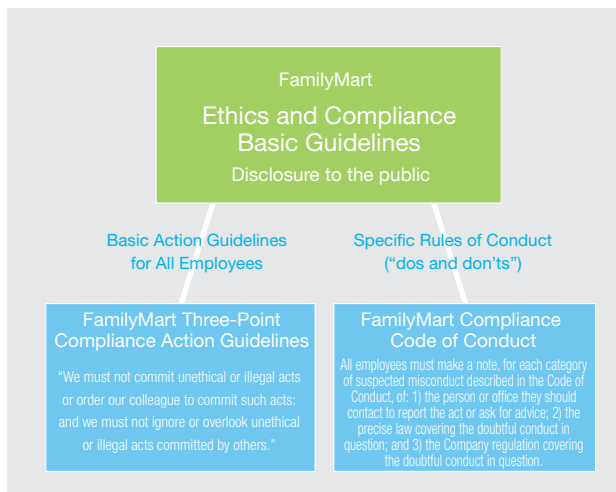
Since the establishment of the Compliance Committee (which also reports directly to the President) in September 2003, FamilyMart has taken a number of steps to ensure the observance of compliance, not only with the law, but also with generally accepted standards of ethical behavior. In 2004, we announced the FamilyMart Ethics and Compliance Basic Guidelines, together with our FamilyMart Three-Point Compliance Action Guidelines and FamilyMart Compliance Code of Conduct. These documents spelled out the Company's compliance

policy in specific terms, and, to give practical effect to our declarations regarding compliance, we also set up an internal reporting system that further strengthens our system for legal and ethical compliance. In March 2005 we set up the Information Management Office to enhance our management of confidential data, including information of a personal nature.

In view of the obvious fact that the management of any company is subject to various risks, FamilyMart has from the beginning implemented a number of measures to minimize the likelihood of the materialization of such risks as damage suffered as a result of natural disasters and accidents resulting from human error, or the leakage of confidential information. In July 2006 the Compliance Committee was given the additional responsibility of serving as a central risk management body, and in line with this it was renamed the Risk Management & Compliance Committee. Finally, in March 2007 three subcommittees were created under the supervision of the Risk Management & Compliance Committee, namely: the Crisis Management Subcommittee, the Compliance Subcommittee, and the Information Management Subcommittee. Within their respective spheres of authority, each of these subcommittees seeks to raise the level of legal compliance of all FamilyMart employees.

As described above, the management of FamilyMart have taken a number of steps to enhance the effectiveness of the Company's internal control system and risk management system, and we will continue to take all actions required to ensure that the Company's corporate governance meets the prevailing standards.

### Compliance Policy



### The Risk Management & Compliance Committee and its specialist subcommittees



## Amounts of remuneration to directors, corporate auditors and independent auditors

### Amounts of remuneration to directors and corporate auditors

(Millions of yen)

Directors	230
Corporate auditors	55

### Amounts of remuneration to independent auditors

(Millions of yen)

Payment for audit certification	38
Other payments	3

## Notes:

1. The amounts for remuneration on the left include ¥48 million in bonuses.
2. An increase in the liability for retirement benefits for directors and corporate auditors for the year of ¥81 million is not included in the amounts in the table.
3. The amounts for remuneration on the left do not include the amounts that correspond to the salary and the bonus for directors who concurrently serve as employees.

## Policy (Action against Corporate Acquisition) toward Large-Scale Purchases of FamilyMart Shares

By decision of the Board of Directors of FamilyMart Co., Ltd., in April 2006 the Company adopted a Policy (Action against Corporate Acquisition) toward Large-Scale Purchases of FamilyMart Shares and this policy was subsequently amended (also by resolution of the Board) in June 2006. Since then, the policy has been the subject of continual discussion and reappraisal, as a result of which the Board of Directors, by a resolution adopted in April 2007 decided to implement a major overhaul of the Company's anti-takeover measures through the replacement of the existing buyout prevention policy with a thoroughly redrafted policy. This decision was approved by the Company's shareholders at the Annual General Meeting of Shareholders held on May 30, 2007.

## Disclosure

The Company's IR activities are principally characterized by accuracy, speed of disclosure, and impartiality. In our investor relations activities during fiscal 2006, we took care to treat all our stakeholders with strict impartiality, whether in terms of the provision of information to individual investors within Japan or overseas, or with regard to the holding of explanatory sessions for our interim and term-end accounts settlements. We ensured that important corporate information was made fully available in the literature provided to explain our accounts settlements, and that monthly sales data shown on our website was constantly updated. We also published and distributed a complete range of disclosure tools such as annual reports and sustainability reports, so as to extend an understanding of our activities as widely as possible. Our efforts were greatly appreciated, and in November 2006 we received the Excellent IR Activity Award from the Japan Investor Relations Association. This was the first time in nine years that the award went to a major retailer. In March 2007, with the goal of upgrading the level of importance we assign to investor relations, the name of the Corporate Communications Department (which reports directly to the President) was changed to the Corporate Communications and Investors Relations Department, within which a separate Investors Relations Office was established.



## FamilyMart Obtains Permission to Display Privacy Mark

In November 2003 FamilyMart laid down and publicly announced a set of rules for the protection of personal information which made clear that we place great importance on the appropriate handling of personal information relating to all our stakeholders, particularly our customers, and that we will be taking all reasonable steps to ensure the confidentiality of such information in our possession. The Company does not merely comply fully with the stipulations of the Personal Information Protection Law and other legislation passed in Japan, but also takes steps to ensure that its franchisees and their staff are fully cognizant of the law and of the Company's privacy policy. In these ways, we are working to realize an even higher degree of protection for the privacy of our customers and other stakeholders across the entire Company. In recognition of our efforts in this respect, in November 2006 the Japan Information Processing Development Corporation (JIPDEC) gave the Company permission to use the Privacy Mark, which indicates

conformity with the JIS Q 15001 standards for the establishment of a personal information protection system. This is the first instance of a convenience store chain operator being allowed to use the Privacy Mark.

Following this, in February 2007 our e-commerce subsidiary famima.com Co., Ltd. was also awarded permission to employ the Privacy Mark. We believe that over the next few years the Privacy Mark will rapidly assume considerable importance as an indicator of the trustworthiness of enterprises with regard to the protection of personal information. With this in mind, we are continuing our efforts to further enhance the protection of personal information, as well as data confidentiality in general.

