



Corporate Governance

The Board of Directors' Year in Review

Tadashi Izawa
Outside Director

In May 2018, Tadashi Izawa became an outside director of the Company. Mr. Izawa has served as a deputy director-general of the Ministry of Economy, Trade and Industry, a board member of the Japan International Cooperation Agency, an executive vice president of Japan External Trade Organization, and an ambassador. Thus, he contributes to the business management of the Company based on his abundant experience and insight with respect to international affairs.

D I A L O G U E

Koji Takayanagi
Representative Director
and Chairman
Chairman of the
Board of Directors

FamilyMart has appointed independent outside directors with diverse experience who provide a wide range of opinions during discussions at meetings of the Board of Directors. Representative Director and Chairman Koji Takayanagi asked Outside Director Tadashi Izawa, who has been a director for one year, to review the Company's corporate governance.

Listening to Society

Takayanagi One year has passed since you became an outside director. I think we set you quite an onerous task, given that in the retail industry the convenience store business model is unique and complex and that many major decisions had to be made in the fiscal year under review. What impressions has the past year left you with?

Izawa I had never been an outside director, so I took on this important role with a little trepidation. However, the Company has an atmosphere that encourages outside directors to speak freely. Consequently, I feel that I am able to make use of my experience. I saw convenience stores as a phenomena that had gone beyond retailing to become a uniquely Japanese business model that is known around the world. Now, I have a renewed appreciation that, as society has been changing rapidly, convenience stores have added an array of capabilities to meet society's needs and in the process have become a part of the infrastructure of society and everyday life that is indispensable to a great many people. Also, our discussions over the past year have taught me that convenience stores' efficient systems are underpinned by the efforts of a large number of different people, including franchised store owners, those working in complex supply chains, store staff, and head office

employees. In other words, the Company's business activities are made possible through the contributions of many stakeholders, and I believe that meeting the expectations of stakeholders establishes mutual trust and heightens a company's level of social trust.

Takayanagi As the CVS business is a franchise business, we have to keep the prosperity of franchised store owners' businesses uppermost in our minds. Accordingly, we make sure not to forget this fact when addressing a range of management issues. However, as you said, convenience stores have become essential to society as part of "the infrastructure of daily life." Decision-making is difficult because in finding optimal solutions we have to take into consideration feedback from a wide range of stakeholders.

Calls for diversity regarding boards of directors are, I think, essentially asking for companies to take heed of feedback from society. Discussions that only include internal officers inevitably become inward-looking, and criteria become nearsighted. I really feel that we need to include people with various attributes and viewpoints and hold discussions among a balanced group that adequately reflects society's expectations.



With a view to sustaining the Company's growth, I would like to continue taking part in discussions and offering frank opinions.

TADASHI IZAWA

Realizing Effective Governance

Izawa With respect to governance, the focus is often on whether or not a board of directors is having effective discussions. However, as you said, a balanced selection of members and systems that ensure the effectiveness of discussions are also important.

On some occasions, a board of directors only has relatively short time available to resolve numerous agenda items, making it difficult to thoroughly discuss all matters at board of directors' meetings. However, I think the Company has adequate systems for ensuring information sharing and the effectiveness of discussions. For example, concerning agenda items outside officers receive in advance background information as well as information on assessment processes. Also, aside from meetings of the Board of Directors, you regularly make time to discuss individual management issues with outside officers.

Takayanagi Nonetheless, I am concerned about giving the Board of Directors an overly heavy workload. In particular, convenience stores have become a focus of attention recently, with society's interest extending to such aspects of store operations as personnel shortages and opening hours. This has caused the workload of outside officers to increase significantly.

While providing outside officers with a lot of information in advance should be a given, I also think that the Board of Directors should concentrate on discussing important matters and that there should be proactive delegation of authority for matters that can be decided in other meetings. Having said that, drawing the line is problematic. We constantly have to consider which agenda items should be discussed by the Board of Directors. Further, from the viewpoint of separating execution and supervision, we always have to think about how to separate roles in a manner that will produce a balanced governance system.

Izawa Personally, the more information I receive the better. We have been having particularly in-depth discussions recently, which has really increased my knowledge of the convenience store industry and the Company's business. This knowledge is steadily improving my ability to sift through information. For this reason, I would like you to share a lot of management issues with me.

The Company's governance is premised on holding exhaustive discussions, including day-to-day conversations, so that business management reflects the views of all directors. In this sense, its current governance is adequate.

Realizing Sustained Growth

Takayanagi Generally, a holding company takes an overall view of its group and discusses medium-to-long-term growth strategies, while operating companies decide on near-term strategies. Looking back over the past year, I feel there has been an increase in the number of agenda items that pose a dilemma. Often it is difficult to decide which board of directors is the appropriate forum for discussing an agenda item. One reason for deciding to implement the September 2019 transition from a holding to an operating company was that integrating business management will allow us to increase efficiency even further. After analyzing business conditions from a long-term perspective, we will be able to decide swiftly on immediate social issues.

Business conditions are changing at a dizzying pace for companies in general. The optimal form of governance changes constantly. Therefore, we must continuously identify issues and respond flexibly to society's needs. To this end, it is important to increase the diversity of the Board of Directors, and I think an increase in outside directors as a percentage of the total number of directors would be desirable. From the perspective of sharing diverse values, how would you like to see the Company develop going forward?

Izawa For example, how about looking for opportunities to establish a setting where directors can also have discussions focused on such themes as management strategy three or five years from now or on issues that tend not to be visible from the head office. These issues could include specific aspects of frontline operations or of the overseas business environment. If possible, it may also be a good idea to have employees who are not members of the Board of Directors, such as future candidates

for positions on the senior management team, give presentations on such themes and issues.

Takayanagi Regarding potential participants on the senior management team of the next generation, I would also like to promote such discussions as a way of strengthening our execution capabilities. As you know, business conditions in this industry change rapidly, so we have to establish a clear image of the type of leader that we will need in three or five years' time. We are exploring the establishment of a succession plan for senior executives. However, we can only have meaningful discussions about nomination and appointment systems once we have taken into consideration the characteristics of businesses and business conditions and then clearly set out the attributes that we want senior executives to have.

Izawa I agree, we should not create systems first. There are many factors that we need to anticipate, such as changes in Japan's demographics, changes in lifestyles, digitization, and the development of business overseas. It is important to have a lot of options and to develop personnel who can cope with all types of changes in conditions.

Convenience stores will continue to be an attractive business with the potential to further realize its existential value in society by adding a variety of capabilities to brick-and-mortar stores. With a view to sustaining the Company's growth, I would like to continue taking part in discussions and offering frank opinions.

The optimal form of governance changes constantly. Therefore, we must continuously identify issues and respond flexibly.



KOJI TAKAYANAGI

Overview of the Company's Corporate Governance

Basic Policies

Based on our belief that strong corporate governance builds enterprise value, we are working to construct 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 administrative work. In addition, to ensure proper corporate governance, it is essential to fulfill our duty of accountability through regular disclosure of corporate information.

Initiatives to Enhance Corporate Governance

Measures	Objective/Overview	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Appointment of outside directors	To reflect extensive experience and sophisticated knowledge in management					
Number of directors (Of whom, outside directors)	In May 2000, we reduced the number of directors to optimize the scale of the Board of Directors and simultaneously introduced an executive officer system.	10 (1)	11 (2)*	11 (2)	13 (2)	12 (3)
Introduction of an executive officer system						
Promotion of female directors	To reflect diverse values in management					
Response to the Corporate Governance Code	To reinforce the Board of Directors' supervisory function					
Evaluation of Board of Directors' effectiveness	To reinforce the Board of Directors' supervisory function					
System of performance-based compensation for directors	To promote motivation to contribute to sustainable growth					
Governance Committee	To introduce and deliberate the operating status of the Groupwide internal control system					
Board of Independent Directors	To invigorate discussion at the Board of Directors					
Discontinuation of advisor system	To respond to internal and external changes					

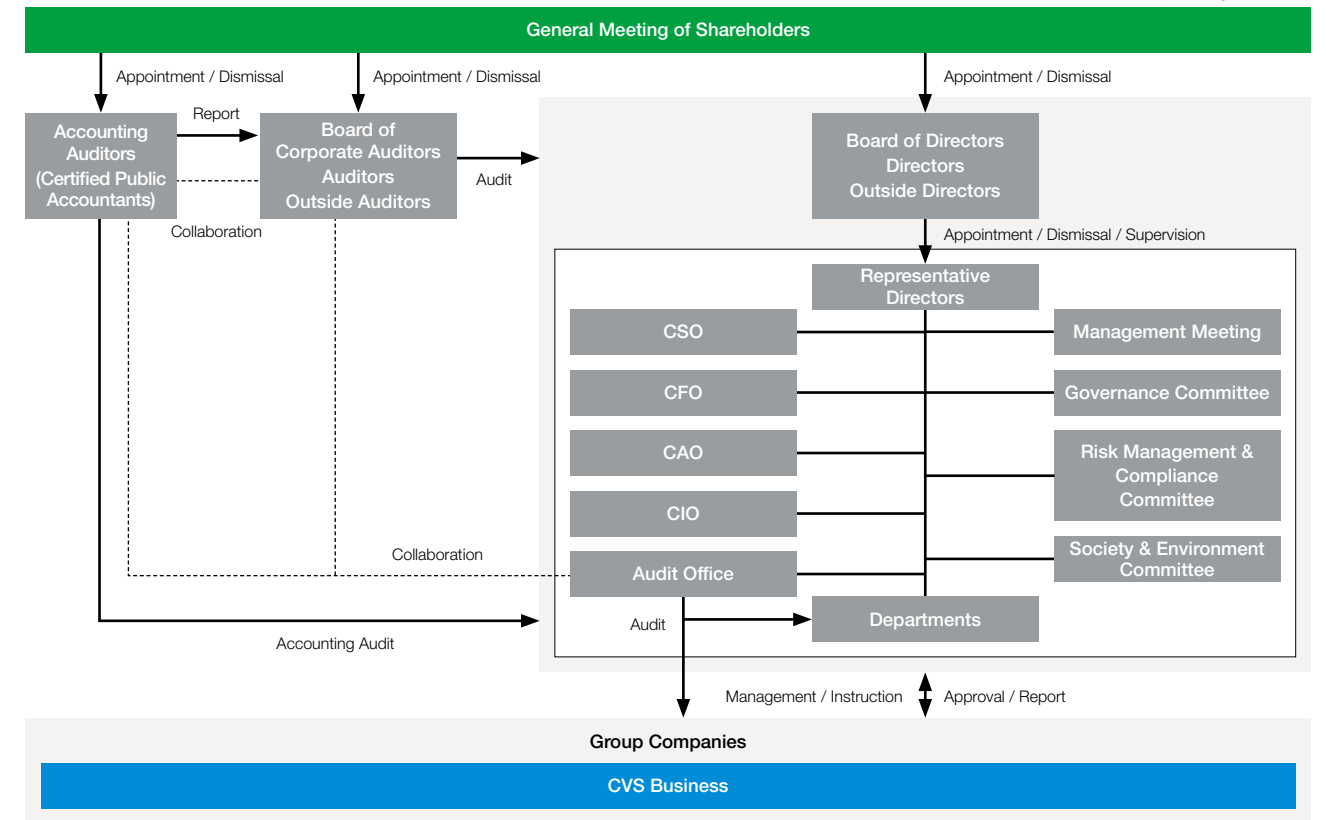
* Management system following the management integration with UNY Group Holdings Co., Ltd. in September 2016

Overview of the Company's Corporate Governance System

Type of system	Company with a Board of Corporate Auditors
Number of directors (Of whom, outside directors)	12 (3)
Number of corporate auditors (Of whom, outside corporate auditors)	6 (4)
Number of independent officers	6
Term of office for directors	1 year (the same for outside directors)
Term of office for corporate auditors	4 years (the same for outside corporate auditors)
Adoption of an executive officer system	Yes
Organization to support President decision-making	Management Meeting

Corporate Governance System

(As of August 1, 2019)



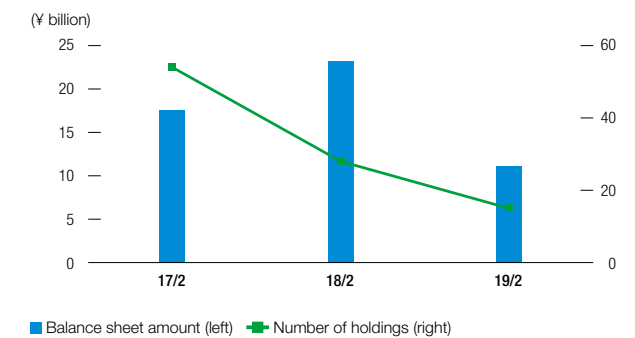
Policy Regarding Cross-Shareholdings and Standards for Exercising Voting Rights

The Company's basic policy is to refrain from cross-shareholdings. Exceptions may be made in cases in which these holdings are deemed to be meaningful for maintaining or strengthening business relationships or for forming strategic business alliances.

The Board of Directors verifies the meaningfulness of cross-shareholdings on an annual basis and discusses and decides whether specific holdings will be maintained or sold based on the results of this verification. Those holdings that have been judged to have lost their meaningfulness will be sold as appropriate while considering the potential impact on the market.

When exercising voting rights attached to cross-shareholdings that are to be maintained, the Company will examine each proposal and decide votes based on comprehensive consideration of factors such as whether or not the proposal will contribute to increased shareholder value.

Status of Cross-Shareholdings





Board of Directors and Executive Officers

(As of August 1, 2019)

1 Representative Director and Chairman

Koji Takayanagi

2 Representative Director and President

Takashi Sawada

3 Director, Executive Officer and Vice President

Toshio Kato

Officer in charge of CVS

4 Director, Senior Managing Executive Officer

Kunihiro Nakade

Chief Financial Officer

5 Director, Senior Managing Executive Officer

Isao Kubo

Chief Strategy Officer and General Manager of Corporate Planning Division

6 Director, Managing Executive Officer

Naoyoshi Tsukamoto

Chief Information Officer, General Manager of Information Systems Division, and General Manager of CVS Information Systems Department

7 Director, Managing Executive Officer

Atsushi Inoue

Assistant to Officer in Charge of CVS

8 Director, Executive Officer

Jun Takahashi

Chief Administrative Officer, General Manager of CSR & Management Division

9 Director, Executive Officer

Mikio Nishiwaki

General Manager of Finance & Accounting Division and General Manager of CVS Finance & Accounting Department

10 Outside Director

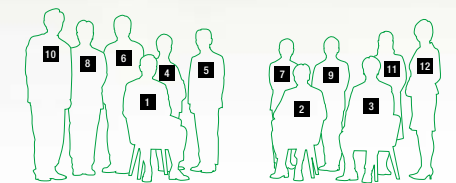
Tadashi Izawa

11 Outside Director

Mika Takaoka

12 Outside Director

Chikako Sekine



Executive Officers

Eiji Morita

Yoshiharu Kanoda

Sumihiro Kamino

Note: Positions are at FamilyMart UNY Holdings Co., Ltd. as of August 1, 2019.

Directors' Brief Personal History* and Important Positions Concurrently Held in Other Companies

(As of August 1, 2019)

Name	Brief personal history	Reason for appointment
Representative Director and Chairman Koji Takayanagi	1975/4 Joined ITOCHU Corporation 2015/4 Representative Director, Executive Vice President and President of Food Company of ITOCHU Corporation 2017/3 President and Executive Officer of the Company 2017/5 Representative Director and President of the Company 2019/5 Representative Director and Chairman of the Company (current)	Koji Takayanagi has held positions as officers such as Chief Operating Officer of various divisions over many years at ITOCHU Corporation. Since he assumed his position as Representative Director and President of the Company in May 2017, he has directed the management of the Company with his strong leadership and has contributed to improving the profitability and corporate value of the Group. Since May 2019, as Representative Director and Chairman of the Company, Mr. Takayanagi has continued to chair the Board of Directors' meetings and has fulfilled his duties as a Director.
Representative Director and President Takashi Sawada Important Position Concurrently Held in Other Company Representative Director and President of FamilyMart Co., Ltd.	1981/4 Joined ITOCHU Corporation 2005/10 Founded and assumed role as Representative Director, President and Chief Executive Officer of Revamp Corporation 2016/9 Representative Director and President of FamilyMart Co., Ltd. (current) 2018/3 Representative Director and Executive Vice President, in charge of CVS of the Company 2019/5 Representative Director and President of the Company (current)	Takashi Sawada has held positions as a manager of retail and management consulting companies. After the Management Integration with UNY Group Holdings Co., Ltd.,* he has served as Representative Director and President of FamilyMart Co., Ltd. Since May 2017, he has served as Director, Executive Vice President and Executive Officer of the Company, and since March 2018, as Representative Director and Executive Vice President of the Company. Also, as Officer in charge of CVS of the Company, he has contributed to improving the profitability of the convenience store business. Since May 2019, as Representative Director and President of the Company, he has directed the management of the Company with his strong leadership, and has fulfilled his duties as a Director.
Director, Executive Officer and Vice President Toshio Kato Important Position Concurrently Held in Other Company Director of FamilyMart Co., Ltd.	1983/3 Joined FamilyMart Co., Ltd. 2007/5 Director, Managing Executive Officer, General Manager of Operation Division 2016/9 Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company 2018/3 Director, Executive Vice President and Executive Officer, General Manager of Store Operation Division of FamilyMart Co., Ltd. (current) 2019/5 Director, Executive Officer and Vice President, in charge of CVS of the Company (current)	Toshio Kato has held numerous positions at the Company over many years before the Management Integration, such as General Manager of Corporate Planning Division and Store Operation Division of the Company. Also, after the Management Integration,* he has held positions such as General Manager of Corporate Planning Division and Officer in charge of CVS of the Company, as well as General Manager of Corporate Planning Division and Store Operation Division of FamilyMart Co., Ltd. He has formulated and executed management strategies of the Group. He has contributed to improving the profitability of the Company's convenience store business and has fulfilled his duties as a Director.
Director, Senior Managing Executive Officer Kunihiro Nakade Chief Financial Officer Important Position Concurrently Held in Other Company Director of FamilyMart Co., Ltd.	1980/4 Joined ITOCHU Corporation 2015/4 Managing Executive Officer and General Manager of General Accounting Control Division of ITOCHU Corporation 2016/5 Director, Managing Executive Officer, General Manager of Management Division of the Company 2018/3 Director, Senior Managing Executive Officer, and Chief Financial Officer of the Company (current) 2019/3 Director, Senior Managing Executive Officer, General Manager of CSR & Management Division, Chairman of Risk Management & Compliance Committee, and Chairman of Corporate Social Responsibility Committee of FamilyMart Co., Ltd. (current)	Kunihiro Nakade has engaged in accounting and finance-related operations and has held positions such as general manager of the accounting department at ITOCHU Corporation over many years. After the Management Integration,* as Chief Financial Officer, Chairman of Risk Management & Compliance Committee, and Chairman of Governance Committee of the Company, he has formulated the Group's financial strategies, strived to enhance its financial base, worked to strengthen and promote risk management and compliance, and has fulfilled his duties as a Director.
Director, Senior Managing Executive Officer Isao Kubo Chief Strategy Officer and General Manager of Corporate Planning Division Important Position Concurrently Held in Other Company Director of FamilyMart Co., Ltd.	1982/4 Joined ITOCHU Corporation 2016/4 Managing Executive Officer and General Manager of Internal Audit Division of ITOCHU Corporation 2017/4 Director, Managing Executive Officer, General Manager of Management Division of FamilyMart Co., Ltd. 2017/9 Managing Executive Officer and General Manager of Corporate Planning Division of the Company 2019/4 Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of FamilyMart Co., Ltd. (current) 2019/5 Director, Senior Managing Executive Officer, Chief Strategy Officer and General Manager of Corporate Planning Division of the Company (current)	Isao Kubo has been serving as Director of FamilyMart Co., Ltd., holding positions such as General Manager of Management Division and General Manager of Corporate Planning Division, after serving as the general manager of many divisions in ITOCHU Corporation including its overseas offices. Since September 2017, he has served as General Manager of Corporate Planning Division of the Company, and has formulated and executed the management strategies of the Group. He has fulfilled his duties as a Director.
Director, Managing Executive Officer Naoyoshi Tsukamoto Chief Information Officer, General Manager of Information Systems Division, and General Manager of CVS Information Systems Department Important Positions Concurrently Held in Other Companies Director of FamilyMart Co., Ltd. Representative Director and President of Famima Digital One Co., Ltd.	1989/9 Joined Circle K Japan Co., Ltd. 2011/3 Executive Officer and General Manager of Information Systems & Services Division of Circle K Sunkus 2013/2 Director and General Manager of Merchandising Division of Circle K Sunkus 2016/9 Director, Managing Executive Officer, General Manager of Information Systems Division of FamilyMart Co., Ltd. (current) 2018/5 Director, Managing Executive Officer, Chief Information Officer, General Manager of IT Promotion Division of the Company 2019/3 Director, Managing Executive Officer, Chief Information Officer, General Manager of Information Systems Division and General Manager of CVS Information Systems Department of the Company (current)	Naoyoshi Tsukamoto served as Managing Director at Circle K Sunkus Co., Ltd. After the Management Integration,* he has held positions such as General Manager of Information Systems Division of FamilyMart Co., Ltd., and Chief Information Officer and General Manager of IT Promotion Division of the Company. He has strived to improve the information systems of the Group and promote digitization and has fulfilled his duties as a Director.

Name	Brief personal history	Reason for appointment
Director, Managing Executive Officer Atsushi Inoue Assistant to Officer in charge of CVS Important Position Concurrently Held in Other Company Director of FamilyMart Co., Ltd.	1986/4 Joined the Company 2016/9 Senior Executive Officer, Supervising General Manager of Tokyo II District of FamilyMart Co., Ltd. 2018/3 Managing Executive Officer and General Manager of Store Development Division of FamilyMart Co., Ltd. (current) 2019/5 Director, Managing Executive Officer, Assistant to Officer in charge of CVS of the Company (current)	Atsushi Inoue has engaged in store development operations over many years and has held positions such as Supervising General Manager of a District and General Manager of Store Development Supervision Department of the Company. After the Management Integration,* he has held positions such as Supervising General Manager of a District and General Manager of Store Development Division of FamilyMart Co., Ltd., and has strived to build a high-quality store network in the convenience store business. He contributes to the management of the Company with his abundant experience as well as deep knowledge.
Director, Executive Officer Jun Takahashi Chief Administrative Officer, General Manager of CSR & Management Division Important Position Concurrently Held in Other Company Director of FamilyMart Co., Ltd.	1989/6 Joined Circle K Japan Co., Ltd. 2010/5 Director and General Manager of Sales Department of Circle K Sunkus 2013/2 Director, Group Strategic Headquarters Director of UNY Group Holdings Co., Ltd. 2016/9 Director, Senior Managing Officer, General Manager of General Affairs and Human Resources Division of the Company 2018/3 Director, Executive Officer, Chief Administrative Officer and General Manager of CSR & Management Division of the Company (current) 2019/3 Director, Executive Officer and General Manager of New Business Development Division of FamilyMart Co., Ltd. (current)	Before the Management Integration, Jun Takahashi engaged in formulating and executing the strategies of group businesses including the general retail business and the convenience store business at UNY Group Holdings Co., Ltd. After the Management Integration,* he has served as General Manager of General Affairs and Human Resources Division, General Manager of CSR & Management Division, and Chief Administrative Officer of the Company. He has strived to enhance and promote the Group's general affairs and human resources management, and has fulfilled his duties as a Director.
Director, Executive Officer Mikio Nishiwaki General Manager of Finance & Accounting Division and General Manager of CVS Finance & Accounting Department Important Position Concurrently Held in Other Company Director of FamilyMart Co., Ltd.	1982/4 Joined ITOCHU Corporation 2012/4 Chief Financial Officer of Textile Company of ITOCHU Corporation 2016/9 Executive Officer, General Manager attached to Finance Division of the Company 2018/3 Director, Executive Officer and General Manager of Finance & Accounting Division of FamilyMart Co., Ltd. (current) 2019/5 Director, Executive Officer, General Manager of Finance & Accounting Division and General Manager of CVS Finance & Accounting Department of the Company (current)	Mikio Nishiwaki has engaged in accounting and finance-related operations over many years and has held positions such as Chief Financial Officer of a company at ITOCHU Corporation. After the Management Integration,* as head of the Company's finance segment, he has formulated the Group's financial strategies and strived to enhance its financial base. He contributes to the management of the Company with his abundant business experience as well as deep knowledge.

Name	Brief personal history	Important positions concurrently held in other companies
Outside Director Tadashi Izawa	1976/4 Joined the Ministry of International Trade and Industry (MITI) 2014/4 Executive Vice President of Chiyoda Corporation 2017/7 President of the Japan-China Economic Association (current) 2018/5 Outside Director of the Company (current)	President of the Japan-China Economic Association
Outside Director Mika Takaoka	2009/4 Professor, College of Business, Rikkyo University (current) 2011/5 Outside Corporate Auditor of the Company 2019/5 Outside Director of the Company (current)	Professor, College of Business, Rikkyo University Outside Director of TSI HOLDINGS CO., LTD. Outside Director of MOS FOOD SERVICES, INC. Outside Director of Kyodo Printing Co., Ltd. Outside Director of SG HOLDINGS CO., LTD.
Outside Director Chikako Sekine	1972/4 Joined Shiseido Yamagata Sales Co., Ltd. 2009/10 General Manager of Beauty Consultation Planning Group, International Marketing Department of Shiseido Company, Limited 2014/4 Executive Corporate Officer of Shiseido Company, Limited 2016/1 Advisor of Shiseido Company, Limited 2018/4 Representative Director of B-mind Co., Ltd. (current) 2019/5 Outside Director of the Company (current)	Representative Director of B-mind Co., Ltd. Outside Director of E-SUPPORTLINK, Ltd. Outside Director of VALQUA, LTD.

Note: Positions and career histories are at FamilyMart UNY Holdings Co., Ltd. as of August 1, 2019.

* The absorption-type merger was implemented, effective September 1, 2016, with the Company as the surviving company and UNY Group Holdings Co., Ltd. as the absorbed company, which was followed by the implementation of an absorption-type demerger on the same day with the Company being the demerged company, and Circle K Sunkus Co., Ltd., which had been a wholly owned subsidiary of UNY Group Holdings Co., Ltd., being the succeeding company. As of September 1, 2016, Circle K Sunkus Co., Ltd., changed its company name to FamilyMart Co., Ltd. The absorption-type merger and the absorption-type demerger above are collectively called the "Management Integration."

Corporate Auditors' Brief Personal History* and Important Positions Concurrently Held in Other Companies

(As of August 1, 2019)



1 Standing Outside Corporate Auditor

Yasuhiro Baba

1979/4 Joined ITOCHU Corporation
 2008/5 Chief Financial Officer of ITOCHU International, Inc.
 2014/4 Executive Councilor, General Manager of the Global Risk Management Division, ITOCHU Corporation
 2016/5 Standing Outside Corporate Auditor of the Company (current)

Important Position Concurrently Held in Other Company
 Corporate Auditor of FamilyMart Co., Ltd.

4 Outside Corporate Auditor

Takayuki Aonuma

1982/4 Prosecutor of the Tokyo High Public Prosecutors Office
 2014/7 Chief Public Prosecutor of the Tokyo High Public Prosecutors Office
 2015/12 Deputy Prosecutor-General of the Supreme Public Prosecutors Office
 2016/9 Chief Prosecutor of the Nagoya High Public Prosecutors Office
 2018/2 Registered as attorney at law (current)
 2018/2 Of-Counsel at City-Yuwa Partners (current)
 2018/5 Outside Corporate Auditor of the Company (current)

Important Positions Concurrently Held in Other Companies
 Of-Counsel at City-Yuwa Partners
 Outside Director of Japan Post Holdings Co., Ltd.

Note: Positions and career histories are at FamilyMart UNY Holdings Co., Ltd. as of August 1, 2019.

* The absorption-type merger was implemented, effective September 1, 2016, with the Company as the surviving company and UNY Group Holdings Co., Ltd. as the absorbed company, which was followed by the implementation of an absorption-type demerger on the same day with the Company being the demerged company, and Circle K Sunkus Co., Ltd., which had been a wholly owned subsidiary of UNY Group Holdings Co., Ltd., being the succeeding company. As of September 1, 2016, Circle K Sunkus Co., Ltd., changed its company name to FamilyMart Co., Ltd. The absorption-type merger and the absorption-type demerger above are collectively called the "Management Integration."

2 Standing Corporate Auditor

Shintaro Tateoka

1989/7 Joined the Company
 2010/1 General Manager of Audit Office of the Company
 2012/5 Corporate Auditor of the Company
 2016/9 Corporate Auditor of FamilyMart Co., Ltd. (current)
 2019/5 Standing Corporate Auditor of the Company (current)

Important Position Concurrently Held in Other Company
 Corporate Auditor of FamilyMart Co., Ltd.

5 Outside Corporate Auditor

Ichiro Uchijima

1976/4 Joined Kyodo Oil Company, Limited
 2007/4 Outside Corporate Auditor of am/pm Japan Co., Ltd.
 2014/6 Director, Executive Vice President and Executive Officer of JX Nippon Oil & Energy Corporation
 2019/5 Outside Corporate Auditor of the Company (current)

3 Standing Corporate Auditor

Katsuji Sato

1986/11 Joined Sunkus Co., Ltd.
 2011/5 Director and Head of Area Franchise & Affiliated Company Administration Division of Circle K Sunkus
 2014/5 Corporate Auditor of Circle K Sunkus (current)
 2019/5 Standing Corporate Auditor of the Company (current)

Important Position Concurrently Held in Other Company
 Corporate Auditor of FamilyMart Co., Ltd.

6 Outside Corporate Auditor

Yoshiko Shirata

1999/3 Ph.D. Business Administration, University of Tsukuba
 2001/4 Professor of Accounting, Nihon University College of Economics
 2007/4 Professor of Accounting, Graduate School of Business Sciences, MBA Program in International Business, and Ph.D. Course of Business Sciences, University of Tsukuba
 2008/10 Council Member of Science Council of Japan, Chairperson on Management Research Committee
 2019/5 Outside Corporate Auditor of the Company (current)

Important Positions Concurrently Held in Other Companies
 Visiting Professor, Tsukuba Gakuin University, Japan
 Council Chairman, the Road Tax Rating Council of Tokyo Regional Taxation Bureau
 Council Member, Legislative Council of the Ministry of Justice
 Outside Director, Win-Partners Co., Ltd.
 Outside Director, Ryoden Trading Co., Ltd.
 Outside Director, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development

Appointment of Outside Officers

Criteria Concerning the Independence of Outside Officers

With the goal of defining the criteria for certifying outside directors and outside corporate auditors as independent officers of the Company, the Company has established "Criteria Concerning the Independence of Outside Officers" with the approval of the Board of Directors. When considering candidates for outside director and outside corporate auditor, their independence based on said criteria is a prerequisite for the position.

Reasons for Appointing Outside Directors and Outside Corporate Auditors

Outside Directors

Name	Reason for appointment	Attendance rate at fiscal 2018 Board of Directors' meetings
Tadashi Izawa Independent Director	Tadashi Izawa has abundant experience acquired through his years of experience as a deputy director-general of the Ministry of Economy, Trade and Industry, a board member of the Japan International Cooperation Agency, an executive vice president of Japan External Trade Organization, and an ambassador. We have determined that Mr. Izawa can be expected to provide valuable opinions and advice based on these experiences and his deep knowledge.	15/16 (93%)
Mika Takaoka Independent Director	Mika Takaoka possesses a wealth of specialized insight and knowledge regarding economics and management accumulated through her experience as a university professor and Outside Corporate Auditor of the Company and outside director of other companies. We have determined that Ms. Takaoka can be expected to provide valuable opinions and advice based on these experiences and her deep knowledge.	—
Chikako Sekine Independent Director	Chikako Sekine has held positions such as head of international marketing and many other divisions as executive officer of a major cosmetics company. Later, she served as a representative director and an outside director of other companies, accumulating abundant experience as well as deep knowledge. We have determined that Ms. Sekine can be expected to provide valuable opinions and advice based on these experiences and her deep knowledge.	—

Outside Corporate Auditors

Name	Reason for appointment	Attendance rate at fiscal 2018 Board of Directors' meetings	Attendance rate at fiscal 2018 Board of Corporate Auditors' meetings
Yasuhiro Baba	Yasuhiro Baba has been engaged in accounting and finance duties at our parent company for many years. We have thus determined that Mr. Baba can be expected to perform rigorous audits of the Company's management based on his wealth of experience and insight in the accounting and finance fields.	21/21 (100%)	12/12 (100%)
Takayuki Aonuma Independent Auditor	Takayuki Aonuma has a wealth of experience and insight as a legal specialist. We have thus determined that Mr. Aonuma can be expected to perform rigorous audits of the Company's management.	16/16 (100%)	10/10 (100%)
Ichiro Uchijima Independent Auditor	Ichiro Uchijima has held positions such as general manager of Corporate Planning and many other divisions as director of a major oil company and has abundant experience and sophisticated insight. We have thus determined that Mr. Uchijima can be expected to perform rigorous audits of the Company's management.	—	—
Yoshiko Shirata Independent Auditor	Yoshiko Shirata has expertise in finance, accounting and management as a university professor, and has served as outside director at other companies, accumulating abundant experience and sophisticated insight. We have thus determined that Ms. Shirata can be expected to perform rigorous audits of the Company's management.	—	—

Note: Attendance for Tadashi Izawa and Takayuki Aonuma is of meetings held following their assumption of office on May 24, 2018. Mika Takaoka, Chikako Sekine, Ichiro Uchijima, and Yoshiko Shirata assumed office on May 28, 2019.

Greetings from Newly Appointed Outside Directors



Mika Takaoka

Outside Director

Ms. Takaoka became a professor at Rikkyo University's College of Business in 2009. Specializing in management, she conducts research on the societal and economic role played by distribution. She has contributed as an outside director at many corporations. In 2011, she was appointed as an outside corporate auditor of the Company, a position that she held for eight years. Since May 2019, she has been one of the Company's outside directors.

In June 2018, Japan's Corporate Governance Code was partially amended. I feel that companies are increasingly expected to enhance corporate value sustainably and build decision-making systems that help realize this goal. At the same time, I believe that the responsibilities of independent outside directors are growing. With this in mind, I intend to tackle my duties with resolve.

For more than 20 years, convenience stores have led the retail industry. In the near future, as society continues to age and AI technology progresses, convenience stores are likely to remain an attractive business format given their significant potential as the places nearest to people. The key to further growth will lie in having the ability to evolve constantly in step with society's expectations as well as with changing lifestyles and needs coupled with the intellectual flexibility that such evolution requires.

In a franchise business, a relationship of trust between

the head office, which leads operational management, and franchised stores is essential. This is because in catering to customers' ever-changing needs the head office and franchised stores must work hand-in-hand to improve and innovate continuously while fulfilling their respective roles as independent entities. In addition, as the leader of management, an important role of the head office is to grow the profits of both franchised stores and the head office by fulfilling functions that only the head office can perform. These functions include systems development through large-scale investment and the development and marketing of new products and services based on aggregated information and knowledge. I am committed to drawing on experience and insights garnered during research activities and the time spent serving as the Company's outside corporate auditor to help FamilyMart advance into a new phase.



Chikako Sekine

Outside Director

Ms. Sekine commenced her career in the sales operations of a major cosmetics manufacturer. After serving as a division general manager in such fields as international marketing and becoming an executive corporate officer at said company, she founded her own company. Drawing on experience gained during the course of her career, she delivers lectures on a broad range of issues.

I recently had the good fortune to become a member of the new FamilyMart's senior management team. I began my career working in sales at a cosmetics manufacturer and subsequently acquired experience in a variety of fields, including marketing, international business, and organizational management. To this day, however, a policy of maximizing customer satisfaction and aiming for the No. 1 level of customer endorsement, which I developed while providing consultative services to customers at the beginning of my career, remains my starting point. Given that customer service and retail form the core of FamilyMart's business, I am very much looking forward to helping the Company at a time when it has an opportunity to enhance brand value and thereby achieve new growth.

Society's demands with respect to corporate governance are becoming more exacting. My impression is that society particularly wants outside directors to assume weightier roles

and responsibilities. Maintaining my independence and using the viewpoint of shareholders as the criterion for decisions, I want to offer frank opinions and advice with a view to helping FamilyMart achieve sustained growth and to enhancing its corporate value over the medium-to-long term.

For some time, there have been calls for personnel diversity. However, I believe that an issue for many companies is how to utilize personnel as human resources that contribute to growth strategies. To respond flexibly to changing business conditions and sustain growth, companies must make and implement decisions rapidly through groups of personnel with diverse views and perspectives. With a view to securing personnel who facilitate such processes and fostering these personnel as human resources, I recommend FamilyMart to focus on the development of systems, including assessment and compensation systems.

Board of Directors' Effectiveness

Evaluation of Board of Directors' Effectiveness

The Company evaluates the effectiveness of the Board of Directors in the aim of enhancing the Board's functions and effectiveness.

Evaluations are conducted by taking a survey of all directors and corporate auditors. Survey responses are summarized, and the Board of Directors is analyzed and evaluated based on those results.

Summary of Evaluation of Board of Directors' Effectiveness

Subjects	All directors and corporate auditors at March 1 each year	
Method	Questionnaire of all subjects (answers anonymous)	
Questions	1. Composition of the Board of Directors 2. Management of the Board of Directors 3. Agenda items of the Board of Directors 4. Support systems of the Board of Directors	The Board is evaluated at four ranks, for each category shown at left.
Evaluation method	All directors and corporate auditors answer a questionnaire about the effectiveness of the Board of Directors. Based on the aggregated results of these answers, analysis and evaluation are conducted at meetings of the Board of Directors.	

Evaluation Results, Issues, and Response Status

Subject fiscal year	Evaluation results	Issues	Responses for future fiscal years
Fiscal 2016	The Board of Directors is generally functioning appropriately.	Make improvements with regard to early distribution, content, and quantity of materials submitted to the Board of Directors.	We made a thorough effort to distribute materials early (three business days before Board of Directors meetings). Documents to be submitted were reviewed, including such aspects as number of pages and font sizes. Improvements were also made in the content, ensuring that information necessary for management decisions was presented in an easy-to-understand manner.
Fiscal 2017	The Board of Directors is generally functioning appropriately.	Expand the provision to independent outside executives of information related to the Company's business, and provide a venue for independent executives to exchange information and share impressions with each other.	We provide independent outside executives with opportunities to visit locations where ready-to-eat meals are produced and take part in product seminars on an ongoing basis. We have also established the Board of Independent Directors, comprising only independent outside directors and independent outside corporate auditors, to encourage communication among independent outside executives and as a venue for eliciting advice about issues with the Company's business.
Fiscal 2018	The Board of Directors is generally functioning appropriately.	Board of Directors agenda items (executive compensation, appointment and dismissal of members of the management team, etc.)	Compared with the previous evaluation, improvements were apparent with respect to the appropriate management of conflicts of interest with related parties and meetings with independent outside members.

Leveraging the Outside Directors' Knowledge

The Company invites outside directors to tour ready-to-eat food production bases and notifies them of product seminars, which are held each spring and autumn. Via the Board of Directors secretariat, we also provide outside directors with explanations of agenda items prior to meetings, as necessary based on the importance of those items.

In these ways, we strive to help outside directors gain a better understanding of the Company's businesses. Through such efforts, we hope to foster open-minded debate at Board of Directors meetings and enhance the Board of Directors' effectiveness.

To invigorate debate and Board of Directors meetings, the Board of Independent Directors, which comprises only independent outside directors and outside corporate auditors, has met regularly since fiscal 2018. Through this board, we foster communication among independent outside executives and promote a better understanding of the Company's businesses. In fiscal 2018, the board debated the Company's business risks and measures for reducing them.

Principal Meetings in Fiscal 2018

Principal Meetings and Decision Highlights

Board of Directors	
Summary	Decides on important matters affecting the Company's implementation of operations and supervises the performance of duties
Number of meetings in fiscal 2018	21
Decision highlights	<ul style="list-style-type: none"> The expression of opinions regarding a tender offer for the Company's shares through a wholly owned subsidiary of ITOCHU Corporation Policies for evaluating Board of Directors' effectiveness and responding to revisions to the Corporate Governance Code Verifying the significance of cross-shareholdings Sale of shares of UNY (HK) CO., LIMITED Sale of shares of UNY CO., LTD.

Management Meeting	
Summary	Based on policies that the Board of Directors has approved, deliberates the implementation of policies and plans in overall business management
Number of meetings in fiscal 2018	18

Principal Committees

Governance Committee	
Purpose	Reviews the establishment and operation of internal control systems throughout the Group
Chairperson	Director and senior managing executive officer
Committee members	4
Number of meetings in fiscal 2018	2

Risk Management & Compliance Committee	
Purpose	Exercises Groupwide control of risk management and compliance activities
Chairperson	Director and senior managing executive officer
Committee members	12
Number of meetings in fiscal 2018	4

Society & Environment Committee	
Purpose	Exercises Groupwide control of corporate social responsibility and sustainability activities
Chairperson	Director and senior managing executive officer
Committee members	6
Number of meetings in fiscal 2018	1

Executive Compensation

The Company provides two types of compensation to directors (excluding outside directors): fixed compensation and performance-based bonuses. The ratio between these two types of compensation is adjusted appropriately based on individual directors' roles and responsibilities. Performance-based bonuses are determined on the basis of consolidated net profit attributable to owners of parent. Furthermore, directors contribute a portion of their fixed compensation and performance-based bonuses to the Company's management stock ownership plan (stock price-linked compensation). During their terms of office, the Company requires directors to keep the shares they have acquired.

Levels of compensation for directors and corporate auditors were revised to take account of such changes as the September 2019 merger between FamilyMart UNY Holdings Co., Ltd. and FamilyMart Co., Ltd., as well as economic conditions. The following resolution was passed at the Ordinary General Meeting of Shareholders on May 28, 2019.

- Directors: Within ¥1.2 billion per year (of which, within ¥100 million for outside directors)
- Corporate auditors: Within ¥150 million per year

Compensation for Executives

	Total paid (¥ million)	Total paid in various forms (¥ million)				No. of paid recipients
		Basic salary	Stock options	Bonus payments	Retirement benefits	
Directors (excluding outside directors)	241	115	—	126	—	11
Corporate auditors (excluding outside corporate auditors)	27	27	—	—	—	1
Outside directors	22	22	—	—	—	3
Outside corporate auditors	38	38	—	—	—	5

Note: The above figures include one director who retired as of the close of the 37th Ordinary General Meeting of Shareholders held on May 24, 2018, and three directors who retired on February 28, 2019.

Compensation of Accounting Auditors

The compensation paid to accounting auditors for conducting audits is determined based on the Company's scale and characteristics and on the number of days required to perform the audits. The final decision is made after reaching agreement with the accounting auditors. Information on the certified public accountants that performed the audits and on the compensation they received can be found below.

Names of the certified public accountants that executed said duties:

Koichi Okubo, Haruko Nagayama, and Kazuhiro Soda,
Deloitte Touche Tohmatsu LLC

Compensation for Corporate Auditors

	Fiscal 2017		Fiscal 2018	
	Compensation based on audit and attestation (¥ million)	Compensation for non-audit services (¥ million)	Compensation based on audit and attestation (¥ million)	Compensation for non-audit services (¥ million)
FamilyMart UNY Holdings	79	—	115	78
Consolidated subsidiaries	449	—	248	—
Total	528	—	363	78

FamilyMart's Internal Control System

The Company has established the Governance Committee as an advisory body to the president and representative director. The committee comprises a majority of independent outside directors and is responsible for confirming the status (implementation and operation) of internal controls based on the Basic Policy.

The Company has also established the Risk Management & Compliance Committee, which meets regularly. The standing corporate auditors attend meetings of the committee to deliver their opinions.

Compliance and Risk Management

The Risk Management & Compliance Committee monitors the status of compliance and strives to enhance the compliance system by receiving reports from compliance-related committees at each Group company. The respective Group companies continuously execute various measures including education and training activities for officers and employees and the establishment of an internal reporting system and a point of contact for consulting.

In addition, the Company has established systems to rectify and prevent compliance violations. It has established an internal reporting system for the Group, which includes an employee hotline and a supplier helpline.

The Risk Management & Compliance Committee monitors the status of risk management by receiving reports from committees related to risk management at each Group company and creating risk maps that combine risks for the Group as a whole. The respective Group companies regularly analyze and evaluate various risks and independently conduct risk management regarding the risks concerned.

Use of Employee Hotline and Supplier Helpline in Fiscal 2018

Suspected fraud, law-breaking, or rule violation	6
Inquiry about labor contract or working hours	4
Inquiry about workplace conditions, behavior, language / suspected harassment	45
Total	55

Group Companies Management System

The Company dispatches directors and/or corporate auditors and provides the respective Group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. The Company also has entered into management guidance agreements with major operating companies to promote Groupwide improvement of propriety in operations.

In addition, we determine matters that require the Company's prior approval and matters that need to be reported to the Company under the Management Rules regarding Associated Companies, and conduct deliberations on significant matters pertaining to the subsidiaries at the Company's Board of Directors meetings and in the Management Meeting, etc.

Furthermore, with respect to risk management, we have taken actions such as the establishment of the Risk Management & Compliance Committee and compliance education at each Group company. Based on the status of such actions, the Company conducts education and training regarding compliance and risk management, etc., at Group companies and provides training materials to the Group companies, and further provides advice and guidance on the improvement of relevant rules and the streamlining of systems. With these measures, the Company promotes the internal control systems including those at Group companies.

Accountability

Proactive Dialogue with Stakeholders

FamilyMart values dialogue with its stakeholders and engages in various activities to enhance corporate value.

We strive to enhance direct communication between franchised stores and top management. In this way, we encourage the resolution of management issues related to store operations and foster grassroots store management.

Dialogue with Institutional Investors

The Company is committed to ensuring that its investor relations activities respect its policy of simple and forthright disclosure characterized by accuracy, promptness, and impartiality. Under the strong leadership of the president, the Company holds biannual financial results review meetings, conducts overseas investor relations activities, meets individually with investors and analysts, and proactively provides information through its corporate website and various publications. Going forward, we will work to further enhance our investor relations activities.

Activities	Contents
Meetings for analysts and institutional investors	Twice (interim and year-end results): Explanation of business results and management strategies; first- and third-quarter teleconferences
Briefing sessions	Product strategy briefings, sustainability sessions, CVS business sessions, etc.
Overseas IR activities	Visits to important investors in the U.S., Europe, and Asia for briefing sessions
Individual meetings	Approximately 300 times
Domestic and international conferences hosted by securities companies	Approximately 10 times
Major communication tools	Integrated report, sustainability report, website



Meetings for analysts and institutional investors



Sustainability session



CVS business session

Dialogue with Shareholders

As the topmost decision-making body in corporate management, the General Meeting of Shareholders approves the financial results and business results for each fiscal year and expresses its votes for or against agenda items that are tabled, participating in corporate management.

Activities	Contents
38th Ordinary General Meeting of Shareholders	Shareholders in attendance: 152 Questions: 13
Briefings for individual investors	To provide venues throughout Japan to foster an understanding of our management strategy and business activities
Major communication tools	Reports for individual shareholders, CSR handbook, website

Dialogue with Franchised Stores

Top management communicates directly with franchised stores. We value the input we receive from franchised stores in this manner, which helps to improve routine store operations.

Activities	Contents
<i>Kansha no Tsudoi</i> ("Gratitude Gathering")	Top management announces policy directions, and parties are held to express appreciation for stores' routine operations. These events were held 16 times in 11 locations around Japan in fiscal 2018.
Store visits by the president	Since assuming office in September 2016, the president has visited more than 700 stores (as of May 31, 2019).
Luncheon meetings	Opinions are exchanged over lunch with members of franchised stores.
Surveys of franchised stores	These surveys are conducted quarterly to improve store operations.



Kansha no Tsudoi ("Gratitude Gathering")



Store visits by the president



Luncheon meetings