

Materiality 4

Working with Suppliers to Pursue a Sustainable Supply Chain



Social Background and Issues to Recognize: Significance



As the world economy develops and becomes more borderless, enterprises are increasingly procuring goods from all over the globe. Globalization helps enterprises be more competitive and enriches people's lives, but it is also a factor in a variety of social issues: environmental problems, economic disparity and poverty, labor and human rights problems, and more. In addition, when suppliers act in ways that run counter to corporate ethics, it becomes a problem for the companies contracted to buy their goods. Often, those companies lose the trust of society. These are ways in which the expansion of supply chains can be a big risk factor for enterprises.

International standards like ISO 26000 and ISO 20400* have arisen in response, meaning that enterprises are expected to practice responsible procurement on a global scale, based on fair trade with their suppliers and extended throughout their entire supply chains.

We handle an extremely diverse range of products, and as our business has grown, our supply chains have expanded globally. We understand that, for that reason, it is critical to step up supply chain management to ensure a flow of safe and reliable products to our customers. We consider it our social responsibility to practice more sophisticated supply chain management, not just for safety and reliability but also in order to make positive impacts like working for human rights, good labor practices, the environment, and the elimination of corruption.

* ISO 26000: an international standard on the social responsibility of organizations. ISO 20400: an international standard on sustainable procurement.

Vision: Approach to Our Initiatives

Strong systems based on trusting relationships with our business partners are indispensable if we are to continue growing sustainably with society. We will strive to establish and maintain good long-term relationships with our business partners through fair and transparent business practices.

In light of the fact that the international community expects social responsibility to extend throughout supply chains, we will also continue our initiatives to contribute with our business partners to the formation of a sustainable society based on the Sustainability Procurement Principles and Supply Chain CSR Code of Conduct that we established in February 2018.

Measures Taken

- Fair and transparent business / Building good relationships with our partners
- Building responsible supply chain management / Promoting sustainable ingredient sourcing
- Taking responsibility to provide safe and reliable products

Fair and Transparent Business / Building Good Relationships with Our Partners

Issues to Recognize

Achieving a prosperous society requires the sound development of a healthy market economy, which is also essential to enterprise growth. Competing in this free and fair market economy, enterprises are expected to fulfill valuable roles in society and profit accordingly. However, this virtuous cycle of the economy is impeded by enterprises that abuse leverage over suppliers in unfair business arrangements. Enterprises are therefore expected to seek more equitable business conditions with suppliers such as SMEs.

Management Approach

Basic rules are in place to ensure fair and transparent business with our partners. We strictly comply with the Antimonopoly Act, the Subcontract Act, anticorruption/antibribery regulations, and other relevant legislation, along with notifications of the Japan Fair Trade Commission (Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers).

Our aim is to build good partnerships through two-way communication with business partners and to grow with them.

Key Accomplishments and Performance in FY2019

- Expanded scope of business supplier surveys:

55 information system vendors added

- Response rate for business supplier surveys: **56.5**%

Future Activities

- Review how survey questions are posed to reduce time needed to respond and improve the response rate

Training to Ensure Fair, Transparent Business

Regular training according to our basic rules is provided to employees in procurement and purchasing departments, as is training on CSR procurement. Through e-learning for all employees, participants can refer to our posted “fair trade manual” to check details of the Antimonopoly Act, Subcontract Act, or other regulations as needed, or our guidebook, which in effect prohibits bribery from suppliers in the form of gifts and entertainment.

A regular compliance conference is also held for rigorous review of compliance with our basic rules and regulations.

Business Partner Helpline

A third-party organization hosts our business partner helpline, which gives advice and receives reports in the event of suspected issues with the safety and reliability of products sold by FamilyMart, regulatory violations in transactions, or inappropriate behavior by employees. This service supports early discovery and corrective action for any of these issues. Each office receives a leaflet on the business partner helpline, which we make suppliers aware of. In fiscal 2019, four inquiries were received by the helpline. After investigating, we responded appropriately to each inquiry by working with suppliers and relevant departments.

Business Partner Surveys

We send compliance survey to our business partners. Sound, positive relationships with these business partners are sought by checking regularly to ensure that no employees are subjecting suppliers to unreasonable pressure in negotiations or the like. In fiscal 2019, surveys were sent to existing suppliers of products and construction services as well as an additional 55 information system vendors, and introducing a wholly online survey improved

Statistics on Business Partner Surveys

	Partners surveyed	No. returned	Response rate
Product suppliers	89	56	62.9%
Construction suppliers	192	115	59.9%
Information system vendors	55	19	34.5%
Total	336	190	56.5%

the response rate by 12%. We will continue to seek a higher response rate by reviewing recipients and how answers are elicited.

Building Solid Partnerships with Business Partners

Strong partnerships with our business partners, founded on mutual understanding and relationships of trust, are essential for our sustained growth. Semiannual product briefings share information on industry trends, our business strategies, the mid-to long-term environmental targets in FamilyMart Environmental Vision 2050, and other ESG initiatives with our business partners. Especially in reducing food wastage, higher quality from producers of ready-to-eat products also has a significant impact, so we have made suppliers aware of the importance of efforts through the supply chain.

To ensure safety and reliability, we hold quality control meetings for supplier quality control supervisors. Meetings may include overviews of quality and hygiene control points, presentations on case studies from various plants and awards for plants with outstanding initiatives, and seminars led by external instructors. The meetings help us share expertise and enhance quality control.

Regular email newsletters distributed to suppliers share best practices and other insight. Ad hoc mailings during the spread of COVID-19 introduced measures to prevent infection, and a survey was given on plant issues and progress in initiatives.

Building Responsible Supply Chain Management / Promoting Sustainable Ingredient Sourcing

Issues to Recognize

At a time of business growth and global expansion of supply chains, we must ensure that business activities throughout our supply chains are cognizant of social concerns. Beyond providing safe and reliable products these include environmental initiatives to reduce GHGs and waste, prevent environmental pollution, and protect biodiversity, as well as respecting human rights and labor practices, ensuring employee safety and health, and responding to a labor shortage in logistics. In addition, more frequent and intense natural disasters attributed to climate change have raised expectations for businesses to improve resilience, through routine efforts to build sustainable procurement and product supply networks that can withstand such disasters, establishment of business continuity systems, and so on.

Management Approach

CSR efforts across supply chains are guided by our Sustainability Procurement Principles and Supply Chain CSR Code of Conduct, under our Sustainability Policy, and help achieve a sustainable society. To this end, we focus not only on our company but also work with marine and agricultural product suppliers, outsourcing contractors who make our private brand/original products, importers, and other business partners.

Key Accomplishments and Performance in FY2019

- CSR questionnaire for producers of ready-to-eat products: **34** companies
- Survey on food product supplier acquisition of certification for sustainable production

Targets and KPIs

KPIs for FY2020

- CSR monitoring under new standards for ready-to-eat product suppliers: **2** companies
- Promotion of supplier understanding of codes of conduct and regulatory compliance
- Conducting plant audits at ingredient plants: Second-party auditing with JFS: **120** plants
External (third-party) audits: **80** plants
- Conduct risk assessment at ingredient plants
- Percentage of Global G.A.P.-certified vegetables used: **10**%
- Survey the certification of ingredient plants

Future Activities

- Expand CSR monitoring under new standards for producers of ready-to-eat products



Promoting CSR Procurement

In February 2018, we established our Sustainability Procurement Principles and Supply Chain CSR Code of Conduct to ensure a shared awareness of sustainability and CSR with our suppliers. We encourage suppliers to promote CSR based on the code of conduct, and in July 2020 we introduced a CSR questionnaire for ready-to-eat product suppliers. We check compliance with efforts to combat climate change by conserving energy to reduce GHG emissions, conservation of water and other resources, awareness of biodiversity, prevention of environmental pollution, and reduction of food wastage, which is a major issue for our industry, use of child labor, attention to employee safety, hygiene, and health, and appropriate working hours through reduction of excessively long shifts. We have started a test run in preparation for CSR monitoring under new standards, and we plan to expand the scope of suppliers monitored.

Refinements to the Supply Chain CSR Code of Conduct are also made, in line with social and stakeholder needs, and we will continue to work closely with our business partners to practice CSR throughout our supply chains.

CSR-Conscious Selection of Suppliers

In addition to quality, cost, and ability to meet deadlines, we consider CSR when choosing business partners. Specifically, we evaluate whether a potential business partner is aware of CSR as outlined in our Sustainability Procurement Principles and Supply Chain CSR Code of Conduct, and then we select suppliers based on fair and appropriate procedures.

CSR Audits and Monitoring of Business Partners

We closely audit and monitor our existing business partners.

Plant audits focus on quality and hygiene control at ingredient and packaging plants, covering about 60 items including waste and wastewater. We also work with third-party organizations to conduct audits that include checking the measures that business partners take to improve. These audits refer to risk assessments based on the number of complaints about particular products. Plants with relatively more complaints are audited more often – every few months instead of annually. As for plants in China, Japan Food Supply Co.,Ltd. (JFS)* generally performs on-site audits once a year and rates plants on a four-level scale. If a plant audit finds problems, improvements are suggested and corrections are confirmed.

Production sites for ready-to-eat products undergo monthly plant inspections focused on quality control, in addition to unannounced third-party audits. As a company involved in the food industry, we consider it our responsibility to find solutions to the problem of food wastage. We ask our business partners to reduce their food wastage, and we monitor monthly status reports. By introducing a new CSR questionnaire in July 2020, we checked compliance of the 34 respondents with the Supply Chain CSR Code of Conduct. CSR monitoring under new standards is set to begin, and we will expand the scope of monitoring.

Regional meetings of producers of ready-to-eat products share industry trends and each company's success stories. The events build up supplier capabilities through the Nippon Fresh Foods Cooperative Association (NFF), as by studying how to contain damage during disasters.

* Japan Food Supply Co.,Ltd. (JFS): Since establishment as a wholly owned subsidiary of NIPPON ACCESS, INC., JFS has worked in procurement, joint delivery, and quality control for ready-to-eat product suppliers for FamilyMart and other companies.

Building responsible supply chain management / Promoting sustainable ingredient sourcing

Sustainable Ingredient Sourcing

FamilyMart carries many original food products, especially ready-to-eat products. Stable procurement of the agricultural crops and livestock products in these products is essential. The impact of droughts and water damage from climate change on harvesting and cultivation of crops and livestock products was studied in our climate scenario analysis in the first half of fiscal 2020. Past measures have sought to establish an ingredient supply system less affected by changes in climate and weather, as through distributed procurement in multiple countries or regions and expanded procurement from vegetable plant factories. We will continue to build a supply chain that addresses future risks. Additionally, to protect animal welfare, a majority of the poultry in ready-to-eat meals is currently Genesis GAP certified. We recognize the risk posed to sustainable procurement by external factors such as international standards and changes in consumer behavior relating to animal welfare, sustainable palm oil and coffee, marine products, and food containing GMOs, and we are studying future responses.

Enhancing Logistics

We have been promoting structural reforms in ready-to-eat products to provide valuable and compelling products. Particularly in logistics, as we have integrated brands, we have overhauled work processes at our logistics centers and delivery routes, including both chains' logistics networks. As of the end of February, 2019, the number of logistics centers has been consolidated to 157, down from an initial 213. We also use our Transportation Management System (TMS) in comprehensive management of time and routes between logistics centers and stores. Logistics is also enhanced by revising the timing of orders, the number of times products are ordered, and the operations of delivery trucks.

To cope with the labor shortage in the logistics industry, we also endorsed the Ministry of Land, Infrastructure, Transport and Tourism "White Logistics" movement (encouraging a working environment more accommodating to senior and female drivers) as of September 2019 by submitting our own "Declaration of Voluntary Action." We are working to uphold our Declaration of Voluntary Action, which calls for faster loading/unloading by using pallets, reduced incidental work other than driving (such as unloading), and deliveries with wireframe carts, among other measures. We will continue to aim for the establishment of resilient logistics networks with an awareness of environmental issues and social aspects such as working conditions.

Fiscal 2019 Plant Audit and Third-Party Audit Results

	Suppliers (about 3,500 plants total)	Producers of ready-to-eat products (88 total)
Plant inspections	142	88
Third-party audits	79	88

As a result of supplier plant inspections and third-party audits of production sites for ready-to-eat products, all sites received instructions for improvement of issues such as inadequate document management, after which inspection was repeated.

Sustainability Procurement Principles

In its business activities, FamilyMart accepts the social responsibility of working toward realizing a sustainable society such as preserving the global environment and protecting human rights. For this purpose, we are pursuing business activities that are based on the spirit of mutual development (CO-GROWING) in line with fair rules for producers and business partners, realizing sustainable growth and focusing on the principles below.

1. We preserve biodiversity, eliminate natural resource transactions, gathering, and fishing conducted illegally.
2. We reuse renewable resources to protect natural resources at extreme risk of depletion.
3. As the safety, security and health of customers is the highest priority, we work to secure the traceability of agricultural, livestock and marine products and disclose information to customers that is easy to understand.
4. We comply with laws and social norms and aim at a sustainable society together with producers and business partners who take social responsibility, including human rights, workers, health and safety, and global environmental preservation.

Supply Chain CSR Code of Conduct

1. Comply with laws and regulations

We comply with international norms as well as the laws and norms of countries and regions where we conduct business and engage in conscientious business activities.

2. Human rights

We respect individuals and their rights regardless of race, nationality, religion, sex, or any other status and we do not participate in human rights abuses.

3. Labor

Along with considering for the health and safety of employees and achieving a comfortable working environment, we treat workers without regard to sex, age, nationality and handicap and respect sexual diversity, and prohibit discrimination, inhumane treatment and forced labor.

4. Fair business

In accordance with sound business custom when doing business, we conduct business based on appropriate conditions and receive no private profit.

5. Environment

We take responsible attitude toward the global environment, nature and biodiversity, prevent environmental pollution and prevent global warming such as restricting greenhouse gas emissions. We also pursue creation of a sustainable society by including reducing, properly disposing of and recycling waste.

6. Product quality & safety

We provide products and services that are safe, reliable and healthy for customers, and in the case of accidents or defects, respond by quickly disclosing information and notifying competent authorities.

7. Synergy with local communities

We connect with activities related to development of local communities, we contribute to a better regional life through being environmentally responsible for impacts around business sites and plants.

8. Supply chain system maintenance

Based on social norms and in response to social demands, we are working to build a CSR promotion system and internal control systems, as well as maintain risk control systems. We are also increasing CSR awareness of and dissemination in our own supply chain.

Taking Responsibility to Provide Safe and Reliable Products

Issues to Recognize

Amid growing concern regarding food safety and reliability, Japan revised its Food Sanitation Act in June 2018. To improve food safety and meet needs for globalization, operators of food businesses must practice hygiene control consistent with HACCP. Businesses with a broad product inventory are also expected to be responsible for clear and appropriate labeling and explanations about the content of products and services, handling, and the like.

Management Approach

We work with our business partners to practice thorough quality control across supply chains, making it our highest priority to provide safe and reliable products. With ready-to-eat products in particular, we have applied our own HACCP-based quality control standards. We work to improve quality control and ensure traceability in all processes, from ingredient sourcing to production, delivery, and sales. We appropriately display product and service information in keeping with relevant laws and regulations and practice responsible marketing, collaborating with stakeholders and working to raise consumer awareness.

Key Accomplishments and Performance in FY2019

- Promoting HACCP compliance: **62.6%** certified (as of February 2020)
- Complaints made to ready-to-eat product suppliers: **73.4%** YOY

Targets and KPIs

KPIs for FY2020

- Promoting HACCP compliance: **100%**
- Introduction of new production control system: **8** plants
- Reduction of complaints: **85** YOY%

Future Activities

- Closer communication with producers of ready-to-eat products



Initiatives for Safety and Reliability throughout Supply Chains

We practice integrated management, covering entire supply chains from ingredient sourcing to production, logistics, sales, and even disposal and recycling. Our highest priority is safety and reliability. Our Supply Chain & Quality Management Division plays a central role in the quality of original FamilyMart ready-to-eat products. Rigorous quality control includes monitoring operations at ready-to-eat product plants to continually improve supply chain management.

The Manufacture Infrastructure Development Department has a company-wide role that spans many departments with different product categories. When customers share opinions or requests, or when ideas emerge from product development in each department, the department ensures that the information is shared both internally and with producers of ready-to-eat products to enhance product quality and value.

Quality Control System and Main Initiatives at Each Stage

Management of Ingredients

- Checking plant inspection certificates
- Plant inspection before production
- Assessing ingredients based on quality and hygiene control standards



Production Management

- Bacteriological examinations (monthly)
- Plant inspections at all production sites for ready-to-eat products (monthly/every two months)
- Meetings to ensure product quality (weekly)
- Quality control meetings for supplier quality control supervisors (quarterly)



Logistics Management

- Managing logistics center facilities
- Temperature-specific (frozen, chilled, fixed-temperature) product storage and delivery



Store Management

- Distributing educational tools for in-store hygiene management
- Responding to HACCP Requirements



Taking responsibility to provide safe and reliable products



Ensuring Traceability of Ingredients

To ensure a safe and reliable supply of products for our customers, we practice thorough quality control, starting from ingredient sourcing, in collaboration with JFS, a Group company of ITOCHU Corporation. JFS systems are used in central management of ingredient and packaging information provided by about 200 ingredient suppliers to ensure traceability on a global scale.

For better traceability of vegetables, which has been difficult, we are expanding procurement from designated vegetable plant factories. Beyond ensuring safety and reliability, we seek a stable supply of vegetables from vegetable plant factories that are less easily affected by changes in the weather.

Quality Management System for Ingredients

Inspection certificates for ingredients in ready-to-eat products are checked and inspections are conducted at plants in advance. In this system, ingredients are only sourced from suppliers who meet FamilyMart standards. Plant inspections involve a checklist of 50 items for the ingredients. Any potential risks

from human rights or labor problems are investigated as part of food defense, referring to the prevention of human-caused, intentional contamination of food. In product development and improvement as well, we assess ingredients based on quality and hygiene control standards. Only ingredients meeting these standards can be provided to ready-to-eat product suppliers.

Thorough Plant Audits

Plant audits for ready-to-eat product suppliers and others target plants that are selected based on the results of voluntary inspections conducted in advance. Plants in China are generally audited once a year, with JFS visiting local sites and rating each on a four-level scale. If a plant audit finds problems, improvements are suggested and corrections are confirmed. Inspection points include human rights, fair trade, food safety, the environment, labor problems, and more. Future expansion of the number of plants inspections is under consideration for China and other areas.

Despite the dizzying pace of product development cycles and registration of new ingredients, we conduct plant inspections appropriately, and any plants with low scores are inspected again by JFS at a later date. Any problems discovered are reported and shared with us through our control system, and we do follow-up checks of manufacturers as needed to check their response.



Thorough Quality and Hygiene Control at Production Sites for Ready-to-Eat Products

Ready-to-eat products for FamilyMart are made at about 90 production plants. For suppliers affiliated with the Nippon Fresh Foods Cooperative Association (NFF), plant inspection targeting all plants, based on their level of involvement, is conducted by the Quality Control Department each month or every other month. Plant inspections primarily check quality and hygiene control. To survey quality control and encourage improvement, unannounced third-party audits are also conducted about twice a year. If plant inspection reveals non-conformance with standards or other problems, plants are required to make improvements and take corrective measures.

Weekly meetings are also held to ensure product quality. Here we check whether new products have been made according to specifications before launch and conduct spot-checks of products already at stores.



Cooperative System with Business Partners

To provide safe and reliable products, it is important that all employees at production plants for ready-to-eat products

Taking responsibility to provide safe and reliable products

understand our quality and hygiene control standards and have a keen shared awareness of food safety and reliability. To this end, NFF quality control standards are in place for suppliers to take the initiative in quality control. Additionally, instead of a national quality control conference formerly held on a nationwide scale, quarterly quality control meetings for supplier quality control supervisors are held in the three regions of Tokyo, Nagoya, and Osaka for more in-depth and timely communication. To encourage self-directed quality control, these meetings share examples of potential improvements in consideration of key points for enhancing quality and hygiene control initiatives as well as results from regular plant inspection and bacteriological examinations.

We have also organized a weekly meeting for ready-to-eat product manufacturers to share the latest industry trends and individual success stories. We give awards to business partners who have taken outstanding initiatives. In addition, we have a system in place through NFF that enables partners to cooperate efficiently.

As COVID-19 began to spread, NFF sent an email to on thorough prevention of infection to ready-to-eat product suppliers to inform them of careful preventive measures based on the public health center guidance, both to ensure a stable product supply and to keep suppliers safe.

TOPICS

Responding to HACCP* Requirements

We are working to establish an HACCP-based hygiene control system at all production sites for ready-to-eat products by fiscal 2020. To this end, we are taking steps aimed at attaining Japan Food Safety Management Association certification JFS-B or higher.

* HACCP: A food safety approach to ensure the safety of products by managing critical processes to avoid the risk of bacterial food contamination and product tampering. As a way to prevent problematic products from shipping, it is considered more effective than traditional quality control by sampling inspection.

Logistics Management



Logistics Center Safety and Reliability

We are strengthening security at our logistics centers, such as by installing security cameras to keep out suspicious people. Safety is also managed with an auto lock function on trucks, triggered when the driver is away.

ITOCHU Group company NIPPON ACCESS, INC. conducts logistics center inspections as the managing company involved. The company also centrally manages establishment and operations of a logistics network prepared for earthquakes and other disasters. Additionally, to prevent COVID-19 infection at logistics centers, drivers are careful about wearing masks and gloves and ample intervals are ensured between work at distribution warehouses, among other measures.

Thorough Temperature Control of Ingredients and Products

Logistics centers practice comprehensive temperature control by separating food ingredients and products into temperature zones such as frozen, chilled, and fixed temperature.

To ensure that product temperature is closely controlled, we use freezer and ordinary-temperature delivery trucks, as well as dual compartment refrigerated trucks, with one fixed-temperature compartment and one chilled compartment.

Dual Compartment Refrigerated Delivery Trucks

Temperatures in forward and rear compartments can be set separately to as needed for the load. Available space can also be adjusted according to the capacity needed.



Logistics Center Classification and Storage System

Fixed-temperature centers	Fixed temperature (18–22°C) Chilled (3–8°C)
Freezer centers	Freezing (–25°C or lower)
Ordinary temperature centers	Room temperature



Temperature control at fixed-temperature centers

Taking responsibility to provide safe and reliable products

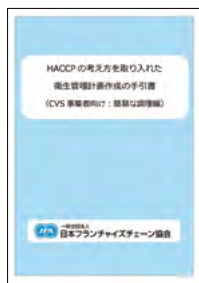


Thorough Training of Store Staff

Stores have managed quality control and hygiene guidance for store staff to continue providing delicious, safe, and reliable products. Diligent hand-washing and cleaning helps prevent food poisoning, and checking and recording the set temperature for products and display fixtures helps maintain freshness. Sell-by dates of ready-to-eat products must be checked four times a day and expired products taken off the shelf.

In response to HACCP requirements in June 2020, FamilyMart has worked with the Japan Franchise Association, Japan Food Industry Association, and other convenience store businesses to create guidelines on planning hygiene control reflecting HACCP approaches, specifically on basic cooking at convenience stores. Through operations in line with the guidelines, we are practicing efficient, consistent food safety measures based on nationally unified industry standards.

Moreover, to prevent COVID-19 infection, we use coin trays, ensure adequate store ventilation, and clean and disinfect areas often touched by customers, which maintains an



Guidelines on planning hygiene control reflecting HACCP approaches (for convenience stores: basic cooking)

environment where customers can shop safely with peace of mind, as we also ensure the safety of store staff.



Appropriate Product Labeling

To provide safe and reliable products and services, responsible marketing (appropriate labeling of products and promotional materials) is as important as quality control. Producers and processors of processed foods must comply with the Food Labeling Act and other relevant regulations. As a vendor of processed foods, FamilyMart works to stay in strict compliance with these laws through internal training, which includes training on regulatory updates and periodic e-learning for employees of relevant departments.

We also strive to avoid product labeling that could mislead customers or risk violating registered trademarks or relevant laws or regulations, such as the Act against Unjustifiable Premiums and Misleading Representations. To this end, an internal monitoring system requires an initial check by the department developing the product followed by another by the Legal Department and Quality Control Department. For promotional materials in stores, our store operations manual includes a page on creating these materials, and we raise store staff awareness about avoiding any material that is misleading or unlawful.

To support visitors to Japan, we label products in accordance with guidelines of the Japan Retailers Association, of which we are a member, on multilingual considerations for retail businesses.

Examples of labels for delicatessen dishes



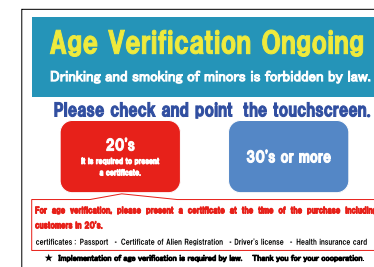
No Sales of Alcohol or Tobacco to Minors

As a responsible business, we ensure that our stores do not sell alcohol or tobacco to minors. Our response is based on the Japan Franchise Association's "safety station activities," an initiative for creating sound environments for young people. Acknowledging that underage drinking puts youth at risk of acute alcohol intoxication and may lead to alcoholism, we maintain store-focused initiatives.

In July 2017, we updated a relevant cash register mechanism. Scanning an alcohol or tobacco product triggers a voice notification and a message on register screens facing store staff and customers to remind the staff member to check the customer's age.

Moreover, when store staff members are hired, they are required to receive training on our alcohol and tobacco sales system. All store staff also receive semiannual training that addresses this topic.

Store managers and supervisors review records of members who have had regular training, make sure that the alcohol sales area is marked and displayed separately as required by law, and confirm the correct placement of posters announcing that customer age checks and other point-of-purchase materials that indicate the ban on alcohol and tobacco sales to minors.



English version of a message about underage alcohol and tobacco use, for non-Japanese customers