

Familymart Co.,Ltd.

Abbreviated Transcript of the Q&A Session for the Sustainability Briefing

◆Date: February 19, 2020 (Wednesday) 10:00AM–11:00AM

Q. How much ESG investment do you expect to engage in per year?

A. After close consultation with each department, we have tried to set numbers as specifically as possible, but we have tried to base them on more than just monetary amounts. We have also looked in terms of whether or not there will be any returns on the investments while also bearing in mind the 10-year length of franchising contracts. Given those factors we are focused on investments that realize returns over roughly five years' time.

Q. What are your thoughts on diversifying supply chain risks and reducing CO₂ emissions?

A. While we have made progress reorganizing our factories and re-delegating their duties after integrating Circle K Sunkus, there are still some inefficiencies in the supply chain at present time. As a first step, increasing production efficiency will spur investment in the supply chain itself, which will lead to CO₂ reduction. We will adjust our business continuity plan based on disaster agreements with local governments.

Q. What are you doing to spread initiatives such as *Kodomo Shokudo* and *Famima Circle* to more franchised stores?

A. We introduce these initiatives in a “WeeklyNews” video that is distributed to franchised stores every week. These initiatives are shared among franchised stores through their communications in local regions, helping spread these initiatives. We feel that they will help improve sales over the long term.

Q. What are your thoughts on the fact that one quarter of sales comes from tobacco, a luxury consumable?

A. One important point to bear in mind in the continued sales of tobacco and alcohol is the need for strict age checks when engaging in face-to-face sales, since these serve to prevent sales to minors. Because of the upcoming Olympic and Paralympic Games, we have also instituted a policy to remove ashtrays from storefronts at locations near event facilities.

Q. Is it actually possible to reduce 100% of CO₂ emissions?

A. Reaching zero emissions will take some technological innovation, but we are committed to making improvements as a company every year with ongoing monitoring, and are making efforts to approach this goal.

Q. Will you utilize bargain sales to mitigate food wastage?

A. We have conducted trials with bargain sales, but it is up to the franchised stores to whether they want to have them or not. Moreover, since we are not a business that deals with a single product, it would be difficult to turn a profit. On the other hand, strengthening sales of reserved items has proven to be an effective measure employed this fiscal year, and we intend to continue in this direction.

Q: Tell us about the added value of environmentally-friendly products.

A. Convenience stores use a relatively small amount of plastic when compared with other industries, but even so, the large amount of plastic waste generated by convenience stores is becoming a social problem. In response to the mandatory charge for plastic bags that will come into effect July 1st, we will use bags with a higher ratio of biomass materials. Consumers will have the option of purchasing or declining these bags when buying from our stores. We believe that declining plastic bags will lead to a reduction in plastics.