

# Sustainability at FamilyMart

The Corporate Message, “FamilyMart, Where You Are One of the Family,” reflects our wish to build a relationship of trust with every stakeholder so that we can grow together. It is our mission and responsibility in every region to meet our customers’ expectations and help solve local social issues.

## Basic Approach on Sustainability

As an operator of convenience stores, FamilyMart sees it as our social purpose to provide our customers and local communities with safe and reliable products and services to bring convenience and richness to everyday life. In addition, by actively promoting community-based management, we participate in solving regional/social issues and contribute to the formation of a sustainable society. Continuous growth together with society is fundamental to our efforts toward sustainability.

In order to commit to these ideas internally and externally, we established the Sustainability Policy in September 2017 and signed the United Nations Global Compact to promote initiatives in collaboration with the international community. Moreover, in order to conduct business with an understanding of and control over its impact on society, we have identified material issues (materialities) since fiscal 2017 and have promoted CSR linked with our business.

In February 2018, we also established our Sustainability Procurement Principles and Supply Chain CSR Code of Conduct to promote business activities favorable to the environment and communities throughout our supply chains. Fiscal 2019 saw a revision of material issues in line with Group reorganization, and we established mid- to long-term environmental targets in FamilyMart Environmental Vision 2050. From fiscal 2020, we have set targets and KPIs for each material issue to make our initiatives more effective. FamilyMart understands that we are a corporate entity playing a part in the development of society and regional economies. We contribute to the formation of a sustainable society, with SDGs attained, by pursuing advanced sustainability management.

### Sustainability Policy

We at FamilyMart always aim to continue to provide new value in the world and to be a presence trusted by our customers. In order to realize these aims, we work together with all of our stakeholders to aim for the formation of a sustainable society and we advocate the following policies.

1. We get involved in activities that lead to the development of local communities and contribute to better lives for everyone.
2. We provide products and services with consideration for safety, reliability, and health and construct the supply chain in accordance with fair business practices with our business partners.
3. We endeavor to give consideration to the global environment, nature, and biodiversity, prevent global warming, and form a recycling-oriented society.
4. We endeavor to support the development of the next generation together with local communities so that the children who will be responsible for the future can grow up healthily and happily.
5. We respect people and their rights regardless of their race, nationality, religion, gender, etc. and promote business activities which offer job satisfaction and enable all of the people involved in the business to be successful.
6. We comply with international norms and the laws and norms in the countries and regions in which we develop our businesses, and carry out our business activities faithfully.



Policies governing various sustainability initiatives

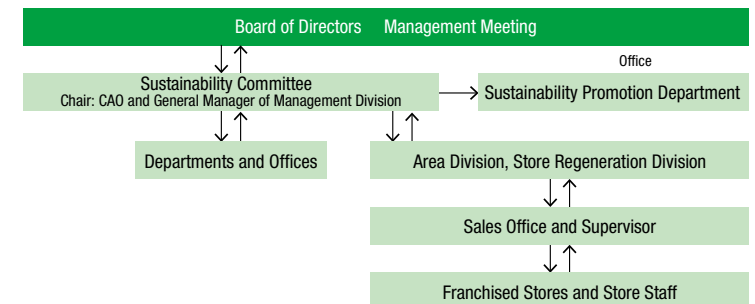
<https://www.family.co.jp/english/sustainability/management/policy.html>

## Sustainability Promotion Framework

FamilyMart’s Sustainability Committee, an advisory body to the President, oversees sustainability initiatives across the company. Chaired by the Chief Administrative Officer and general manager of the Management Division and administered by the Sustainability Promotion Department, it approves activity plans and manages progress.

To promote sustainability, each department, office, Area Division, and the Store Regeneration Division conducts concrete CSR activities through its respective operations in line with FamilyMart’s basic policies, mid- to long-term plans, and decisions of the Sustainability Committee. Results of activities, issues, and other matters are shared and deliberated for improvement by the Sustainability Committee as needed. We regularly engage in dialogue with stakeholders and external experts to determine any discrepancies with society’s expectations/demands of our company, and we apply this knowledge to promote sustainability.

### Sustainability Promotion Framework



### Major Items Considered by the Sustainability Committee

- Fiscal 2019
  - Revising material issues
- Fiscal 2020
  - Consider and verify material issue targets and KPIs
  - Verify and discuss analysis of climate-related risks and opportunities

# Material Issues (Materialities) Related to Sustainability

We identified material issues among many different issues submitted by society and stake holders that can be resolved through our business on a priority basis. We are actively and continuously working on them for advanced sustainability management.

## Identifying Material Issues, Setting Targets and KPIs

A variety of intricately interrelated social issues involving climate change, resources, plastic problems, economic disparity, poverty, and human rights have emerged and worsened. In 2015, the SDGs and Paris Agreement were adopted to resolve these issues. Companies are also expected to take advantage of their strengths and be proactive from a shared awareness that the international community is working together to resolve the issues.

Especially because we operate convenience stores with a close connection to people's lives, we believe it is important to adapt to social changes and steadily respond to the needs and expectations of stakeholders. We therefore identified our material issues for the first time in fiscal 2017 to reassess and manage the social impact of our business. In fiscal 2019 following adoption of a corporate structure focused solely on convenience store business, we reviewed our external environment, social issues, and stakeholder needs and expectations, as we reexamined the material issues. The process of reviewing the five material issues we identified and four foundations supporting solutions brought clarity to our policy of addressing social issues through our business to archive the SDGs, which in turn makes the FamilyMart Basic Principles a reality.

In fiscal 2020 we are making our sustainability activities more effective through PDCA cycles guided by the Sustainability Committee, as the Sustainability Promotion Department works with relevant divisions on targets and KPIs set based on mid-to long-term environmental targets in FamilyMart Environmental Vision 2050 and material issues.

### Material Issue Review and Identification Process

#### STEP 1 Understand, organize, and extract issues

Analyze the internal and external environment and extract issues relevant to FamilyMart.

##### Analysis of external environment

Comprehensively analyze SDGs and other international standards, norms, and initiatives, ESG evaluations, customer needs, and activity indicators of benchmark companies.

- Main analysis indicators: SDGs, Paris Agreement, United Nations Global Compact, ISO 26000, GRI Standards, SRI/ESG indexes, SASB, industry targets

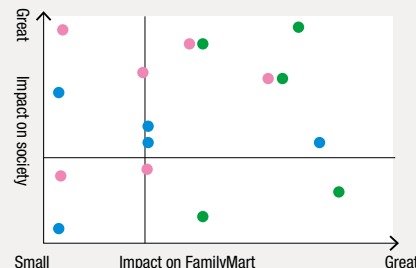
##### Analysis of internal environment

Analyze FamilyMart's basic principles, norms, and business strategy.

- Basic principles, business plan, policies

#### STEP 2 Evaluate materiality

Evaluate and verify the materiality of the extracted issues' impact on society and FamilyMart to draft material issues.



#### STEP 3 Evaluate appropriateness

Discuss views with departments and confer on each issue, seek feedback and exchange opinions with external experts, and evaluate appropriateness and consistency to create the final draft of the Material Issues Matrix.

#### STEP 4 Identify material issues

The final draft of the Material Issues Matrix created in step 3 is classified into five major themes and four basic themes supporting each resolution, in consideration of factors such as the relationship with the basic philosophy, contribution to SDGs, internal and external pervasiveness, and ease of understanding.

These are approved at the Management Meeting and formally designated after confirmation by the Board of Directors.

#### STEP 5 Set material issue targets and KPIs

For each material issue theme, proposed targets and KPIs for fiscal 2020 were studied by relevant departments and the Sustainability Promotion Department in view of industry trends, ESG evaluations and other needs of stakeholders and society, and our progress in relevant activities. Decisions were reached after discussion and determination of suitability by the Sustainability Committee. This will be followed by regular reports and reviews of our progress toward targets, as we make these efforts more effective.

## Material issues (materialities) related to sustainability

### Connections between Material Issues and SDGs

Material Issues	Key Themes * indicates relevance to basic principles	Measures Taken	Examples of Fiscal Year Targets/KPIs, by Material Issue <small>Refer to relevant pages for details of each material issue</small>	Related SDGs	Related Pages
Materiality 1	<b>Contributing to the future of the earth and its regions through environmental awareness</b> <small>* "Become a store that is rooted closely"</small>	<ul style="list-style-type: none"> <li>Continuous improvement of environmental management system</li> <li>Climate change mitigation and adaptation</li> <li>Reduction of food wastage</li> <li>Use of sustainable resources</li> <li>Prevention of environmental pollution</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of CO<sub>2</sub> emissions from store operations: 21%</li> <li>Verification for the introduction of EV/FCV delivery vehicles</li> <li>Extend dessert sell-by date by seven hours</li> <li>Proportion of eco-friendly material in ready-to-eat product packaging: 28%</li> </ul>		Page 24
Materiality 2	<b>Evolving as a regional revitalization base close to people</b> <small>* "Become a store that is rooted closely"</small>	<ul style="list-style-type: none"> <li>Contributing to create safe, secure neighborhoods</li> <li>Supporting the development of the next generation</li> <li>Responding to an aging society</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen functions as safe neighborhood havens</li> <li>Improve participant satisfaction</li> <li>Develop and introduce new regional revitalization programs: Two or more</li> </ul>		Page 39
Materiality 3	<b>Creating safe and reliable products and services to bring convenience and richness to everyday life</b> <small>* "Meet the needs of each customer"</small>	<ul style="list-style-type: none"> <li>Improvement of customer satisfaction</li> <li>Promotion of digitalization to improve convenience</li> <li>Provision of products and services that improve health and well-being</li> </ul>	<ul style="list-style-type: none"> <li>FamiPay app downloads: 10 million (long-term target)</li> <li>Establish our own standards for health-related products</li> <li>Sell health-related products with unified labeling</li> </ul>		Page 47
Materiality 4	<b>Working with suppliers to pursue a sustainable supply chain</b> <small>* "Meet the needs of each customer"</small>	<ul style="list-style-type: none"> <li>Fair and transparent business</li> <li>Building good relationships with our partners</li> <li>Building responsible supply chain management</li> <li>Promoting sustainable ingredient sourcing</li> <li>Taking responsibility to provide safe and reliable products</li> </ul>	<ul style="list-style-type: none"> <li>CSR monitoring under new standards for ready-to-eat food suppliers: Two companies</li> <li>Percentage of Global G.A.P.-certified vegetable used: 10%</li> <li>Reduction of complaints: 85% YOY</li> </ul>		Page 53
Materiality 5	<b>Building a motivating work culture with driven employees</b> <small>* "Like a family"</small>	<ul style="list-style-type: none"> <li>Promotion of diversity and inclusion</li> <li>Work-life balance and workstyle reform</li> <li>Human resource development and training</li> <li>Creating a safe, healthy, and comfortable workplace environment</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of women in management: 10%</li> <li>Short-term childcare leave taken: 100%</li> <li>Training per employee: 8.7 hours</li> <li>Percentage of employees with BMI of 25 or more: Reduce by 5%</li> </ul>		Page 61

Fundamental Keys

Enhancing corporate governance

Page 14

Thorough risk management and compliance

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Respect for human rights

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Joint growth between franchised stores and headquarters





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# Stakeholder Engagement





We provide communication opportunities with key stakeholders to understand social responsibilities and expectations of FamilyMart through our business activities.

Based on the valuable feedback we have received, we revised our material issues (materialities) in 2019. It is also applied to improve our business activities and the quality of our products and services.

The main forms of stakeholder engagement are listed below.

	Method / Content	Achievement and Evaluation	Response / Plan
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>Sales channels including stores, online shopping, and Automatic Super Delice (ASD)</li> <li>Receiving and responding to customer feedback at the Customer Service Office</li> <li>Holding in-store events with customers</li> <li>Responsible advertising, product displays, and marketing</li> <li>Sending information tailored to users via the FamiPay app</li> </ul>	<ul style="list-style-type: none"> <li>Reflected in sales and number of customers visiting stores</li> <li>More highly rated products and services</li> <li>Feedback to the Customer Service Office: <b>85,279</b> calls/messages</li> <li>Downloads of FamiPay app: approx. <b>5.02</b> million (as of the end of February 2020)</li> </ul>	<ul style="list-style-type: none"> <li>Improve the quality of products and services that meet consumer needs</li> <li>Improve store management quality, including product lineup, customer interactions, and cleanliness</li> <li>Increase communication opportunities using in-store equipment and apps</li> <li>Pursue easy-to-understand product displays and ensure accuracy</li> </ul>
 <p><b>Local communities / NGOs</b></p>	<ul style="list-style-type: none"> <li>Dialogue with local communities through the Customer Service Office</li> <li>Dialogue with local communities, schools, and others in the context of supporting development of the next generation, crime and disaster prevention, and events with customer participation</li> <li>Collaboration with the local government and NGOs/NPOs</li> <li>Donations offered at stores and from FamilyMart employees</li> <li>Cooperative hosting of local events and community activities</li> <li>Physical support in organization operations</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening environmental awareness among local children</li> <li>Contributing to the local crime and disaster prevention systems</li> <li><b>2,800</b> rice balls, <b>400</b> bottles of drinking water (600 ml)</li> <li>Relief donations to disaster-affected areas: ¥<b>63</b> million</li> <li>Donations raised in fiscal 2019 (excluding disaster relief): approx. ¥<b>418</b> million</li> </ul>	<ul style="list-style-type: none"> <li>Propose and implement of store-based activities supporting development of the next generation and local communities</li> <li>Expand community contribution activities based on comprehensive partnership agreements, disaster relief agreements, and watch-over agreements</li> <li>Effectively use funds from in-store and internal fundraising and corporate giving</li> <li>Raise awareness of the need to solve social issues among customers, franchised stores, and employees</li> </ul>
 <p><b>Franchised stores</b></p>	<ul style="list-style-type: none"> <li>Establishing and implementing action plans to support franchised stores</li> <li>Store visits by the President, and holding direct meetings accompanied by executives</li> <li>Conducting regular store visits with supervisors</li> <li>Holding <i>Kansha no Tsudoi</i> (meetings to announce fiscal year policies) and product seminars</li> <li>Enhancing the store manager support system and store staff support</li> <li>Distributing a monthly newsletter for franchised stores</li> <li>Maintaining the Franchisee Relations Office</li> </ul>	<ul style="list-style-type: none"> <li>President visits to stores: <b>929</b> (as of October 19, 2020, since appointment in September 2016)</li> <li>Family roundtable (direct meeting) held monthly since June 2019</li> <li><i>Kansha no Tsudoi</i>: held <b>16</b> times at <b>11</b> venues nationwide (fiscal 2019)</li> <li>More substantial store manager meetings, as hosted by regional sales departments</li> <li>Continuation of health exam support services for franchisees and store staff, easing conditions of using the store manager support system, and waiving fees for using the company's recruitment website</li> </ul>	<ul style="list-style-type: none"> <li>Promote store management efficiency</li> <li>Enhance store profitability</li> <li>Expand support for store operations</li> <li>Cultivate relationships of trust</li> <li>Create community-based stores that understand local conditions and contribute locally</li> </ul>
 <p><b>Store staff</b></p>	<ul style="list-style-type: none"> <li>Store staff award program</li> <li>Full-time employee promotion system for outstanding staff</li> <li>Regular store staff training</li> <li>Store Staff Total System (SST) workshops</li> <li>Training support by Famima School</li> <li>Workshops for foreign staff</li> </ul>	<ul style="list-style-type: none"> <li>Number of awarded staff: <b>60,040</b>, with <b>255</b> staff winning Top/Excellent Staff awards</li> <li>Excellent staff promoted to full-time employees: <b>10</b> (total since 2017)</li> <li>Famima School: held <b>26</b> times; participants: <b>1,794</b></li> <li>Workshops for foreign staff: <b>439</b> participants</li> <li>Started free health exam support service (June 2019)</li> </ul>	<ul style="list-style-type: none"> <li>Streamlining store operations and promoting labor saving</li> <li>Enhance and expand systems that motivate store staff</li> <li>Enhance content of store staff workshops and foreign staff training</li> </ul>

## Stakeholder engagement

	Method / Content	Achievement and Evaluation	Response / Plan
<b>Future generations</b> 	<ul style="list-style-type: none"> <li>Cooperation and support in educational programs for high school/university students</li> <li>Holding contests for elementary school children</li> <li>Providing learning opportunities, such as for work experience</li> <li>Supporting hands-on learning programs of NGOs/NPOs through donations</li> </ul>	<ul style="list-style-type: none"> <li>Participants in fiscal 2019 internship: <b>430</b></li> <li>Supported <i>Kikigaki Koshien</i> (organized by an NPO)</li> <li>Held the Thank-You Letter Contest (supported by the Ministry of Education, Culture, Sports, Science and Technology) Total letters received: more than <b>370,000</b></li> <li>FamilyMart Children's Cafeteria and Child Store Manager programs held at stores</li> <li>Supported Forest Classes (sponsored by the National Land Afforestation Promotion Organization)</li> </ul>	<ul style="list-style-type: none"> <li>Expand the programs offered</li> <li>Increase store/employee participation in programs</li> <li>Improve participant satisfaction</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>Product policy briefings</li> <li>Information-sharing with other companies</li> <li>Establishment of supplier consultation service</li> <li>Conducting supplier surveys</li> <li>Conducting factory audits with Japan Food Supply (JFS), for CSR-oriented procurement</li> <li>Information-sharing and capacity improvement in quality and hygiene management with ready-to-eat food suppliers</li> </ul>	<ul style="list-style-type: none"> <li><b>190</b> supplier survey responses out of <b>336</b> sent, which included <b>8</b> open-ended answers, <b>6</b> complaints, and <b>3</b> compliments</li> <li>Complaints for manufacturers of ready-to-eat products: <b>65.8%</b> YOY</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen governance across supply chains and awareness of human rights and environmental issues</li> <li>Educate suppliers about the FamilyMart Sustainability Procurement Principles and Supply Chain CSR Code of Conduct</li> <li>Strengthen CSR procurement</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Conducting employee awareness surveys</li> <li>Holding direct meetings with the President</li> <li>Employee training/self-development support system</li> <li>Self-evaluations (stress checks)/personal interviews with supervisors</li> <li>Internal portal site/company newsletter</li> <li>Labor-management dialogue</li> </ul>	<ul style="list-style-type: none"> <li>Direct talks and discussions with top management (including brainstorming and power lunches)</li> <li>Stress check participation: <b>94.2%</b></li> <li>Participants in employee training held by the Human Resources Recruiting and Development Department: <b>1,329</b> total</li> <li>Shared and applied results of employee awareness surveys conducted with labor unions Labor union survey response rate: <b>97%</b>, internal survey response rate: <b>91%</b></li> <li>Secured and fostered diverse human resources</li> </ul>	<ul style="list-style-type: none"> <li>Improve business as well as ability to plan proposals</li> <li>Improve support of work-life balance</li> <li>Expand education and training system</li> <li>Promote maintenance of mental and physical health</li> </ul>
<b>Shareholders and investors</b> 	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Financial results briefing (including overseas)</li> <li>Meetings to exchange views with investors</li> <li>Sustainability briefings</li> <li>Information disclosure on the official website and in various reports</li> </ul>	<ul style="list-style-type: none"> <li>Number of shareholders: <b>24,152</b> (as of the end of February 2020)</li> <li>Attendance at 39th Ordinary General Meeting of Shareholders: <b>68</b></li> <li>Individual meetings with investors: approx. <b>300</b></li> <li>Domestic and overseas conferences (held by securities companies): <b>10</b></li> </ul>	<ul style="list-style-type: none"> <li>Improve shareholder value</li> <li>Simple, sincere disclosure focused on accuracy, timeliness, and fairness</li> <li>Build a sound and highly transparent management system</li> <li>Enhance disclosure with a focus on responding to ESG investment</li> </ul>