

FamilyMart,
Where You Are
One of the Family



Part of the Community

Truly valuing community ties, FamilyMart aspires to be an essential neighborhood store for our customers.

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Editorial Policy

About this Report

This is the Sustainability Report of FamilyMart Co.,Ltd.

In this publication, we report on the entire range of sustainability initiatives that FamilyMart pursues to ensure we continue growing sustainably with society. Before issuing this report, we ask the head of our Sustainability Committee, an advisory body to our Representative Director and President, to review it.

Readers should note that the subject of our reporting is different than in earlier years. This is because in September 2019, we effected organizational changes to an operating company that runs convenience store business as our sole business.

Overview of the Report

Reporting Period

March 2019–February 2020 (with some information about recent activities after this period)

Scope

- Financial data: FamilyMart Group (17 companies in Japan, 28 outside Japan)
- Environmental and social data: FamilyMart Co.,Ltd. (with certain sections including Group companies)

Reference Guidelines

- GRI Sustainability Reporting Standard, Global Reporting Initiative (GRI)
 - * This report was prepared in accordance with the GRI Standards Core option.
- Environmental Reporting Guidelines (2018), Ministry of the Environment
- ISO 26000:2010 Guidance on social responsibility, Japan Standards Association
- Task Force on Climate-related Financial Disclosures (TCFD)
 - Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures

Publication

October 2020 (previous publication January 2020, next scheduled publication November 2021)

Contact for Inquiries

Sustainability Promotion Department, Management Division, FamilyMart Co.,Ltd.

Disclaimers

This report includes information that concerns future projections, which we determined to be suitable based on information available at the time these materials were prepared. Future business results are not guaranteed.

The Latest FamilyMart Sustainability Information

The FamilyMart corporate website posts our latest sustainability information as it becomes available.



Sustainability Information

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



Corporate Message

On September 1, 2019, FamilyMart Co.,Ltd. merged with FamilyMart UNY Holdings Co.,Ltd. to form the “new” FamilyMart.

We revised our Corporate Message to mark this next stage in our history. We added the new “Our Three Values” to the existing Corporate Message, “FamilyMart, Where You Are One of the Family.” FamilyMart spent more than a year discussing the wording of this message, drawing upon comments from franchised stores and employees and knowledge of outside experts.

Presented as our “sense of values for ensuring FamilyMart’s growth going forward,” it reflects our commitment to making stores loved by their communities with our franchised stores.

Corporate Message

FamilyMart, Where You Are One of the Family

Our Three Values

- 1.** FamilyMart is a network of small local stores. Each store lives with and owes its existence to the people who live in the neighborhood. We will work earnestly to **become a store that is rooted closely** and evolves as an integral part of the local community.
- 2.** We will do our best to **meet the needs of each customer** who visits our stores.
Our stores will provide what the customers want, furthermore, discovery of exciting and high quality products. By doing so, the stores will be a place where people will stop by anytime.
- 3.** We will foster close ties with business partners **like a family** running a small local store.
We want customers to feel part of the neighborhood family. We will continue innovating towards comfortable lifestyle which will contribute not only to convenience but also to the wellness of everyone. We will commit to the pursuit of happiness of the “Family.”



Top Message

Evolving to Remain Essential for Customers and Communities

I must begin by expressing my sincere sympathies to all who have been struggling in the wake of COVID-19. FamilyMart remains committed to creating sales floors that are safe and secure for customers and to ensuring the safety of franchisees and employees. We will monitor developments and continue to act responsibly as a member of our communities.

Takashi Sawada

Representative Director and President
FamilyMart Co.,Ltd.



Top message

Seeking Joint Growth between Franchised Stores and Headquarters

A year has passed since September 2019, when we adopted an operating company structure focused solely on convenience store business. Looking back, I can appreciate once again how transformative this year has been, not only to our organizational structure but also in society and the business environment.

FamilyMart has always valued the stance of being “like a family” for our communities, as reflected in the company name. We are still “family” in name and store brand even after several management integrations, which shows our belief that convenience store operations should be built on a business model aimed at sustained growth for franchised stores and headquarters alike in a relationship of trust like managing a family business.

Since becoming the President of FamilyMart, I have spent as much time as possible visiting stores everywhere. What I have seen is franchisees doing their best for this moment as well to make FamilyMart an inviting place for the community in many thoughtful ways. So that franchised stores can operate under optimal conditions, it is a mission of ours at headquarters to improve store functions and the quality of products and information.

Applying feedback from franchisees, we picked up the pace in revitalizing unprofitable stores, as we made new investments to facilitate store operations and promoted financial and digital strategies. In November 2019, we announced our policy on new franchised store support systems and headquarter structural reforms, and as we expanded the support systems, we switched to an arrangement allowing shorter hours at the discretion of stores after consultation with headquarters.

Structural reform in March 2020 established both the Area Division, consisting of four regions, and the Store Regeneration

Division, with headquarters in east and west Japan. The Area Division formulates policies on opening and managing stores in pursuit of greater profitability for the chain as a whole by strengthening our network of community-rooted stores. Thus, we believe it will extend the “regionally rooted” stance we have promoted and accelerate our original initiatives, such as product development leveraging local characteristics. Through the Store Regeneration Division, we are maintaining and improving profitability by placing stores that cannot easily renew contracts (due to lack of a successor, for example) under direct management and transferring management to new franchised stores.

Responding to Sudden Environmental Changes

Just as we had been steering from the past structural reform phase toward our growth strategies, the pandemic struck. The spread of COVID-19 has had a great impact on society as a whole and on our business. Although we soon took steps to prevent infection at stores and have been working to meet the needs of customers and a society in flux, the habits people adopted in their restraint after emergency declarations led to unprecedented challenges. As an immediate response, we have ensured a stable supply of daily necessities, expanded product lineups for people staying home, and supported new routines in a variety of ways while formulating strategies for growth beyond this period.

Changes in the business environment are expected to accelerate. We remain keenly aware that for FamilyMart to grow, we must deal with new challenges and continue our reforms. Greater competitiveness will therefore involve further sharing of FamilyMart and ITOCHU Corporation management resources and prompt decision-making on a group-wide basis.

Paving the Way for Sustained Growth

Developments affecting the convenience store business environment in Japan – stronger competition, more diverse lifestyles from changes in the structure of society, and a declining working population – have prompted a review of traditional business models.

In my view, especially when this kind of reform is needed, it is time to lay a solid foundation for sustained growth. Toward this end, we have been engaged in a variety of sustainability measures.

1 Mid-to long-term environmental targets: FamilyMart Environmental Vision 2050

Set targets addressing the three topics of greenhouse gas reduction, plastic countermeasures, and food wastage reduction

2 Supporting the Task Force on Climate-related Financial Disclosures (TCFD)*

Conducted scenario analysis assessing the impact of climate-related risks and opportunities on FamilyMart business

3 Setting material issue (materiality) targets and KPIs

Set targets and other KPIs to make key initiatives more effective

4 Establishing FamilyMart’s Human Rights Policy

Established as a guideline for accurately understanding and acting on human rights

To remain a company that fulfills an essential role in society, we are more committed than ever in sustainability activities.

* Established by the Financial Stability Board (FSB) at the request of G20 finance ministers and central bank governors. The final report published in 2017 contains recommendations on the disclosure of corporate risks and opportunities associated with climate change.

Top message

Building an Ambitious Organization

As we hear calls to adjust to a new normal, it seems difficult for businesses to survive in an increasingly competitive environment if we continue with business as usual. While tapping our network of stores as well as our infrastructure, sales floors, and products, we must change how we compete.

To accelerate our digital strategies, recently in September 2020, we announced the establishment of Data One Corp. as a joint advertising company with ITOCHU Corporation, NTT DOCOMO, INC., and CyberAgent, Inc. Using services such as FamiPay and applying purchase data obtained from daily store operations, we can send targeted advertising to each customer and assess the effectiveness up to product purchases. Earlier this year in June, under the direct control of the Chief Information Officer, the DX Promotion Office was established. We will be promoting use of data science in marketing as well as a broader range of fields.

Additionally, in October, we established the new position of CMO (Chief Marketing Officer). At various touchpoints – including FamilyMart stores, products, and digital media – we are seeking decisive results as we strengthen measures such as developing marketing campaigns with impact and drawing customers to stores through sales promotions that link in-store and digital media.

Employees at headquarters have been encouraged through internal communication and direct discussion always to work

with a sense of innovation. We have also sought to reach the full potential of our human resources. Promoting diversity and workstyle reform and establishing a health charter are aspects of this. And we are also continuing to take on new challenges to enable employees to work in new ways, as with staggered hours and teleworking. For a revitalized organization that can adapt to change, we must transform our corporate culture to one where each employee takes the initiative.

Constantly Evolving for a New Era

Convenience stores are poised to fulfill much different roles in society. Although we must also predict social developments and determine our vision for the company, it is even more important to remain an organization that can easily adapt to any emerging changes.

FamilyMart has always been one step ahead, keeping up with changes and trying new things as we provide products and services that are very convenient for our customers. With nearly 16,500 franchised stores nationwide in contact with customers every day as we continue our operations, the feedback we receive from frontline operations is invaluable to us. We will be heeding this feedback even more closely and, after being taken private by the ITOCHU Group as of mid-November, continuing to leverage their network and expertise. Addressing social issues brings us closer to customers and supports our sustained growth as an essential, enduring presence in their lives. Franchised stores and headquarters will continue working together, fully committed to our reforms.



Highlights of Sustainability Activities

Here, we introduce highlights of recent sustainability activities by FamilyMart.

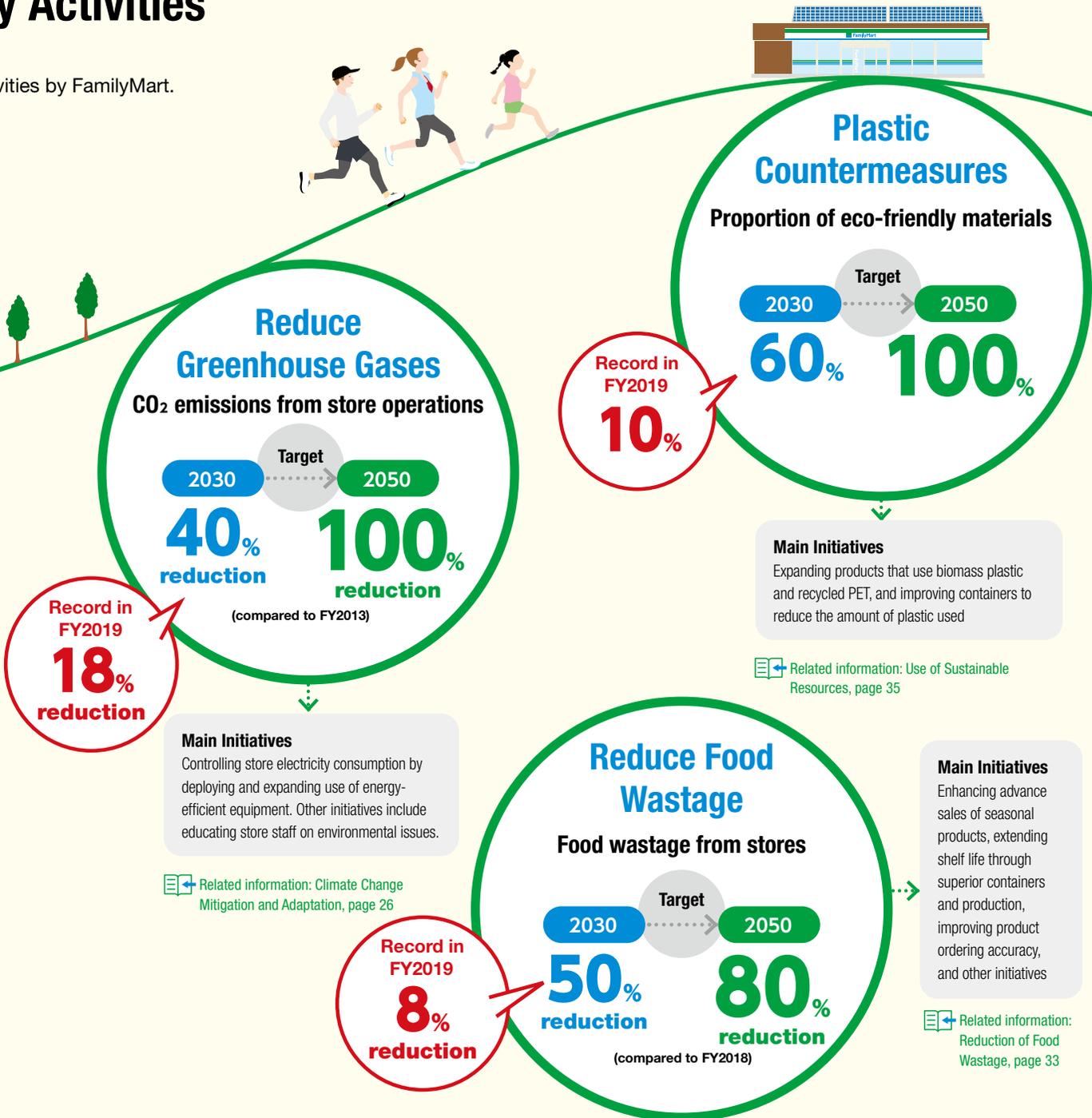
Mid- to long-term environmental targets set in FamilyMart Environmental Vision 2050

Our first mid- to long-term environmental targets were released in February 2020 in FamilyMart Environmental Vision 2050.

The need to respond to a variety of environmental issues concomitant with economic development has led to a shift in thinking, internationally. Many view environmental and social sustainability as essential for future economic growth, and Sustainable Development Goals (SDGs) are one example of this trend.

Our mid- to long-term environmental targets address this trend and stakeholder needs. We are working to meet the targets by 2030 and 2050. In particular, the targets reflect the importance of prioritizing action for the three issues of greenhouse gas reduction, plastic countermeasures, and food wastage reduction, which are affected by our business activities.

Working company-wide with our customers, franchised stores, and business partners including suppliers, we seek sustainable development through initiatives to meet the targets of FamilyMart Environmental Vision 2050.



Highlights of sustainability activities

TCFD supported, climate scenario analysis implemented



SBT certified – first in the convenience store industry

Material issue targets and KPIs set

“FamilyMart’s Human Rights Policy” established



In February 2020, FamilyMart announced support of the final report of the TCFD.*

With more frequent and severe cases of extreme weather, effects of climate change are becoming apparent. The impact is expected to continue and expand in the future, which makes this a pressing matter for companies to study.

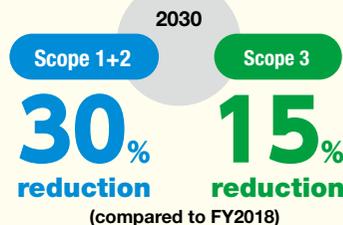
After announcing our support of the TCFD, we have also been conducting climate scenario analysis in fiscal 2020. Identifying mid- to long-term risks and opportunities they would bring to FamilyMart and assessing the business impact has enabled us to study countermeasures.

* TCFD: Task Force on Climate-related Financial Disclosures

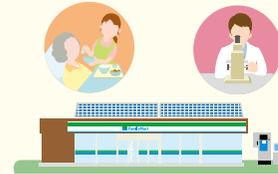


In March 2020, FamilyMart greenhouse gas reduction targets received SBT certification. The Science-Based Targets (SBT) initiative recognizes science-based targets aimed at well below 2°C, in comparison to limiting global temperature rise to 2°C as targeted by the Paris Agreement.

We are the first company in the convenience store industry to receive this certification.



In fiscal 2020, we set targets and KPIs for the material issues (materialities) revised in fiscal 2019. Under the supervision of the Sustainability Committee, we will continue to make our sustainability activities more effective through PDCA cycles.



[Related information: Material Issues \(Materialities\) Related to Sustainability, page 10](#)

October 2020 saw the establishment of FamilyMart’s Human Rights Policy, positioned as guidelines for accurate understanding and action on human rights with an earnest wish to connect with our stakeholders like a family and walk alongside them all the way. We will make the policy known internally and externally as we put it into practice.

[Related information: Respect for Human Rights, page 20](#)



Kazuo Tase
President & CEO
SDG Partners, Inc.

Expert’s comment: On formulating human rights policy

Convenience stores inevitably call to mind concepts of human rights, when we think of the spectrum of products they offer and the working environment. The fact that FamilyMart has established and disclosed a robust human rights policy puts the company on even firmer footing in business. It shows an intent to improve not only consumer-facing things such as stores and products but also the value chains that are normally behind the scenes. This clear demonstration of corporate intentions is quite commendable. Now it will be important to ensure continued due diligence for human rights, improve areas where there may be risk, and keep disclosing this information earnestly and engaging in stakeholder dialogue. I am confident that through this process, FamilyMart will remain a trusted company not only for local customers but around the world.

[Related information: Compliance with TCFD Recommendations, page 30](#)

[Related information: Topics: SBT certified – first in the convenience store industry, page 26](#)

Responding to the Spread of COVID-19

In response to the spread of COVID-19, FamilyMart is ensuring a stable supply of products and services with suppliers, arranging stores where customers can shop more conveniently and comfortably, and creating safe working environments for store staff and employees, to meet the expectations of local communities.



1 Stable supply of products and services in cooperation with suppliers

For our ready-to-eat products, we have established a quality control system covering all supply chain processes from ingredient procurement to manufacturing, delivery, and sales. At plants and logistic centers entrusted with production, employee health and plant hygiene are carefully managed, as we take preventive measures against COVID-19 infection.

Supplier Initiatives

- Plant staff temperature check and health screening
- Hand washing/finger sanitizing before entry
- Wearing masks and gloves in production
- Regular sanitization of plant doorknobs/stair handrails

Logistic Center Initiatives

- Before work: driver/shipping worker temperature checks
- During work: sanitizing, wearing gloves/masks
- Avoiding the Three Cs,* ensuring space between people in break rooms
- Regular sanitization of doorknobs
- Posting warnings on bulletin boards

* Three Cs: Closed spaces, crowded places, and close-contact settings. A Ministry of Health, Labour and Welfare catchphrase to prevent the spread of COVID-19.

2 Arranging stores where customers can shop more conveniently and comfortably

At stores, shopping with peace of mind is ensured by store staff carefully washing and sanitizing their hands and wearing masks, setting up plastic curtains to block airborne droplets, sanitizing frequently touched surfaces, and keeping stores well ventilated, among other measures.

Customers are encouraged to wear a mask before visiting and keep a distance from others.

In some areas, stores carry a larger product lineup of personal hygiene goods and products for people staying home to avoid being outside. In these ways, we are taking preventive measures and responding to changes in consumption.



FamilyMart's Safety Measures during the COVID-19 Outbreak

https://www.family.co.jp/english/information/info_2004.html



3 Creating environments where store staff and employees can work with peace of mind

To keep employees healthy and avoid the impact of widespread infection on business continuity, we have taken a variety of steps at headquarters and regional offices. Company-wide measures under stricter standards help prevent infection, and a health newsletter is distributed to relieve employee stress and encourage exercise.

Efforts to prevent infection

- Workplace patrols by industrial physicians/public health nurses, Three Cs patrols
- Setting up sanitizer and distributing masks at headquarters and regional offices, installing protective panels in meeting areas
- Raising awareness via posters and digital signage

Response in case of infection

- Establishing call centers for COVID-19 infection
- Planning/implementing strict procedures for those returning to work after infection



Related information: Report: COVID-19 Measures, page 71



Hygiene Management at Ready-To-Eat Plants and Logistics Centers

https://www.family.co.jp/info/info_2020/info_factory_haiso-center.html (in Japanese)

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

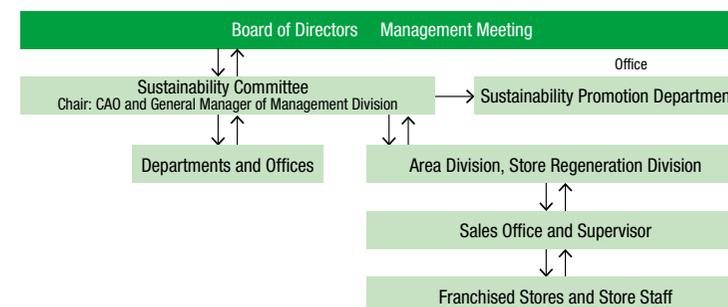
<https://www.family.co.jp/english/sustainability/management/policy.html>

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

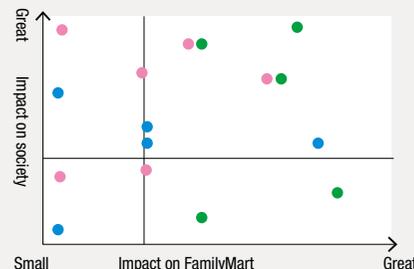
Analysis of internal environment

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 Refer to relevant pages for details of each material issue	Related SDGs	Related Pages
Materiality 1	Contributing to the future of the earth and its regions through environmental awareness * "Become a store that is rooted closely"	<ul style="list-style-type: none"> Continuous improvement of environmental management system Climate change mitigation and adaptation Reduction of food wastage Use of sustainable resources Prevention of environmental pollution 	<ul style="list-style-type: none"> Reduction of CO₂ emissions from store operations: 21% Verification for the introduction of EV/FCV delivery vehicles Extend dessert sell-by date by seven hours Proportion of eco-friendly material in ready-to-eat product packaging: 28% 		Page 24
Materiality 2	Evolving as a regional revitalization base close to people * "Become a store that is rooted closely"	<ul style="list-style-type: none"> Contributing to create safe, secure neighborhoods Supporting the development of the next generation Responding to an aging society 	<ul style="list-style-type: none"> Strengthen functions as safe neighborhood havens Improve participant satisfaction Develop and introduce new regional revitalization programs: Two or more 		Page 39
Materiality 3	Creating safe and reliable products and services to bring convenience and richness to everyday life * "Meet the needs of each customer"	<ul style="list-style-type: none"> Improvement of customer satisfaction Promotion of digitalization to improve convenience Provision of products and services that improve health and well-being 	<ul style="list-style-type: none"> FamiPay app downloads: 10 million (long-term target) Establish our own standards for health-related products Sell health-related products with unified labeling 		Page 47
Materiality 4	Working with suppliers to pursue a sustainable supply chain * "Meet the needs of each customer"	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> CSR monitoring under new standards for ready-to-eat food suppliers: Two companies Percentage of Global G.A.P.-certified vegetable used: 10% Reduction of complaints: 85% YOY 		Page 53
Materiality 5	Building a motivating work culture with driven employees * "Like a family"	<ul style="list-style-type: none"> Promotion of diversity and inclusion Work-life balance and workstyle reform Human resource development and training Creating a safe, healthy, and comfortable workplace environment 	<ul style="list-style-type: none"> Ratio of women in management: 10% Short-term childcare leave taken: 100% Training per employee: 8.7 hours Percentage of employees with BMI of 25 or more: Reduce by 5% 		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

Page 22

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

Stakeholder engagement

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

Enhancing Corporate Governance

FamilyMart is enhancing corporate governance across the Group and ensuring management transparency and soundness for sustained growth and higher corporate value.

Basic Approach on Corporate Governance

Knowing that enhanced governance can increase corporate value, we are working toward a transparent and effective management system. To this end, we are building the framework to ensure legal compliance and accurate administrative work. We believe that sound corporate governance is also supported by accountability and disclosure.

Corporate Governance at a Glance (as of August 1, 2020)

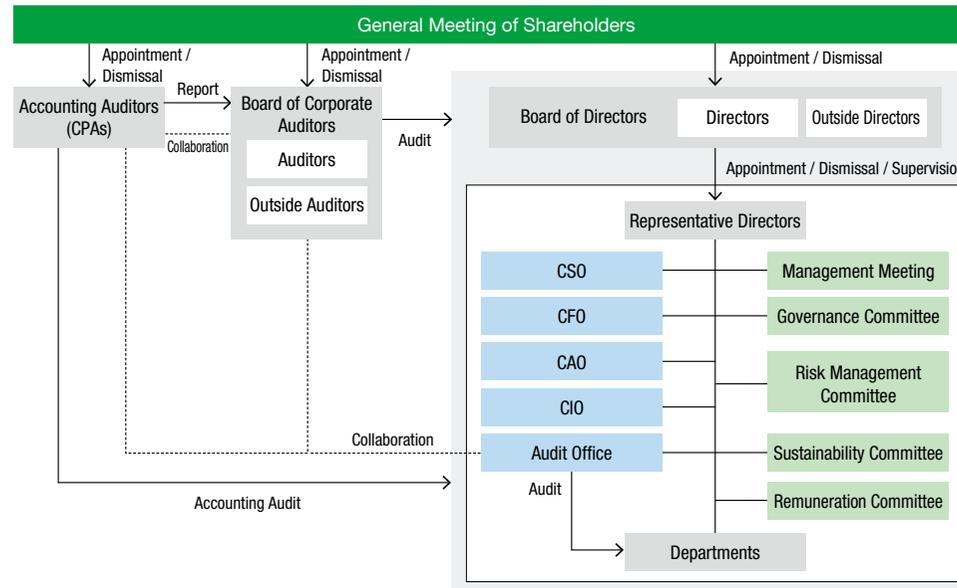
Type of system	Company with a Board of Directors and Corporate Auditors
Executive officer system used	Yes
Chairman of the board of directors	Representative Director and Chairman
Directors	12 (Outside Directors: 4)
Term	1 year (also applies to Outside Directors)
Board of directors meetings*	Meetings held: 24 Attendance: 98.9%
Corporate Auditors	4 (Outside Auditors: 2)
Term	4 years (also applies to Outside Auditors)
Board of corporate auditors meetings*	Meetings held: 13 Attendance: 98.7%
Independent officers	6

* Applies to fiscal 2019

Corporate Governance System

Auditors and outside auditors on the Board of Corporate Auditors ensure sufficient monitoring, supervision, and transparency of decision-making. In addition to corporate governance centered on management oversight by corporate auditors, we have also appointed highly independent outside directors, with the aim of strengthening and improving the effectiveness of management supervision by the Board of Directors and the transparency of decision-making. We believe that our current corporate governance system, grounded in a Board of Directors with outside directors and a Board of Corporate Auditors mainly consisting of outside auditors, is consistent with building a highly transparent management system.

Corporate Governance System



CSO: Chief Strategy Officer CFO: Chief Financial Officer CAO: Chief Administrative Officer CIO: Chief Information Officer

Overview of main committees (advisory bodies to the representative director and the President)

Governance Committee

- Chairperson: Director, Managing Executive Officer (CFO)
- Members: 4
- Overview/purpose: Deliberation of the establishment/operation status of the company-wide internal control systems
- Meetings in fiscal 2019: 3

Risk Management Committee

- Chairperson: Outside Director
- Members: 5
- Overview/purpose: Overseeing company-wide risk management activities
- * Established October 2019

Sustainability Committee

- Chairperson: Executive Officer (CAO)
- Members: 6
- Overview/purpose: Overseeing company-wide CSR and sustainability activities
- Meetings in fiscal 2019: 2

Remuneration Committee New

- Chairperson: Outside Director
- Members: 4
- Overview/purpose: Improves fairness, objectivity, and transparency of the process of determining executive compensation

* Established March 2020

Enhancing corporate governance

Board of Directors

The Board of Directors consists of 12 directors, including four independent outside directors (two of whom are female). The four-member Board of Corporate Auditors includes two outside auditors (one of whom is female). For effective management, we are seeking greater diversity in members' attributes, experience, and expertise. The Board met 24 times in fiscal 2019, making key decisions on how FamilyMart conducts business and engaging in oversight. As of August 1, 2020, FamilyMart employs an executive officer system, in which executive officers are appointed and carry out assigned duties according to Board decisions, to accelerate decision-making and strengthen business execution.

The Main Agenda in Fiscal 2019 Board of Directors

- Additional acquisition of shares in Pan Pacific International Holdings Corporation
- Evaluation of the Boards' effectiveness
- Submission of Corporate Governance Report
- Verification of the significance of cross-shareholdings
- Revision of material issues (materialities)
- Establishment of the FamilyMart Environmental Vision 2050

Evaluation of Board Effectiveness, Response

FamilyMart assesses Board effectiveness with the aim of improving Board functions and effectiveness.

In evaluation, a questionnaire is distributed to all directors and corporate auditors, and the Board analyzes and evaluates conditions from the aggregate results of responses.

Based on an awareness of issues obtained from assessment, the Board sets aside time to discuss various decision-making and exchange opinions on topics related to FamilyMart operations and management strategy. In particular, frank

opinions and advice from the independent outside directors is obtained as the Board responds.

Board of Corporate Auditors

The Board of Corporate Auditors consists of four auditors (including two outside auditors). In fiscal 2019, this Board met thirteen times, receiving reports on key auditing matters, engaging in discussions, and making decisions. As of August 1, 2020, the supporting Corporate Auditors' Secretariat is staffed with two members.

Following an audit plan established by the Board of Corporate Auditors, all corporate auditors attend meetings of the Board of Directors, and standing auditors attend the Management Meeting, meetings of the Risk Management Committees, and other essential meetings. These members also view documents on key decisions and meet monthly with a representative director to enhance the effectiveness of auditing. Corporate auditors also receive reports on the state of internal information systems, among other matters, and set up regular monthly Audit Office meetings to exchange information and receive reports on topics such as audit results. In addition, the auditors make opportunities to meet with accounting auditors to receive updates on accounting audits and results of subsidiary audits, and to exchange views on material issues.

Group corporate auditor liaison meetings are held regularly with corporate auditors from Group companies to share information on matters such as auditing policies and to enhance internal control within the Group through training and discussion.

Group Companies Management System

Directors and corporate auditors provide executive management and management guidance to Group companies following the Management Rules regarding Associated Companies.

The rules also help determine matters that require the Company's prior approval or must be reported to the Company. Significant matters involving subsidiaries are discussed by the Board of Directors, and at the Management Meeting and others.

Risk management measures benefitting Group companies have included establishing the Risk Management Committees and conducting compliance education. Education and training on matters such as compliance and risk management are tailored to Group company needs, and training materials are provided with advice and guidance on improving relevant rules and systems. These measures support internal control systems, including those at Group companies. As of fiscal 2020, the Group Management Department was integrated into the Corporate Planning Department, putting in place a system to strengthen Group governance.

Summary of Evaluation of Board of Directors' Effectiveness

Relevant Fiscal Year	Results	Issues	Response after Next Fiscal Year
FY2017	Generally functioning appropriately	Expanding business information provided to independent outside directors; providing a forum for the directors to exchange information and share their understanding	Continued to conduct tours of ready-to-eat product plants and participated in product seminars for independent outside directors. A board consisting solely of independent outside directors was established to promote communication among these directors and provide a forum for FamilyMart to receive advice on business issues.
FY2018	Generally functioning appropriately	Board agenda items, such as executive compensation and management team appointment/dismissal	Improvements since the previous evaluation were made in management of conflicts of interest with related parties and in meetings of independent outside members.
FY2019	Generally functioning appropriately	Number/ratio of outside directors, representative director's successor plan, and other issues	A Remuneration Committee was established, in view of the need for discussions in line with more objective proposals. The number of outside directors was also increased, making the ratio 1/3 of the total.

Thorough Risk Management and Compliance

Through complete compliance and ever-stronger risk management, FamilyMart ensures community-based management founded on stakeholder trust.

Basic Approach on Risk Management

Growing risks that are increasingly complex and may pose a serious impact on business require enterprises to prepare effective response systems accordingly.

Recognizing risk management as a material issue for management, we have established rules on risk management and prepared a risk management system reflecting ISO 31000 and other guidelines. Specifically, potential corporate and departmental risks – food safety and reliability, natural disasters, corruption (including fraud, violations, and bribery), human rights problems, environmental problems, and information security concerns – are regularly analyzed and assessed. We then identify high-priority risks and manage them appropriately by establishing rules and criteria on systems and initial responses to prevent major risks and minimize impact.

Risk management responsiveness has been reinforced by creating a system to escalate any food safety/reliability, natural disaster, incident/accident, or fraud/violation risks that emerge, which may have a greater impact on communities and FamilyMart. Moreover, any potential labor problems are avoided when entering new businesses by performing appropriate risk assessment and investigation. Aware of our responsibility in society as an enterprise that forms part of the social infrastructure, we will continue to strengthen our mechanisms for risk management.

Risk Management System

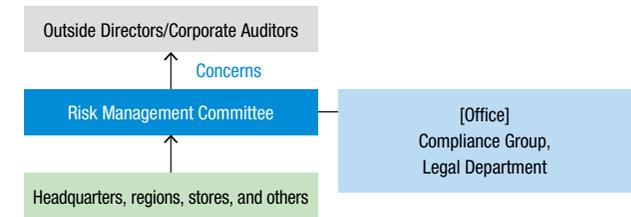
To respond more promptly and accurately to company-wide risk concerns, the former Risk Management and Compliance Committee was dissolved in October 2019 into a new Risk Management Committee, an advisory body to the President.

The Committee receives reports directly from internal reporters on issues that may discredit stakeholders, compromise safety or security, or violate laws, internal rules, or norms, which enables a more appropriate initial response and clearer reporting process.

Through regular reports from each division, the Committee reviews the design and effectiveness of company-wide risk management systems and discusses relevant policies and plans.

A Compliance Group in the Legal Department is also focused on promoting and ensuring risk management, as are risk management coordinators in each department. Annual risk reevaluation and identification are part of ongoing assessment that also includes regular reviews of the effectiveness of the risk management system itself.

Risk Management System (as of August 1, 2020)



Risk Management Committee Structure, Main Roles

Chairperson	Outside directors
Members	<ul style="list-style-type: none"> ▪ General manager, Corporate Planning Division ▪ General manager, Management Division ▪ Corporate auditors ▪ General manager, Audit Office ▪ Outside legal counsel
Office	Compliance Group, Legal Department
Main roles	<ol style="list-style-type: none"> ① Organizing and classifying incidents/accidents ② Reporting critical cases to management team, advising relevant departments on initial response and investigation ③ Discussing investigative results and proposed response by relevant departments, reporting to the President

Thorough risk management and compliance

Primary Risks

Relevant departments take the lead in identifying potential risks based on social conditions, trends, and recent cases. Departments then consider how to manage these risks. In response to changes in the business environment, a company-wide risk assessment is currently underway.

Main business risks that may have a significant impact on decisions by investors and other stakeholders are as follows. These are prioritized in risk management, as we respond with franchised stores and suppliers in overall business operations.

Primary Risks

①Economic conditions	⑥Handling of personal information
②Natural disasters	⑦Information systems
③Franchise system	⑧Human resources
④Safety of foods, etc.	⑨Management of receivables
⑤Impact of laws and regulations, etc. (including ESG-related laws and regulations)	⑩Impairment

* Certain items above pertain to future developments, based on our knowledge as of the end of the consolidated fiscal year.

Emerging Risks

Responding appropriately to new risks from a mid- to long-term perspective is important in ensuring our sustained growth together with society. For the risks described below, further countermeasures may be needed in the future. Suitable mitigation is studied as needed, along with ways to create new value and business opportunities.

Primary Emerging Risks and FamilyMart Response

Spread of COVID-19

The spread of COVID-19 since March 2020 has prompted us to strengthen our response to new challenges. Examples of this include ensuring employee/customer safety, maintaining stable product supplies, and supporting stores affected by emergency declarations and people staying at home.

Stricter environmental regulations

Environmental regulations have been tightened amid a growing awareness of environmental problems involving climate change, water resources, marine plastic pollution, and other issues. In response, FamilyMart is studying further mitigation of our environmental impact while collaborating with industry groups.

Supply chain issues: human rights, animal welfare, GMOs

Initiatives will be studied or strengthened as we monitor relevant regulations, consumer trends, and other developments.

Enhancement of Business Continuity Planning

The FamilyMart business continuity plan (BCP) in place minimizes negative impacts on customers, local communities, and other stakeholders in emergencies such as large-scale disasters. It anticipates how to maintain headquarter functions, secure suppliers of ready-to-eat products and logistics networks, and manage store operations across disaster-affected areas.

Quarterly BCP meetings enable regular discussions on emergency responses, and disaster headquarters are set up each year in a simulated emergency. Through multiple scenarios with earthquakes of various magnitudes and locations that incorporate real-world elements from past earthquakes, we can verify how procurement, suppliers of ready-to-eat products, logistics, headquarter functions, and store operations would perform under stress. Because this type of training, applying actual experience, will be quite useful in our initial response to potential earthquakes, building up local experience is a key aspect of risk management. This planning also accounts for local conditions after heavy rain, which is now more common.

FamilyMart will continue to enhance its BCP to ensure that we can fulfill our social mission as an enterprise supporting local communities.

TOPICS

Franchised Stores Included in Safety Confirmation Drills

Quarterly safety confirmation drills are held for headquarters employees to foster awareness of risks from natural disasters and accidents. Since fiscal 2018, these drills have also been included in safety drills at nearly 16,500 stores nationwide to raise risk awareness at franchised stores and across the chain as a whole. Additionally, our emergency action guidelines are distributed to store managers and staff. Both Japanese and English versions are available, summarizing what to do after a major earthquake or other disaster, and how to be prepared. Stores can fill in evacuation and contact details.

FamilyMart Emergency Action Guidelines (FY2019)



Cover of Japanese version

English version

Thorough risk management and compliance

Basic Approach on Compliance

Compliance at FamilyMart means more than complying with all local laws, regulations, and social norms where we do business. We call on each employee to act with sincerity, high ethical standards, and moral awareness in accordance with our Basic Policy on Ethics and Legal Compliance and our mission of embodying the FamilyMart Basic Principles, values that support our growth. This philosophy lies behind our Compliance Action Guidelines, Code of Conduct, and Compliance Rules. All employees are expected to comply with these rules, which are posted on the corporate intranet and always accessible. FamilyMart is currently reviewing its Code of Conduct, to be followed for sound growth in line with changes in organizational structure and management environment. The revised code will respond to human rights issues and, through the supply chain, environmental and social issues, which are widely requested by stakeholders.

We also promote compliance in terms of internal control, in conjunction with audits of operational processes under an internal control and reporting system following the Financial Instruments and Exchange Act.

Compliance Promotion Structure

The newly established Risk Management Committee responds promptly to any particularly urgent cases, and compliance officers at each division meet with the Legal Department's Compliance Group at quarterly compliance discussions.

Status of the company-wide compliance system, as discussed at these conferences, is reported regularly to the Board of Directors. Any violations of the Basic Policy on Ethics and Legal Compliance or Compliance Rules are investigated and corrective action taken. Disciplinary action is considered for executives or employees involved in bribery or other regulatory

violations, and more severe punishment may apply, depending on internal investigation.

 See "Risk Management System," page 16

Compliance Training, Awareness Survey

Compliance is ensured through e-learning training for all employees, in addition to monthly compliance education. In 2020, in the wake of emergency declarations following the spread of COVID-19, self-guided compliance training was held online. After training, employees pledge that they understand and will comply with the Basic Policy on Ethics and Legal Compliance. Annual compliance awareness surveys confirm awareness of compliance and suggest strategies for improvement.

Employees can easily access compliance information as needed on an intranet site listing policies, regulations, and guidance in case of incidents or accidents, and internal reporting systems (hotlines).

Regular departmental compliance training is also conducted on specific topics relevant to job duties, such as the environment, food safety, or the Subcontract Act.

Main Themes of FY2019 Compliance Training

- Ethics and compliance (including bribery, insider trading, and other corruption)
- Labor management (preventing harassment)
- Information management (personal information)
- ISO 14001 (environmental management system)
- Quality control
- Laws on misleading representations
- Laws against monopolies
- Laws on subcontracting

Internal Reporting Systems

Internal reporting systems in the form of hotlines accessible at and outside of work provide advice and receive reports on any legal violations or behavior that violates FamilyMart norms or rules, including bribery or other corruption, harassment, and human rights violations. Accessible at any time, the hotlines are operated under a slogan encouraging everyone not to commit, allow, or overlook violations. Employees are regularly reminded that the hotlines are available and encouraged them as needed. Having hotlines available within and outside FamilyMart helps has established ways of preventing compliance violations and correcting any that occur.

Hotlines take information by phone, email, or letter. Whistleblower anonymity is assured, as is the confidentiality of reports, and the Company prohibits retaliatory or adverse treatment of whistleblowers.

In fiscal 2019, 61 cases were reported, from March 2019 to February 2020. For confirmed violations, preventative measures were taken, along with steps to prevent recurrence.

Hotline Usage (FY2019)

Suspected fraud, crime, or rule violation	9 cases
Inquiries about labor contracts, employment, or working hours	3 cases
Inquiries about products or quality	1 case
Inquiries about workplace conditions, language/behavior, or suspected harassment	43 cases
Other	5 cases
Total	61 cases

Thorough risk management and compliance

Initiatives to Prevent Corruption

As a signatory to the United Nations Global Compact whose employees are aware of this clear commitment, we strive to prevent corruption in all forms, including coercion and bribery, in line with our basic policy, action guidelines, and code of conduct covering ethics and legal compliance.

Specifically, thorough measures are in place to guard against any deviation from ordinary business customs, such as bribery in the form of gifts and entertainment. We comply with regulations on doing business with public agencies and making political donations, and we do not give money, entertainment, accommodations, or other benefits to public employees or private-sector officers or employees in Japan or overseas with the intention of receiving improper benefits. We have also raised awareness on the importance of cultivating and sustaining appropriate relationships with stakeholders of all kinds.

Ensuring Tax Transparency

In fulfilling tax return and tax payment obligations, we comply with FamilyMart Group tax rules specifying our basic stance and code of conduct on taxation, including prevention of tax avoidance, maintaining open and transparent relationships with tax authorities, filing accurate returns, and making appropriate payments. We comply with and abide by the spirit of tax treaties and laws in all countries and regions where we do business. In addition, we ensure tax transparency by disclosing tax payment information in a timely and appropriate manner to all stakeholders through annual securities reports and cooperatively providing information to tax authorities.

Non-association with Criminal Elements

To support the elimination of antisocial forces and severing of their ties to the community, we have stated internally and

externally that we will not associate with antisocial forces and are acting accordingly. We are also working more closely with the police, attorneys, and other external organizations as well as industry groups and local communities to respond as an organization. Clauses prohibiting relationships with antisocial forces have been added to the terms of agreements with business partners, and we also conduct investigations, among other measures.

Information Security

Information systems have been developed with franchised stores and business partners in the course of doing business, and in business activities, our customers' personal information is collected and retained. Recognizing that all of this information is an important management resource for us and a valuable information resource for our customers and society, we position information system resource risk management as a key part of management strategy.

To avoid risks of unauthorized access or use of resources or information system leaks, loss, or destruction, and to prevent company harm from this unauthorized use, we have established rules on information security management and handling of information system resources. We continually improve and strengthen information security management.

Regular e-learning enhances employee information literacy, and sharing case studies on information security violations internally raises awareness.

Offices are accessible only to employees of FamilyMart and certain business partners such as subsidiaries authorized to handle confidential and personal information, and office access is strictly controlled. Outsourcing partners receive site audits every two years, which has also helped build a more robust security system.

In September 2020, ISO/IEC 27001:2013 certification was obtained by Famima Digital One Co., Ltd., which issues and

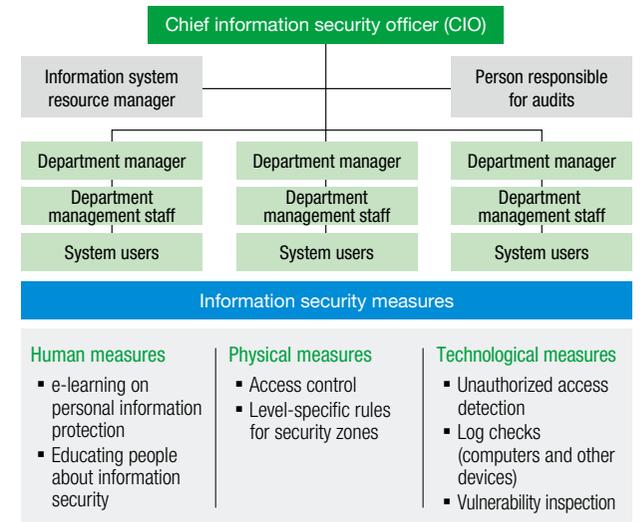
operates FamiPay mobile payment service. Corresponding to Japan's JIS Q 27001:2014, this certification is required for third-party information security management system (ISMS) certification, which is considered a global standard for information security management.

Information Security Promotion System

Any personal information leak, information system failure, or malicious use of systems that interferes with business operations may affect FamilyMart business, performance, and financial condition.

Under the direction of our chief information security officer (CISO), we have built a robust information security management system and established organizational, human, physical, and technological safety management measures that are considered highly reliable.

Information Security Promotion System



Respect for Human Rights

FamilyMart business activities respect the human rights of all stakeholders, as we seek to walk alongside customers and the community and remain essential for them.

Basic Approach on Human Rights

As a signatory of the United Nations Global Compact, we comply with its ten principles as well as the UN's Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, as we promote initiatives for respecting human rights. Similarly, our Sustainability Policy states our corporate commitment to respecting people and their rights regardless of race, nationality, religion, or gender and promoting business activities that provide job satisfaction and enable all involved to be successful.

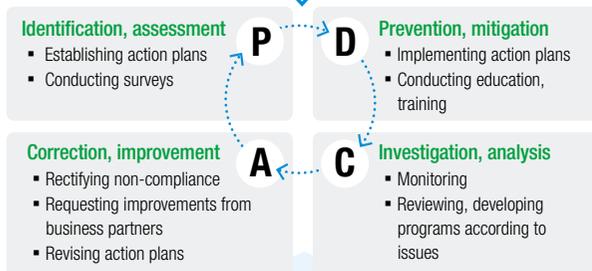
As corporate activities have become more globalized through recent supply chain expansion and other developments, the FamilyMart's Human Rights Policy was established in October 2020 amid greater awareness of human rights risks, such as forced or child labor, and stakeholder requests for a corporate human rights response. It serves as guidelines for correctly understanding and acting on human rights, reflecting an earnest wish to connect with our stakeholders like a family and walk alongside them all the way. We make the policy known internally and externally. To enhance the effectiveness of these initiatives, we will be identifying human rights risks in business activities, performing human rights due diligence, and taking steps to prevent and mitigate potential human rights violations and enact relief measures.

corporate intranet, and we are calling on business partners to understand and support these efforts. Education and training to promote an understanding of human rights policy is planned. Information on the policy is also posted on the portal site for franchised stores. Moreover, to promote respect for human rights across the supply chain, we have established the Sustainability Procurement Principles and the Supply Chain CSR Code of Conduct. We ask our suppliers to respect human rights and avoid violations, and we conduct CSR surveys to check compliance.

Human Rights Reporting Mechanisms and Measures

For any potential violation of rights which under our human rights policy should be respected, we have established an internal reporting system (hotline) that can be accessed at any time by all employees to consult with and report to internal and external experts, under the catchphrase "Not to commit, allow, or overlook violations." Offering hotlines in and outside of work is part of efforts to establish ways of preventing and correcting any rights violations. Tips are received by phone, email, or letter. Whistleblower anonymity is assured, as is the confidentiality of reports, and the Company prohibits retaliatory or adverse treatment of whistleblowers.

Human rights issues can also be reported to the Franchisee Relations Office for franchised stores and Supplier Helpline for suppliers.



Continuous implementation

- Understanding, promotion, and widespread adoption of human rights policy
 - Receiving and responding to opinions, consultations
 - Information disclosure

Framework for Managing Human Rights

Our framework for human rights management is under the Sustainability Committee, an advisory body to the President, with the Sustainability Promotion Department, which serves as the secretariat, working with each department to promote human rights initiatives across the company. Oversight is provided by the committee chair, who is CAO and General Manager of the Management Division.

See "Sustainability Promotion Framework," page 9

Disseminating Human Rights Policy

We disseminate information internally and externally to make the establishment of FamilyMart's Human Rights Policy widely known to all stakeholders, who are requested to comply. Employees are kept informed about the policy through the

Respect for human rights

FamilyMart's Human Rights Policy

FamilyMart strives to always stay relevant to customers and the communities. Working together with our franchised stores and business partners, we provide products and services that respond to the ever-changing demands of the society.

Instilled in our corporate message, "FamilyMart, Where You Are One of the Family," is our earnest wish to connect with our stakeholders *like a family* and walk *alongside* them all the way. We acknowledge the importance of this *connection* between people in our business practices.

Based on these thoughts, as a signatory of the United Nations Global Compact, we comply with its ten principles and respect international norms on human rights, including the United Nations Guiding Principles on Business and Human Rights (the "UNGP"), OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We also have established FamilyMart's Human Rights Policy as our basic policy for respect on human rights. In order to implement this policy, the Sustainability Committee, an advisory body to the President, will cooperate with all divisions to promote human rights initiatives under the supervision of the chairman.

① Policy scope

We operate on the basis of this policy which strongly recognizes that all executives and employees of FamilyMart Co.,Ltd. and affiliates possess fundamental human rights. They must be respected and simultaneously must respect the fundamental human rights of all stakeholders.

We acknowledge that our activities and the activities of our affiliates and business partners may have adverse impact on the human rights of our stakeholders such as our customers and regional communities.

Therefore, our business partners as well as their concerned parties are expected to understand and support this policy. We will also continue to work closely with them to promote the respect for human rights, by encouraging constant communication and thorough sharing of information.

② Key human rights topics

As a sustainable company operating in a diverse society, we consider the following as significant human rights issues.

- Prohibition of human trafficking, forced labor, and child labor
- Ensuring mental and physical health, and safety
- Prohibition of prejudice or discrimination on the basis of race, skin color, language, religion, thought, sex, age, disability, nationality, gender identity, sexual orientation, property, employment type, etc.
- Prohibition of all harassment, bullying and unfair treatment
- Ensuring minimum wages and managing proper working hours
- Freedom of association of workers and respect for collective bargaining rights
- Provision of safe and reliable products and services to consumers, and disclosure of important information regarding said products and services
- Protection of privacy

③ Human rights due diligence

[Policy]

We strive to develop proper human rights due diligence system based on the UNGP, and identify, evaluate, prevent, mitigate, and correct negative impacts of our activities on human rights, while placing value on dialogue with stakeholders.

Furthermore, we will comply with the laws and regulations in the countries and regions in which we operate. We will respect internationally recognized human rights to the greatest extent possible in the circumstances, even when faced with conditions that conflict with international human rights principles.

[Implementation]

Regarding human rights due diligence, we and our business partners will continuously implement and improve on the following:

1. Understand and comply with laws and regulations regarding human rights.
2. Evaluate adverse human rights impact of current business practices on a regular basis, and when starting new businesses.
3. Adequately communicate the identified human rights violations to those who will be directly affected (includes possibility of being affected) or their representatives, in order to determine appropriate preventive and mitigating measures.
4. Establish appropriate and effective grievance mechanisms, and provide relief and corrective action through appropriate procedures and dialogue, in the event of our business activities causing or evidently contributing to human rights violations.
5. Prevent reoccurrence of human rights violations by evaluating and verifying the effectiveness of current measures, while taking both internal and external opinions into consideration.

④ Information disclosure

We disclose the progress of our human rights activities through our website and other communication channels.

⑤ Understanding, promoting, and penetration

In order to promote and integrate this policy into all our business activities, we strive to appropriately and efficiently educate and raise awareness of all executives and employees.

We will also communicate this policy to our business partners and their concerned business parties, and ensure their understanding and thorough implementation.

Joint Growth between Franchised Stores and Headquarters

We aim to maintain a relationship of prosperous coexistence with franchised stores, growing and developing with them, while providing customers with day-to-day convenience and contributing to the development of local communities.

In implementing an action plan launched in April 2019 to support our franchised stores, we are taking steps to strengthen support for stores (in part by streamlining store operations) and actively trying new experiments to build an appropriate store management system suited to the times.

Shorter Operating Hours (Since March 2020)

Shorter operating hours were tested in some areas in June 2019 toward the goal of building a store management system suited to the times, and a survey on shorter hours was distributed to all franchised stores nationwide. This trial was expanded to about 620 stores across the country in October 2019 to find an optimal balance between customer convenience and stable store management.

Acting on franchised store survey feedback and results of trials to date, we have revised our franchise agreement to enable store management flexible enough to meet both store needs and local circumstances. Specifically, franchised stores may switch to shorter hours after consulting with headquarters. Shorter hours can be introduced every day or once a week, on Sundays. This arrangement for shorter hours officially began in June 2020 with about 800 stores reducing their hours (570 every day and 230 on Sundays).

Streamlining Store Operations

Since fiscal 2016, we reduced the workload at franchised stores by analyzing, reorganizing, and drastically reducing store workloads to streamline store operations. To date, we have reduced work time by about 5.5 hours per store per day as a result of simplifying the store operations manual, introducing or updating store equipment (such as self-checkout registers or larger fryers for *Famichiki* fried chicken and other fried side dishes), and in fiscal 2019, introducing mobile payment, new ordering tablet devices, and more self-checkout registers and new fixtures. In fiscal 2020, we aim to reduce work time by another four hours by expanding deployment of self-checkout registers and self-serve microwaves, introducing freezers and refrigerators, and improving information systems.

Reduced workload per store

FY2019

5.5 hours



Further reduction in FY2020

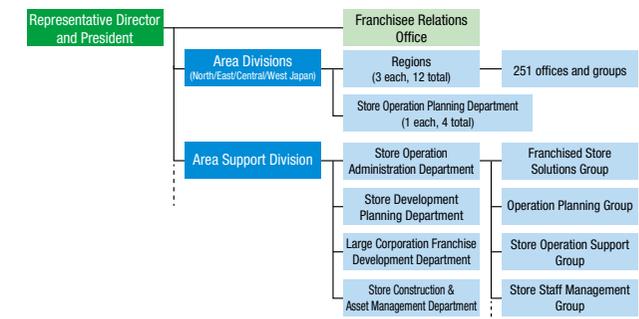
Target: reduce by 4 hours

Establishment of System to Strengthen Support for Franchised Stores

In line with an action plan launched in 2019 to support franchised stores, we have revised our organizational structure for store support. The new Franchised Store Solutions Group receives feedback and requests directly from franchised stores and can respond promptly. A dedicated department supporting store recruitment and labor management has also been formed.

From fiscal 2020, for further reinforcement of community ties and local solutions, we are establishing four Area Divisions and actively transferring authority to each area and consolidating headquarter organizations in the Area Support Division to accelerate decision-making while strengthening support for franchised stores.

Main Franchised Store Support Systems (as of March 2020)



Joint growth between franchised stores and headquarters

Enhancing Support Systems for Franchised Stores

Systems and measures supporting franchised store operations are constantly expanded as we ensure that stores grow and develop with us. Measures in fiscal 2020 to improve franchised store profitability have included increasing cost-sharing (formerly described as an incentive) for 24-hour operation and strengthening countermeasures for loss from food wastage as of March, and, as of April, revising incentives for operating multiple stores and renewing contracts. Other support measures included relief money for stores whose sales were affected by a decline in customers from factors such as people staying at home due to the spread of COVID-19.

We will continue not only to provide economic support but also to help create environments where people can work with peace of mind, by facilitating health management for franchised store owners and staff and encouraging work-life balance.

Maintaining Strong, Trusting Relationships with Franchised Stores

Trusting relationships with franchised stores are fundamental to our franchise business. Our top management values opportunities to interact with franchised stores, including events such as *Kansha no Tsudoj*, where fiscal-year strategies are announced, and store visits. We have also built a strong relationship of trust with franchised stores by expanding the structure and capabilities of the Franchisee Relations Office and providing support in response to the spread of COVID-19.

To ensure that franchised stores operate with aims and values fully aligned with ours, we will continue increasing opportunities for dialogue, providing compelling products and services, and devising new store features that attract customers and help expand business.

As always, we aspire to be a chain that stores are proud to be a part of.



Store visit by the President

Main Store Support Systems and Opportunities for Dialogue

Measure	Introduced	Overview, Aim
Promotion of health management	July 2019–	<ul style="list-style-type: none"> Maintained health exam support services for franchisees and store staff Expanded the scope of grants (revised to provide a uniform subsidy; cap on patients removed)
Enhancement of store manager support system	June 2019–	<ul style="list-style-type: none"> Significantly eased requirements; complimentary during disasters or bereavement leave Provided one day of store manager leave per year, per franchisee, at no cost
Enhancement of store staff support	June 2019–	<ul style="list-style-type: none"> Fees waived for recruitment site, planning and discount negotiation implemented for other recruitment media Support for short-term employment expanded through expansion of temporary staffing companies, more complete matching services
Cost-sharing for 24-hour operation (formerly described as incentives for being open 24 hours a day)	March 2020–	Increased the base amount from ¥100,000 to ¥120,000 per month as of March in fiscal 2020. In addition, cost-sharing for 24-hour operation, which is currently paid uniformly to all stores open 24 hours, is also paid to stores with shorter hours on Sundays, calculated on a daily basis. From fiscal 2021, the amount will increase to match the rate of increase in the minimum wage.
Strengthen countermeasures for loss from food wastage	March 2020–	Raise the percentage of costs borne by headquarters for loss from food wastage (as shared by headquarters and franchised stores). Also start a support system for franchised stores to reduce wasted food as a response to the food wastage problem.
Increase incentives for operating multiple stores, renewing contracts	April 2020–	Support efforts to stabilize and strengthen business foundations of franchised stores by allowing operation of multiple stores, and increase incentives to renew contracts, to support stable long-term management by franchisees
Elimination of membership fees and opening preparation fees	February 2020–	Elimination of membership fees and opening preparation fees for new chain members

Main Opportunities for Dialogue with Franchised Stores

<i>Kansha no Tsudoj</i> (“Gratitude Gathering”)	Continuously	Intended to show gratitude to owners for operating franchised stores and enable the senior management team to explain the fiscal year’s strategies
Store manager assemblies	As needed	Study groups for store managers, with themes for each area/region
Expanded functions and scale of Franchisee Relations Office	September 2019–	Dedicated headquarter organization that not only provides consultations on store management but also seeks solutions to all kinds of inquiries from franchised stores

Additional Franchised Store Support since the Spread of COVID-19

Providing relief money to franchised stores with lower sales	May 2020	Providing relief money to franchised stores whose total revenue dropped year-on-year, based on the percentage of decline (¥50,000/¥100,000 per store)
Early settlement of the gross revenue minimum guarantee supplement	May 2020	Minimum guaranteed supplemental amount, usually settled annually, was processed in the March–May period to help dispel future financial concerns
Support for stores affected by COVID-19 infection	As needed	Providing ¥100,000 as a disaster relief fund for stores closed due to an outbreak of infection; headquarters bears the expense of store sanitization to reopen for business
Other special measures	As needed	Special measures for franchised stores whose business conditions have changed drastically from the pandemic, including incentives for operating multiple stores, continuation of cost-sharing for 24-hour operation, and applying for special loans from Japan Finance Corporation all at once through headquarters

Materiality 1

Contributing to the Future of the Earth and Its Regions through Environmental Awareness



Social Background and Issues to Recognize: Significance



World population growth and economic development have confronted us with a global environmental crisis from worsening pollution and destruction of the environment and overuse of resources. Due to the progress of global warming is considered to be a cause of the increase in CO₂ emissions, extreme weather has become frequent and severe around the world, is threatening people's daily lives.

Under these conditions, international consensus on Sustainable Development Goals (SDGs) has accelerated adoption of targets and frameworks aimed at mitigating or adapting to climate change and encouraging a recycling-oriented society. Companies are expected to do more.

These environmental issues, which also greatly affect our business, cannot be overlooked. By actively working toward solutions to these issues, we will contribute to a sustainable society.

Vision: Approach to Our Initiatives

Environmental Policy (Introduction)

FamilyMart will work earnestly to become a store that is rooted closely and evolves as an integral part of the local community. We will foster close ties with business partners like a family, and want customers to feel part of the neighborhood family.

We will contribute to the sustainable development of local communities through environmentally conscious initiatives that are based on our principles. To promote this, we periodically evaluate the environmental impact of our business activities and set environmental goals, and improve our environmental performance.

Moreover, we have set the policy to continuously remedy the environmental management system, and also work on preventing pollution and protecting the environment.



Environmental Policy

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

Measures Taken

- Continuous improvement of environmental management system
- Climate change mitigation and adaptation
- Reduction of food wastage
- Use of sustainable resources
- Prevention of environmental pollution

Continuous Improvement of Environmental Management System

Environmental Management System

For environmental management consistent with our basic principles and sustainability/environmental policies, we have established an ISO 14001-based environmental management system (EMS) at all workplaces that is constantly improved through collaboration between headquarters and all stores in a company-wide framework under the president.

Our framework to promote environmental management is under the Sustainability Committee, an advisory body to the president, chaired by the CAO and General Manager of the Management Division, who is the Chief Environmental Officer. Progress toward environmental targets is verified and evaluated at semiannual meetings of the Sustainability Committee, where new measures are also planned. Decisions in recent years have accounted for the impact of environmental problems such as climate change, food waste, plastic waste, and water resources on society and our business, in analyzing and recognizing risks and opportunities.

Now that the FamilyMart Environmental Vision 2050 with mid- to long-term environmental targets has been in place since fiscal 2019, we have set Science-Based Targets (SBT^{*1}) and conducted climate scenario analysis in line with TCFD recommendations in fiscal 2020.^{*2}

Through every process from procurement/planning of products and services to logistics and sales, the heads of each department are appointed as Environment Promoters so that they can lead work in environmental activities.

^{*1} Scientifically based targets to reduce greenhouse gas emissions, aimed at meeting goals of the Paris Agreement

^{*2} Recommendations on disclosure of information on the financial impact of climate change risks and opportunities from a task force established by the Financial Stability Board (FSB)

 See "Sustainability Promotion Framework," page 9

 Related information: Highlights of Sustainability Activities, page 6

Internal Environmental Audits

Appropriate and efficient operation of the EMS is ensured by annual internal environmental audits of all offices and stores. Store supervisors oversee the audits. Guidance is provided for any stores that should improve, and after corrective actions are confirmed, results are reported to the Sustainability Promotion Department.

Items raised in the audits are also reported to executive management, who applies this information to refine the EMS for the subsequent fiscal years. Success stories are shared with other stores and sites as case studies. In this way, auditing supports company-wide environmental activities.

In fiscal 2019, internal environmental audits revealed nothing that suggested any violations of environmental laws or serious environmental issues.

External Environmental Audits

Since obtaining ISO 14001 certification in March 1999, we have received regular audits from an external auditing organization. More recently in November 2019, the certification was maintained through a renewal audit of stores, regional headquarters, and main divisions at headquarters.

Environmental Training

We are committed to environmental education and awareness so that all employees are aware of these issues in their work. Several times a year, all employees participate in e-learning on environmental basics and environmental regulations relevant to store operations. Training is tailored to specific departmental needs, because those in various roles, such as supervisors supporting store operations, or procurement members doing business with suppliers, require different environmental knowledge.

TOPICS

Store Environmental Education

The environmental education publication *Eco and Social Partner* is issued three times a year for all FamilyMart store managers and staff members. It has been distributed electronically since 2019. A format that is accessible for store staff and others improves environmental awareness and encourages thoroughness in these activities. Self-assessment checklists are also distributed to stores, which helps us to keep improving environmental activities.

The *FAMILY* newsletter for franchised stores provides sustainability information in a familiar format, addressing key issues for FamilyMart and topics such as reducing use of plastic shopping bags.



FAMILY, a newsletter for franchised stores

Climate Change Mitigation and Adaptation

Issues to Recognize

Global warming attributed to higher human emissions of carbon dioxide and other greenhouse gases (GHGs) has been linked to more frequent and intense extreme weather conditions around the world. Climate change of this kind has a serious impact on natural disasters as well as food, water, and ecosystems, which poses a serious risk not only to our daily lives and corporate activities but also to future generations.

Under these conditions, international consensus on SDGs, the Paris Agreement, and other arrangements has accelerated adoption of targets and frameworks for climate change mitigation or adaptation, as people call on companies to do more.

Management Approach

In working toward a decarbonized society, we promote careful energy conservation at stores (which account for much of our GHG emissions), seek renewable energy sources, and develop eco-friendly stores. We also strive to take effective steps in consideration of how climate change may affect our business activities – in areas from raw material sourcing to product demand to store management – treating this impact as both a risk and an opportunity while remaining committed to information disclosure.

Key Accomplishments and Performance in FY2019

- Supported TCFD recommendations (as of February 2020)
- Science-Based Targets certification acquired (March 2020)

Future Activities

- Participating as a model enterprise in support of CO₂ reduction planning to achieve SBTs in FY2020 (Ministry of the Environment program)
- Reducing CO₂ with Biomass Plastic Containers

Targets and KPIs



Reduction of greenhouse gases CO₂ emissions from store operations

2030	2050
40% reduction	100% reduction (compared to FY2013)

KPIs for FY2020

- Stores deploying refrigerator/freezer cases with CO₂ refrigerant: **92**
- Stores with solar panels (for internal consumption): **70**
- Stores switching to internal LED lighting fixtures: **4,000**
- Stores switching to LED signage: **6,000**
- Stores deploying EMS (optimal control of air conditioning/ventilation/cooling): **5**
- Reduction in CO₂ emissions from store operations: **21%** (compared to FY2013)
- Delivery vehicles replaced with clean diesel trucks (per year): **750**
- Testing in preparation to deploy electric/fuel cell delivery trucks



Carbon Management

FamilyMart engages in a variety of initiatives across business processes to reduce GHGs, viewed as a primary factor of climate change and global warming. Store energy consumption accounts for most of our GHG emissions. Accordingly, as established in February 2020, the FamilyMart Environmental Vision 2050 targets a reduction in per-store energy consumption (electricity usage) of 40% by 2030 and 100% by 2050, both relative to fiscal 2013. Toward this end, we have accelerated efforts to switch to more energy-efficient equipment, and we aggressively introduce advanced technologies in the environmentally conscious model stores we develop.

Looking ahead, we will continue to work with stakeholders in pursuing climate change measures.

TOPICS

SBT Certified – First in the Convenience Store Industry

In contrast to limiting global temperature rise to 2°C as targeted by the Paris Agreement, the Science-Based Targets (SBT) initiative* recognizes science-based targets aimed at well below 2°C, and in March 2020, FamilyMart became the first company in the convenience store industry to earn certification for our GHG reduction targets.



Our SBT targets include not only GHGs from FamilyMart store operations but also from products procured and manufactured by suppliers. FamilyMart participation in an program of the Ministry of the Environment as a model enterprise in support of CO₂ reduction planning to achieve SBTs in FY2020 has also been confirmed, and we will be studying a specific reduction action plan to meet SBT targets.

* The SBT Initiative is a joint initiative by international nongovernmental organizations CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It advocates setting science-based GHG emission reduction targets to prevent the global average temperature rise from climate change from exceeding 2°C above pre-industrial levels, as sought by the Paris Agreement.

Climate change mitigation and adaptation

Product Initiatives

Reducing CO₂ with Biomass Plastic Containers

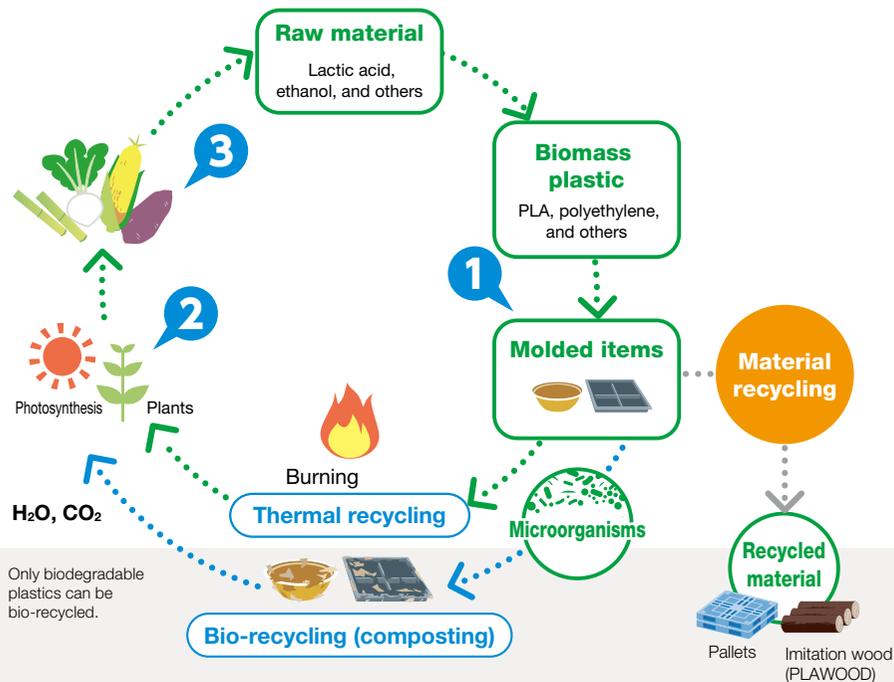
Although Japan has a high plastic recycling rate even considered internationally, at about 84%,* oil-based plastic does not biodegrade easily, and besides the CO₂ emissions from incineration or thermal recycling, some have pointed out the potential for harmful substances to be released.

As an alternative that helps reduce CO₂ emissions, we have been introduced biomass plastic (specifically, PLA) containers for popular salads and other products since 2007. Our use of this material now surpasses all other retailers and currently accounts for about 20% of the amount in domestic distribution. Because the PLA items used by FamilyMart are biodegradable, it is believed that even if they are discarded in a natural environment, the impact would be small.

This has been estimated to represent an annual reduction of 2,400 tons of CO₂ emissions compared to conventional oil-based plastic (A-PET containers). We will be expanding this effort beyond the PLA containers for our popular salads to products packaged in alternative bioplastics, recycled PET, and other environmentally conscious materials.

* Source: Plastic Waste Management Institute

Environmental Circulation of Biomass Plastics



TOPICS

Vegetable Plant Factories, for a Stable Supply of Vegetables

Since 2015, FamilyMart has used vegetables grown in domestic vegetable plant factories in some sandwiches, salads, and other ready-to-eat products. Cultivation in vegetable plant factories mitigates the impact of poor harvests due to weather or disasters, so that vegetable plant factories can support stable procurement of vegetables, which are an ingredient in ready-to-eat products.



Against the background of more frequent and severe natural disasters in recent years, we have expanded procurement of vegetables from vegetable plant factories to hedge risks of difficulty procuring ingredients for products. This procurement is now nearly 60 times higher than when first introduced in 2015. Vegetables grown in the factories are also easier to clean, which save energy and resources. Food loss is also minimal, with fewer parts for disposal. Growing vegetables in an essentially sterile environment also eliminates the need for agricultural chemicals, so produce is safe and reliable.

FamilyMart's vegetable plant factory suppliers have acquired Global G.A.P. certification, recognizing outstanding companies that practice sustainable production conscious of food safety, working environments, and environmental protection. In fiscal 2020, we are aiming to increase the ratio of these certified vegetables to 10%.



Learn more: [Factory Vegetables \(Vitec Vegetable Factory\)](#)

Episode: [What are factory vegetables?](#)

<https://www.family.co.jp/campaign/spot/famimatimes/meeting/extra01.html#episode2> (in Japanese)

Climate change mitigation and adaptation

Logistics Initiatives

Deployment of Eco-Friendly Vehicles

FamilyMart has proactively deployed low-emission delivery trucks, such as compressed natural gas (CNG) vehicles from fiscal 1998 and hybrid vehicles from fiscal 2003 as an environmentally conscious alternative.

Taking advantage of much better environmental performance by current clean diesel vehicles which meet the latest exhaust regulations, we are fully adopting and deploying these vehicles in a plan to replace delivery vehicles with clean diesel trucks by 2025.

As another option in reducing GHG emissions, we are studying electric and fuel cell vehicles, as we consider matters of charging times and deployment costs and discuss a range of issues with stakeholders.

CO₂ emissions compared to existing diesel vehicles

Reduction of **1 ton/year**



Since September 2019, we have been deploying clean diesel vehicles that meet Japanese exhaust regulations, which are among the world's strictest.

Climate Change Adaptation

FamilyMart also studies ways to adapt and respond to a variety of changes in the business environment brought about by global warming or climate change, as we plan for business continuity and growth.

One example is safeguarding the logistics networks that are vital to retail operations. When investigating center sites, we review hazard maps to note typhoon and flooding risks. Centers are constructed away from flood-prone areas, embankments are built to avoid risks, and more robust construction methods are used.

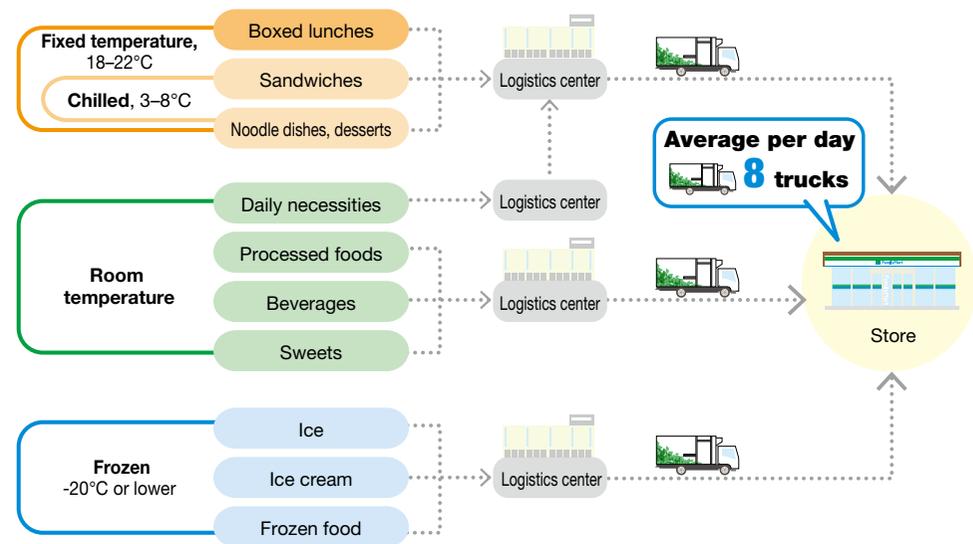
Emergency measures are in place if disasters disrupt logistics centers and producers of ready-to-eat products, or block road systems. These include sourcing products from other nearby centers and prioritizing deliveries likely to be needed after disasters, such as rice balls, daily necessities, and drinking water.

More Efficient Deliveries



Stores offer products at various temperatures, but to streamline deliveries and use fewer vehicles, dual-compartment refrigerated trucks deliver milk, desserts, and other chilled products (kept at 3°–8°C) at the same time as boxed lunches, bread, and other products at a constant temperature (18°–22°C). Additionally, we have devised a system for batch delivery of products in each temperature range to individual stores after food from multiple producers and manufacturers of ready-to-eat products is temporarily collected at logistics centers. This also enables a much smaller fleet. (See the figure below.) To plan routes with less traffic and more store deliveries in a shorter period, we simulate optimal routes with a transportation management system (TMS) for recording and managing routes and time between logistics centers and stores. Base values derived this way also help reduce GHG emissions and energy consumption.

Batch Delivery System for Products in Each Temperature Range



Climate change mitigation and adaptation

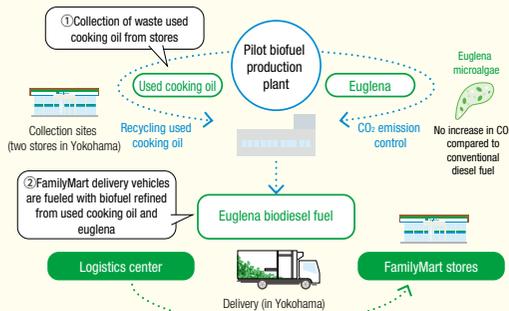
TOPICS

Fueling Delivery Vehicles with Euglena Biodiesel

Since September 2020, some FamilyMart delivery trucks have been fueled with Euglena biodiesel fuel made with used cooking oil from two FamilyMart stores in Yokohama City. Each month a total of nearly 300 liters of used cooking oil is collected from the stores and converted to biofuel at a pilot biofuel production plant.

As part of joint Euglena-Yokohama efforts to develop local production for local consumption of biofuel, the initiative began with FamilyMart's support of GREEN OIL JAPAN*1, which forms the basis of the project. Euglena biodiesel fuel mainly consists of microalgae lipids such as Euglena and used cooking oil. Compared to biodiesel made from other raw materials, it is viewed as posing less risk of competing with food resources and contributing to deforestation. Because it can also be used in ordinary diesel engines without modification, existing infrastructure can be maintained as the fuel is used and popularized.

FamilyMart also participates in a pilot program in Hiroshima Pref. by providing used cooking oil from stores and fueling company cars with Euglena biodiesel in the Hiroshima Your Green Fuel project organized by the Hiroshima Council for the Promotion of Collaboration between Government, Academia, and the Automobile Industry, among others.



*1 GREEN OIL JAPAN: A declaration by Euglena Co., Ltd., aiming to make Japan an advanced biofuel economy

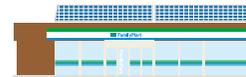
Store Initiatives



Environmentally Conscious Store Design

Switching to LED lighting for in-store lighting as well as façades, signage, and parking lot lights is a way to reduce store energy consumption. Brightness is controlled by a system that adjusts lighting by time of day or store zone. Deploying refrigerators and freezers with CO₂ as a refrigerant can reduce emissions of both chlorofluorocarbons (CFC) and energy-derived CO₂.

Installation of refrigerators and freezers with CO₂ as a refrigerant



234 units at 117 stores

(as of the end of February 2020)

Promotion of Renewable Energy

Along with reducing store energy consumption, we are also actively adopting renewable energy sources. One approach is to install solar panels on store roofs, so that stores can generate a portion of the energy consumed. Meanwhile, to help establish infrastructure for electric vehicles and plug-in hybrids, fast-charging stations are being installed in store parking lots.

Stores with solar panels

2,083

(as of the end of February 2020)

Stores with fast-charging stations

691

(as of the end of February 2020)



Store Operation Initiatives

Store staff are careful about turning lights on and off as needed and cleaning filters of store fixtures regularly. Familiarizing staff members with ten energy saving tips that can be done at the stores instills an awareness of costs as environmentally sound store operations are promoted.



Filter cleaning

Feature Compliance with TCFD Recommendations

Supporting TCFD recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) at the request of G20 finance ministers and central bank governors. The TCFD examines how companies should disclose information on risks and opportunities linked to climate change and enables accurate investor judgment, seeking appropriate capital allocation, efficient financial markets, and a sustainable, stable economy.

In February 2020, FamilyMart announced support of the goals of the TCFD final report, and we will disclose information on the four core elements of how organizational management proposed by the TCFD: governance, strategy, risk management, and metrics and targets.



Climate-Related Risk Management System



Governance and Risk Management

Responses to a variety of climate-related risks and opportunities that may have a broad impact on the value chain are centrally managed by the Sustainability Committee, which oversees company-wide sustainability activities.

The committee monitors natural disasters and regulatory trends, examines response plans, sets climate-related targets and action plans including FamilyMart Environmental Vision 2050, and manages and evaluates progress. Matters discussed by the committee are reported to the Board of Directors as needed and considered in the context of annual budgets and business plans.

Fiscal 2020 marked the first year of analyzing climate-related risks and opportunities. A project team for scenario analysis led by the Corporate Planning Department, CFO & Investor Relations Office, and Sustainability Promotion Department identified, assessed, and analyzed climate risks and opportunities. These results are discussed by the Sustainability Committee and reported to the Board of Directors.

Sustainability Committee (advisory body to the President)	
Chairperson	CAO and General Manager, Management Division
Office	Sustainability Promotion Department
Main roles	<ul style="list-style-type: none"> Risk management for natural disasters and relevant regulatory trends Setting climate-related targets Establishing response plans, managing progress, and conducting assessment

Strategy

● Purpose and method of scenario analysis

In recognition of climate risks and opportunities, scenario analysis was conducted in 2020 to verify suitability of current climate change measures and apply this insight in formulation of future business strategies. Several scenarios at 2°C and 4°C were employed, seeking sustainable business activities in various climates and social environments. The period covered ends is until 2050, the final target fiscal year of FamilyMart Environmental Vision 2050.

● Scope of analysis

Operations: Domestic convenience store operations

Scope: Raw materials procurement, ready-to-eat product suppliers, logistics, store operations, consumer use

Time frame: From now to 2050 (short term: within one year, medium term: within 10 years, long term: more than 10 years)

● Scenarios used

Transition scenario: IEA WEO 2019 SDS (2°C)/CPS (4°C)

Physical scenario: IPCC Fifth Assessment Report 2.6 (2°C)/8.5 (4°C)

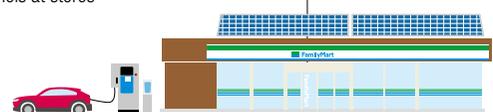
● Steps in analysis

- (1) Comprehensively estimate the potential impact of each climate-related risk/opportunity factor on the value chain described in the scope of analysis
- (2) Sort out risks in the big-picture view of (1) that are more likely
- (3) Based on the scenario used, verify the impact on operations and calculate the financial impact under 2°C and 4°C scenarios
- (4) Consider measures in response to the results of (3)

● Results

Scenario analysis results are presented on the next page. Between the 4°C scenario with worsening natural disasters and the 2°C scenario with strict climate change policies, analysis results show that the impact of acute physical risk from the former poses a greater risk of loss at all stages of the FamilyMart value chain, from raw materials procurement to store operations. Rising temperatures are also likely to have a relatively significant impact on consumer trends, and neglecting to introduce products that respond to changing temperature zones may result in lost opportunities. In the latter 2°C scenario, more rigorous climate policies are expected, and new carbon taxes and stronger fluorocarbon and plastic regulations would incur investment costs.

Results of Scenario Analysis

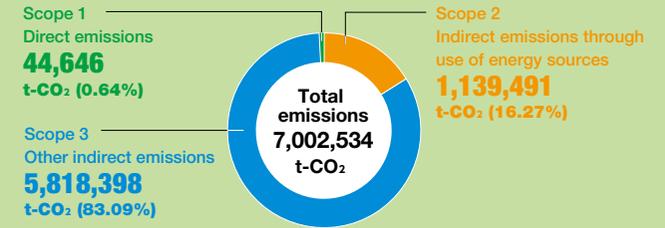
Major Risk Category	Medium Risk Category	Minor Risk Category	Time Frame of Impact	Key Climate-Related Risks and Opportunities Expected in the FamilyMart Value Chain						Scale of Impact on Operations, by Scenario	
				Product Planning	Raw Materials Procurement	Production	Logistics	Store Sales	Consumer Use	2°C Scenario	4°C Scenario
Physical Risks	Acute	Increased severity of extreme weather events such as typhoons and floods	Short term		<p>[Risks]</p> <ul style="list-style-type: none"> Suspended product supply due to damage to suppliers and distribution centers, or disruption in the road network Lost sales opportunities due to store damage or closure <p>[Opportunities]</p> <ul style="list-style-type: none"> Switching supply chains in response to suspended product supply from damage at suppliers and distribution centers, or disruption of road network Building a system for prompt recovery of store operations (as by maintaining power generators) 					Small	Large
	Chronic	Rise in average temperature	Long term	<p>[Risks]</p> <ul style="list-style-type: none"> Supply shortages due to poor productivity of raw materials <p>[Opportunities]</p> <ul style="list-style-type: none"> Decentralization/diversification of raw materials procurement sites Expanded use of vegetable plant factories Development of alternative products 					Small	Small	
Transition Risks	Market	Soaring raw materials costs	Long term								
	Policies and regulations	Introduction of carbon tax	Medium term	<p>[Risks]</p> <ul style="list-style-type: none"> Taxation across each stage of the value chain Capital investment to reduce emissions <p>[Opportunities]</p> <ul style="list-style-type: none"> Reducing purchased energy by installing energy-efficient equipment and solar panels at stores Establishing energy-efficient habits through environmental education Consolidation of power contracts Promoting deployment of environmentally conscious delivery vehicles Innovation in supplier production processes and lines 				Large	Small		
		Stricter CFC regulations	Short term				<p>[Risks]</p> <ul style="list-style-type: none"> Investment in non-CFC refrigeration and freezing equipment <p>[Opportunities]</p> <ul style="list-style-type: none"> Reduced energy consumption from use of non-CFC refrigerators/freezers 		Small	Small	
	Stricter plastic regulations	Medium term	<p>[Risks]</p> <ul style="list-style-type: none"> Switching from plastic packaging and equipment to alternatives <p>[Opportunities]</p> <ul style="list-style-type: none"> Controlling regulatory compliance costs by using environmentally conscious packaging Improving brand image through consumer communication 					Large	Small		
Market/reputation	Changes in consumer behavior/preferences	Long term	<p>[Risks]</p> <ul style="list-style-type: none"> Changes in customer traffic and best-selling products from changes in behavior Warmer winters result in lower sales of autumn/winter products Lower customer loyalty without appropriate environmental measures for products and services <p>[Opportunities]</p> <ul style="list-style-type: none"> Product management applying purchase data Cultivating new needs and market opportunities to address consumer interest in climate change 					Small	Large		

Metrics and Targets

As we work to reduce climate risks and strengthen opportunities, we have set short- to long-term metrics and targets across the value chain.

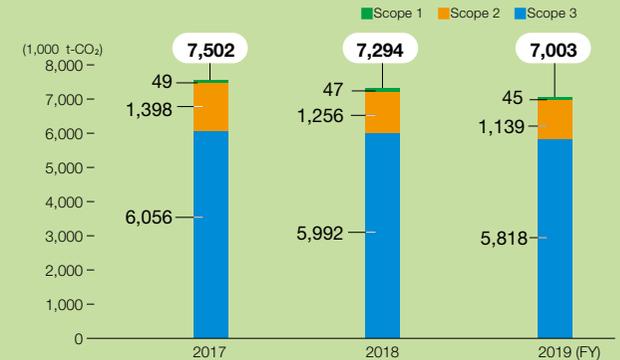
Target/Category	Time Frame	Metrics and Targets		Achievements
				FY2019
FamilyMart Environmental Vision 2050	Long term	GHG Reduction	CO ₂ emissions from store operations 2030: 40% reduction 2050: 100% reduction compared to FY2013	-18%
		Plastic Countermeasures	Proportion of environmentally conscious materials 2030: 60% 2050: 100%	10%
Science-Based Targets (SBTs)	Medium term	Scope 1+2	2030: 30% reduction (compared to 2018)	-9.1%
		Scope 3 (category 1)	2030: 15% reduction (compared to 2018)	-3.2%
Material Issues: FY2020 targets/KPIs	Short term	Stores deploying refrigerator/freezer cases with CO ₂ refrigerant:	92	—
		Stores with solar panels (for internal consumption):	70	
		Stores with in-store LED lighting fixtures:	4,000	
		Stores with LED digital signage:	6,000	
		Stores deploying EMS (optimal control of air conditioning/ventilation/cooling):	5	
		Replacement of delivery vehicles with clean diesel trucks:	750	

Emissions, by Scope



- Scope 1: Direct GHG emissions from fuel combustion or other sources (such as from gas-powered company vehicles)
- Scope 2: Indirect GHG emissions from purchased electricity or other sources (such as electricity used by the headquarters, sales offices, and stores)
- Scope 3: Indirect GHG emissions from corporate activities outside scope 1 and 2

Changes in CO₂ Emissions, by Scope



Emissions, by Scope

In addition to emissions from FamilyMart stores and offices, we are working to monitor* and reduce CO₂ emissions across the entire supply chain, including raw materials procurement from suppliers, product manufacturing, logistics, and disposal by consumers.

Emissions across the supply chain in fiscal 2019 stood at 96% year-on-year. What was effective in this regard was deploying energy-efficient equipment and closing unprofitable stores, which reduced Scope 2 emissions.

We will continue working to improve data collection precision and expand the scope of calculations, as we analyze these calculations and seek to reduce CO₂ emissions across the supply chain.

* Calculation of emissions for the entire supply chain based on *Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 1.0*, Ministry of the Environment

Reduction of Food Waste



Issues to Recognize

Many people in the world suffer from poverty, hunger, and malnutrition, yet each year, some 1.3 billion tons of food are discarded. Even in Japan, which relies heavily on food imports, 25.5 million tons is wasted annually, including an estimated 6.12 million tons that is still edible.*

This has set the scene for SDG 12, which by 2030 seeks to halve per capita global food waste at retail and consumer levels and reduce food loss in production and supply chains. In Japan, the Food Loss Reduction Promotion Act took effect in October 2019, mandating greater action in the retail sector.

* Source: Estimated food waste values in fiscal 2017 published by the Ministry of Agriculture, Forestry and Fisheries

Management Approach

Food waste has an environmental impact as well as considerable repercussions on our business operations. Costs associated with sorting and disposal are only one example. Food represents a cornerstone of our sales, and we view initiatives to reduce food waste as a serious issue. Measures to prevent waste include improving accuracy of product ordering and extending shelf lives with better product containers and packaging. Through these efforts, we are working toward sustainable production and consumption patterns.

Key Accomplishments and Performance in FY2019

- Reduction in waste disposal cost for eel products: approx. **80%** compared to FY2018
- Reduction in food waste across FamilyMart: **8%** compared to FY2018

Targets and KPIs

KPIs for FY2020

- Extend dessert sell-by date by 7 hours
- Extend store delivery dates for products such as national brands (expand scope)

Future Activities

- Reducing the frequency of checking sell-by dates at stores (from 4 to 3 times daily), through a variety of measures to extend sell-by dates



A New Sales Method for Oden

Our popular, original winter oden stew has been sold a new way since January 2020. After customer orders are received, employees microwave the stew to prepare it. Unlike eventually disposing of food left heating in the specialized pots used previously, ingredients sold the new way are sealed in plastic packaging with a best-by date in 180 days. The long shelf life promises to reduce much food waste. Because this arrangement is easier for staff members – who were required to monitor freshness, replenish ingredients, and clean the pots – the approach also streamlines store operations.

In fiscal 2020, we revised the sales hours for ingredients sold as before in specialized pots, discontinued sales of ingredients more often disposed of the previous year, and made other refinements to reduce food loss. Another facet of our new sales methods is selling packaged oden ingredients, because more people are cooking for themselves since the spread of COVID-19.



New oden

After orders are received, ingredients are heated in a microwave

Improved Ordering Accuracy, Enhanced Advance Sales of Seasonal Products

Stores are working to prevent food waste by improving the accuracy of routine product ordering and reducing disposal of food past its sell-by date. Since fiscal 2019, we have enhanced advance sales of seasonal products such as eel dishes and Christmas cake, seeking zero food waste by accurately controlling the amount produced to suit customer needs.

Costs associated with disposal were reduced nearly 80% and profitability for franchised stores increased 240% relative to fiscal 2018 before improvement of pre-ordering, which this year included online reservations via the mobile FamiPay app and inspired sales floor presentations at each store before the day in July when eel is traditionally eaten.

Results of Enhanced Advance Sales (Compared to FY2018 Results)

	Disposal Costs	Franchised Store Profit
<i>Ehomaki</i> sushi	Reduced approx. 50%	Increased approx. 10%
Eel dishes (July FY2020)	Reduced approx. 80%	Increased approx. 240%
Christmas cake	Reduced approx. 50%	Increased approx. 30%



Reduction of food wastage

Ready-to-Eat Products with Longer Shelf Lives

In our leading category of ready-to-eat products, we are extending sell-by dates (shelf lives) through improved ingredients and production or cooking methods. Modified atmosphere packaging technology* that can preserve freshness of products longer than standard packaging is used for some original “Mother’s Kitchen” delicatessen dishes, which extends shelf lives to keep these foods fresh and delicious without additional preservatives. To expand this packaging technology to other product categories we are conducting a pilot study. The study seeks comprehensive verification not only in how disposal and profitability change but also in how longer sell-by dates prevent shortages and change store workloads and customer reactions.

* Modified atmosphere packaging technology: A new technology in which carbon dioxide and nitrogen are injected into packaging to replace the oxygen to prevent food deterioration. Used mainly in form-fill, top-seal, and deep-drawing packaging.



Pilot study of new packaging technology

Medium- to Long-Term Food Waste Reduction Measures, Including Packaging Techniques

Category	Measure	No. of Products	Sell-by Date Extension Target/Plan
Burgers and bread rolls	“Barrier pillow” and modified atmosphere packaging	2	FY2020: 2 days ➔ 3 days
Pasta	Heat-resistant barrier containers and gas exchange packaging	5	FY2020: 2–3 days ➔ 5 days
Fresh vegetable salad	Extending shelf life with gas exchange packaging	4	FY2020: 1.6 days ➔ 2.6 days

Other Primary Examples of Extending Shelf Life

Category	Typical Measures	No. of Products	Details of Longer Shelf Life
Sushi	Longer expiration dates	7	0.6 days ➔ 1 day
Pasta	Reduction of product deterioration by switching production methods and noodle ingredients	3	2 days ➔ 3 days
Sandwiches	Extending sell-by dates by preparing vegetables with functional water	2	1.3 days ➔ 1.6 days
Fixed-temperature boxed lunches	Extending shelf life by switching ingredient processing methods	2	0.6 days ➔ 1 day
Chilled noodles	Extending shelf life by switching noodle processing methods	2	2 days ➔ 4 days

Increasing Shelf Life Through Higher Quality from Producers of Ready-to-Eat Products

We continue to hone the quality control expertise of suppliers of ready-to-eat products. Building on work to date, repeated taste-testing and bacterial inspection showed that we could extend the sell-by time by two hours for certain daily deliveries, including noodle dishes, salads, delicatessen dishes (snacks and side dishes, soup, and light meals), chilled boxed lunches, and cut vegetables. With this approach, sell-by dates can be checked four times a day instead of six, which helps reduce food loss and store workloads (except in some areas).

More Space for Frozen Foods

Diverse eating habits and other factors have driven the need for food that can be stored over long periods. In response, we are expanding our selection of frozen food and offering more shelf space for these products. Some 4,000 stores were targeted for this expansion by the end of September 2019, reflecting our positioning of frozen food as a key category after ready-to-eat products. Frozen food also has the advantage of helping to reduce food wastage, in view of its shelf life, and for this reason as well, we plan to expand sales.



Enlarging the space in stores for frozen food

Reducing Food Waste at Product Seminars

Semiannual product seminars for store staff strengthen store sales capabilities, as participants try new products and discuss sales floor techniques. Since fiscal 2019, we have reviewed the number of samples provided and the timing, which has reduced food wastage 73.4% year-on-year. In fiscal 2020, as a measure to prevent the spread of COVID-19, product seminars have been streamed online and sample foods sent to each store in required quantities. This is expected to reduce food wastage even more.

Use of Sustainable Resources / Prevention of Environmental Pollution

Issues to Recognize

The goal of economic growth with sustainable development led to an SDG seeking sustainable production and consumption patterns. With regulatory compliance as a prerequisite, further corporate efforts toward a recycling-oriented society are expected, including efficient use of water, food, and natural resources as well as proper treatment and significant reduction of waste.

In particular, because plastics can cause marine pollution and adversely affect the ecosystem, international trends in use/emission control are encouraged, hence companies are strongly demanded to control the generation of plastic waste and re-examination of raw materials.

Management Approach

Through the supply chain, we contribute to the formation of sustainable patterns of production and consumption by actively reducing and streamlining use of natural resources and other raw materials, preventing and reducing generation of waste, recycling and using recycled materials, and preventing pollution. Especially for plastic, we are conscious of the large amounts we use, mainly for packaging. We are reducing consumption of plastic through improved containers and packaging, and we are also proactively switching to materials with low environmental impacts.

Key Accomplishments and Performance in FY2019

- Promoted our food recycling loop: currently 6 areas in Japan
- Expanded use of products made with biomass plastic
- Rate of customers declining plastic shopping bags: **77%** (July–September 2020)

Targets and KPIs

KPIs for FY2020

- Proportion of environmentally conscious material in ready-to-eat product containers: **28%**
- Proportion of environmentally conscious material in plastic bags: **30%**
- Rate of customers declining plastic bags (national average): **60%**

Future Activities

- Sales of products in food recycling loops
- Studying plastic bottle recycling

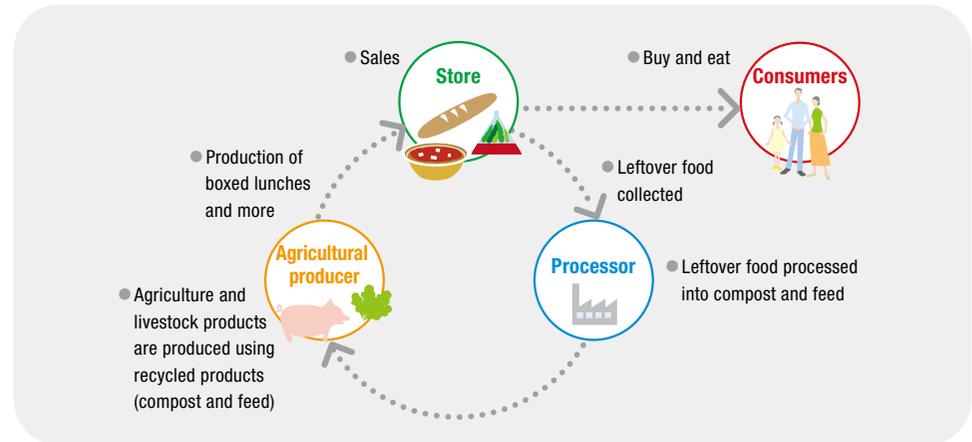


Food Waste Recycling Initiatives

Food waste generated by stores (from boxed lunches, rice balls, and delicatessen dishes) are recycled into animal feed, fertilizer, and methane through our collecting/recycling system for food waste. This program meets the 55% recycling rate for food retailers targeted by the Food Recycling Law. Our active promotion of recycling also involves gradual expansion of agreements with waste disposal contractors who recycle food waste.

In 2008 leftover food from Tokyo and Kanagawa area stores was collected and processed into animal feed at a pig farm with a feed factory, where pigs are raised for production of boxed lunches and delicatessen breads sold at stores, creating a food recycling loop. This recycling loop has been expanded nationwide, and recycling loops in six areas as of September 2020 participate in this certified Recycling Business Plan.

Food Recycling Loop System



FY2019 Results

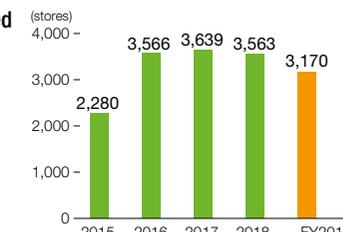
Amount of food waste generated

66,666.7 t

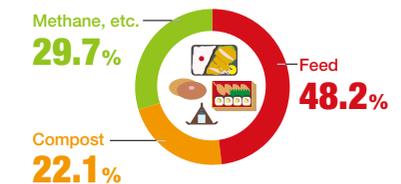
Actual food recycling rate

59.4%

Change in Stores Recycling Food



Breakdown of Food Recycling



* Includes Circle K Sunkus as of FY2016.

Use of sustainable resources / Prevention of environmental pollution

Our Approaches to Reduce Plastic



We actively promote plastic recycling and improvement of packaging in accordance with the Containers and Packaging Recycling Law, and we seek to reduce our use of plastic.

For the original delicatessen brand *Mother's Kitchen*, the packaging material has been changed from plastic lids to a specially processed top seal on container lids. As a result, compared to using previous containers of the same capacity, the annual reduction of plastic raw materials was 33.6 tons, equivalent to 153.7 tons per year of CO₂ emissions (trial calculation at the time of introduction).

However, in the wake of recent plastic waste problems, we remain aware of our responsibility as a company using large amounts of packaging materials. Stronger efforts of ours to reduce our environmental footprint include making containers lighter, using recycled material, and switching to alternative material with a lighter environmental impact.

How FamilyMart Approaches Plastic Reduction

Impact on Plastic Reduction

Reduce

Reduce plastic consumption

Reduce with lighter containers and thinner film

Small-Moderate

Recycle

Recover and reuse resources

Reduce by using packaging with recycled content

Large

Renewable

Use sustainable (or recycled) materials

Reduce by using/ incorporating environmentally conscious packaging (biomass)

Small-Large

Examples of Measures

Eco-friendly packaging for all salad products

- Promote use of biomass plastic (PLA) and other environmentally conscious packaging material (Introduction of PLA began in 2007.)
- Annual reduction: **900** tons
- All salad products now packaged in this material, as of April 2020



Recycle Renewable

Expand use of top-seal packaging

- Study expansion of top-seal packaging from delicatessen dishes to salads, pasta, and frozen food
- Fiscal 2020
- Annual reduction: **76** tons (already introduced for salads)



Reduce

Thinner plastic packages for sandwiches

- Reduce consumption by using a new film
- Annual reduction: **90** tons
- Since April 2020



Triangle sandwich

Film thickness

Current **▲5 μm** Future
40 μm → 35 μm

Reduce

Switching to paper cups for beverages

- Switch to paper containers for beverages such as yogurt drinks
- Annual reduction: **610** tons
- Since June 2020



Reduces plastic consumption **13 g per cup**

Recycle Renewable

Iced coffee cups made with recycled PET, stirrers of wood

- Incorporate recycled PET in cups, switch to wooden stirrers (and from plastic to paper bags), and use environmentally sound material for straws
- Effect of reduction: **80** tons (stirrers)
- Since March 2020

Recycle Renewable



Recycled PET



Related information: Reducing CO₂ with Biomass Plastic Containers, page 27

Use of sustainable resources / Prevention of environmental pollution

Plastic Bag Reduction Initiatives

Offering benefits in packaging and CO₂ reduction, moves to reduce plastic shopping bags have taken off around the world, calling for a response in line with business needs.



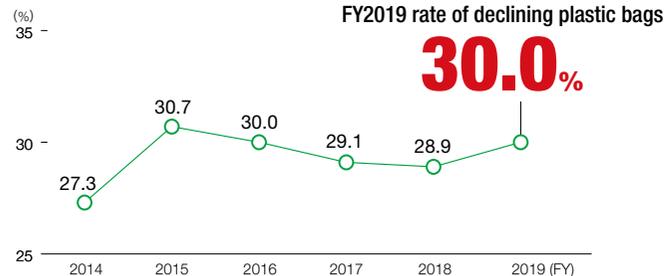
In Japan as well, July 2020 saw a revision to a ministerial ordinance stipulating criteria in promoting reduction of container and packaging waste, as the retail industry adopts reasonable practices for this packaging. As a result, retailers must now charge consumers for plastic shopping bags.

A sign notifying customers that plastic shopping bags are no longer free

Since the revision, we have maintained high standards based on the percentage of customers declining these bags each month. In the July–September period this year, our rate of 77% surpassed that of the Japan Franchise Association, which advocates having at least 60% of customers declining plastic bags by fiscal 2030.

For some time, to reduce use of plastic shopping bags, FamilyMart has raised consumer awareness in campaigns with local government, by asking customers at the register, and by

Rate of Declining Plastic Bags



Note: Includes Circle K Sunkus as of FY2016.

displaying informative posters in stores. We encourage people to bring a personal shopping bag, and we have made bags thinner to reduce the amount of plastic used, among other initiatives.

Ongoing efforts to have more customers decline plastic bags at the register will include training and development of store staff and asking customers for their cooperation.

Fixture Recycling

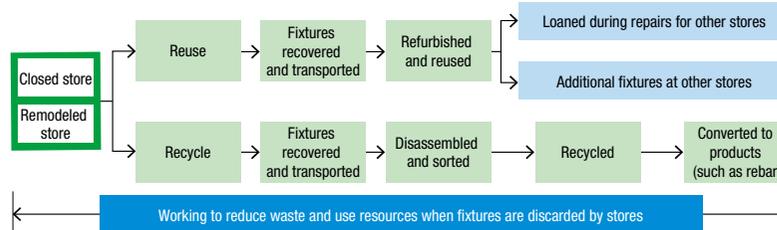
After refurbishing, usable counter fixtures from closed stores play an active role as additional fixtures at existing stores or equipment loaned during repairs. Those that can no longer be

used are disassembled and sorted to recycle mechanical parts and materials such as iron or copper.

Recycling of Used Cooking Oil

After use in deep-frying of *FAMICHIKI* fried chicken and other fried foods cooked at stores, cooking oil is collected by certified contractors and processed into 100% recycled products such as poultry feed additives, ink, and soap. Some is also used by stores as medicated hand soap, an example of closed-loop recycling. An electronic manifest system adopted in April 2017 supports proper collection and accurate recordkeeping for the oil, strengthens regulatory compliance, and ensures traceability.

Framework for Refurbishing/Recycling Fixtures from Closed or Remodeled Stores



TOPICS

Strengthening Ties with Processors

We regularly exchange information with waste contractors and used cooking oil collectors to strengthen ties and ensure correct processing based on the Waste Disposal and Cleaning Act. This helps improve food recycling initiatives and store operations involving related issues.



Liaison meeting with used cooking oil collectors

Use of sustainable resources / Prevention of environmental pollution

“We Love Green” Eco-Friendly Private Label Products

The private brand “We Love Green” for eco-friendly products was developed in 1999 based on an ideal of everyone on Earth loving nature and protecting the environment.

The We Love Green label signifies that products meet the brand standards of lighter environmental impact in materials, product use, and disposal.



These products include packing strings made with recycled materials (100% recycled polypropylene), thick or thin anti-slip gloves made with natural rubber, and rice balls and sandwiches in eco-friendly packaging.

Chlorofluorocarbon Measures

Chlorofluorocarbon (CFC) substitutes are used in store refrigerators, freezers, and air conditioners, which are inspected as required by law. Strict controls are in place, so that when equipment containing substances that pose environmental risks are disposed of, specialized contractors recover and destroy the substances. Moreover, deployment of freezers and refrigerators with CO₂ refrigerant is promoted, both to reduce CO₂ emissions from power generation sources and to reduce CFC emissions.

Water Conservation at Stores

We support Japan Water Style, a public-private project launched by the Ministry of the Environment to protect Japan's outstanding water cycle. The project provides a fresh outlook on water through products, services, and initiatives related to water, and we promote a sound water cycle through store operations. Wastewater quality is improved by installing grease traps* (which separate oil and water discharged when fryer

cooking utensils used in stores are cleaned) and septic tanks, and by conducting regular inspections of wastewater treatment systems. We are also working to reduce water consumption by changing restroom faucets to a type that helps conserve water.

* Grease trap: A device that prevents oil and fat from flowing out directly into the sewer (oil/water separation tank)

Company-Wide Initiatives

Clear Water Tsunan: Using Water Resources Effectively

Clear Water Tsunan Co., Ltd., which is engaged in production and sales of mineral water, uses this limited resource effectively throughout the company by practicing the two Rs of Reducing water consumption and Reusing water as much as possible.

Fresh water is collected mainly from springs and wells. The spring water is bottled and sold, and the well water is used for bottle and cap sterilization and cleaning, and for snow removal.

These water sources are shared with the local community, so an annual water usage agreement has been signed, and water intake, production, and sales are carefully conducted based on the agreement. The well water used to clean plastic bottles inside and outside is filtered with an ultra fine filter and then sterilized under ultra high temperature in an UHT system that sterilizes instantly. After the plastic bottles are cleaned, the water is sterilized again in the recovery tank at ultra high temperature and reused as rinse water, an example of reuse and reduce, which helps reduce the amount of water intake.



As a company supported by water and nature's bounty, Clear Water Tsunan has a corporate philosophy of contributing to a healthy, and prosperous society, seeking harmony with the natural environment and coexistence with the local community, and providing safety, reliability, and value-added products.

Materiality 2

Evolving as a Regional Revitalization Base Close to People



Social Background and Issues to Recognize: Significance

As social issues become diversified and complicated, it is a global level common understanding that as members of society companies are required to actively participate in local regions and communities where they do business, understand the issues and contribute to resolution faced by the countries and regions.

In Japan, the birthrate is declining and the population is aging. Changing demographics are exacerbating specific regional issues, such as urbanization and detrimental changes in traditional family structures. Meanwhile, besides earthquakes, recent years have also seen more frequent and severe typhoons and other natural disasters, which require greater resiliency.

Both the changes to our fabric of society and the worsening of natural disasters pose a significant impact, as a company that operates convenience stores in all prefectures nationwide, to our business. Thus, we can say that these issues cannot be overlooked. The Company contributes to the growth of local communities, remains close to people, and operates stores that are hubs of safety and security for urban and suburban residents. We recognize that in the event of disasters, one of our missions is to strive to provide a stable supply of goods.

Vision: Approach to Our Initiatives

Social Contribution Policy

Through this policy, FamilyMart works for balanced development at the international and regional levels, and for greater spiritual affluence in society.

1. As a company with international operations, we actively seek to help enrich the global community and support environmental protection.
2. To meet the expectations of local communities and win their trust, we take care to build links and prosper in harmony with them.
3. As part of our role in helping create safe, secure neighborhoods, we take various measures to help local parents keep their children out of trouble.
4. We support the individual efforts of our employees to get involved in social contribution activities.

Measures Taken

- Contributing to create safe, secure neighborhoods
- Supporting the development of the next generation
- Responding to an aging society

Contributing to Create Safe, Secure Neighborhoods

Issues to Recognize

Japan has been described as the world's most super-aged society. Each year also sees more senior citizens living alone and couples without children. Meanwhile, children are growing up in a changing environment, more often in dual-income families. Society has called for policies that keep senior citizens and parenting families healthy and engaged with their community. Regional lifeline infrastructure is another area in need of attention, due to water damage from more frequent and severe typhoons and sudden heavy rain.

Under these circumstances, the convenience stores serving as safe, secure places residents can rely on are expected to fulfill roles that complement those of the local government in watching over children and senior citizens, responding to disasters, and other ways.

Management Approach

The close community ties FamilyMart enjoys through brick-and-mortar stores enable us to contribute to neighborhoods that are safe and secure for residents of all ages. Stores also serve as safe and secure neighborhood hubs that are trusted by local communities, and in this capacity, we work with national and municipal bodies in the event of large-scale natural disasters, providing relief through store management that aims to maintain stable supplies of goods.

Key Accomplishments and Performance in FY2019

- Comprehensive agreements: **45** prefectures, **3** designated cities, and **17** municipalities
- Watch-over agreements: **6** prefectures, **1** designated city, and **10** municipalities
- Major donations of disaster-relief money: approx. **63** million yen

Targets and KPIs

KPIs: Our Vision

- Respond promptly after disasters or emergencies to cooperate with local authorities
- Promote joint projects based on comprehensive agreements
- Strengthen store roles as safe, secure neighborhood havens

Future Activities

- Join community problem-solving projects, such as those of social welfare councils
- Work with local government from each Area Division
- Ongoing cooperation in local crime and disaster prevention



Community Development in Conjunction with Municipalities

As a pillar of local communities, we have concluded comprehensive agreements with 45 prefectures, three ordinance-designated cities, and 17 other municipalities (as of the end of February 2020) to share expertise and resources, and to collaborate in many areas such as caring for children, supporting senior citizens, tourism and other promotion, and environmental activities. The agreements promote efforts leveraging close mutual ties and collaboration to respond promptly and appropriately to a variety of local issues to revitalize local communities and improve services for residents.

Specifically, the agreements establish a framework for store operations promoting close local ties, through collaboration in development and sales of original goods representing prefectural specialties, promotion of tourism, support of senior citizens and individuals with disabilities, regional disaster preparedness, and other activities.

Additionally, we have also signed a watch-over agreement with six prefectures, one ordinance-designated city, and 10 other municipalities (as of the end of February 2020) to support activities for local children and senior citizens to live safely and securely. When children ask for help, stores call their family, school, or the police as needed. Stores also assist in early discovery, protection, and reporting of senior citizens who have wandered due to dementia and take action to prevent certain types of fraud that occurs more often recently. In these ways, we immediately work with the community if we find something amiss, showing the care, attention, and regard for each customer that only physical stores can offer.

Comprehensive agreements

45 prefectures **3** designated cities
17 municipalities

Watch-over agreements

6 prefectures **1** designated city
10 municipalities

TOPICS

Comprehensive Agreement Signed with Toda City, Saitama Pref., in April 19

Following a comprehensive agreement signed with Saitama Prefecture in July 2008, we have sought even deeper community ties by signing the first comprehensive agreement with a local municipality, Toda City. All 19 stores here now provide magazines and display posters published by the city. An area at the stores showcases local products such as snacks, drinking water, and toys. In these ways, stores serve as a new ally in Toda promotion and revitalization.

The stores support people of all ages in this growing city. Raising children is easier with the stores nearby, young people can have vocational experiences at stores, which also contributes to local revitalization, and those who care for older residents benefit from dementia supporter training courses. Stores set the scene for public-private cooperation of all kinds, as we seek solutions to local issues and improve citizen services for a vibrant community with peace of mind.



Local products sold at a stand outside the store

Contributing to create safe, secure neighborhoods

Collaboration with the Government and Municipalities

Having earned “designated public institution” status from the prime minister, FamilyMart is expected to fulfill key roles in disaster prevention, response, and recovery. We have developed emergency action plans following the Basic Act on Disaster Management. Specifically, to provide a stable supply of food, water, and daily necessities as a lifeline in disaster-affected areas, we have developed action plans that can quickly narrow down the products to supply and switch distribution routes based on priority levels. In this way, the system in place can provide emergency relief supplies using the manufacturing and logistics networks that support our stores across the country. In store operations as well, arrangements are in place to enable stores in affected areas to resume business quickly using small power generators and other equipment deployed at sales offices nationwide since fiscal 2019, which can supply power to stores after power outages.

We have also concluded disaster relief supply agreements with most prefectures, and with municipalities, agreements to assist those who cannot easily return home. In this way, the needs of these government bodies in disasters guide our relief efforts.

Having recovery measures in place under normal circumstances will continue to ensure preparedness, and in the event of disaster, we will contribute to regional recovery.

Agreements between FamilyMart and Municipalities

Disaster relief supply agreements	<p>Agreements: 46 prefectures, 18 designated cities, 12 municipalities, 19 other organizations</p> <p>Procurement and supply of available emergency relief at the request of municipalities in disasters, including food, beverages, and clothes. (Applies to relief supplies that can be procured at the time of requests.)</p>
Agreements to assist those who are stranded	<p>Agreements: 43 prefectures*, 10 designated cities</p> <p>Assistance is provided to those who walk home after transportation has been disrupted by earthquakes or other disasters, including crowds of workers, students, and tourists at stations, offices, or schools. Disaster Support Station stickers created by municipal councils are posted in prominent places near the entrance of stores providing this service. Under the agreements, those in need can access tap water, store restrooms, and road information from maps and radio broadcasts, among other support.</p>



Disaster Support Station sticker

After Major Disasters: Relief Fundraising, Employees in Relief Activities

Besides arranging relief supplies from headquarters, we work to reopen stores and join relief activities so that those in affected areas can return to their normal life as soon as possible, with employees participating as relief workers. In fiscal 2019, employees from headquarters assisted in local recovery at stores in Kanto, Chubu, and Tohoku regions after Typhoon No. 19 struck in October. Stores nationwide also accept donations of disaster relief money that support affected areas.

Main Donations of Relief Money in the Past Three Years

Year	Campaign	Amount
2017	Disaster Relief Fund for Massive Fire in Itoigawa, Niigata	2,385,524 yen
	Relief Fund for 2017 Heavy Rainfall Disaster in Northern Kyushu	41,383,739 yen
2018	Eastern Taiwan Earthquake Relief Fund	29,276,019 yen
	Relief Fund for July 2018 Heavy Rainfall Disaster Due to Seasonal Rain Front	78,224,682 yen
2019	Disaster Relief Fund for 2018 Typhoon No. 21 and Hokkaido Eastern Iburi Earthquake	75,729,342 yen
	2019 Typhoon No. 15 Disaster Relief Fund	9,558,497 yen
	2019 Typhoon No. 19 Disaster Relief Fund	53,877,085 yen
	Disaster Relief Fund for Shurijo Castle Fire	6,656,000 yen

Safety Station Activities

Safety Station activities help keep neighborhoods safe, and as a member of the Japan Franchise Association (JFA), FamilyMart has participated since 2000. Originally started in response to an appeal from the National Police Agency, the program brings together national and municipal organizations and community members to prevent crime, be prepared for disasters, and ensure safety routinely. Stores are a safe place for wandering senior citizens with dementia or women and children in need, and they prohibit sales of cigarettes and alcohol to minors and encourage late-night visitors to return home. In 2019, a total of 152 stores received commendations from JFA for preventing certain types of fraud, among other efforts. Stores will continue to work closely with communities to serve as safe and secure neighborhood havens.



* Includes prefectures in the Nine Prefectural and Municipal Governments Earthquake Prevention Joint Research Department and Union of Kansai Governments

Contributing to create safe, secure neighborhoods

Disaster Relief through a Corporate-NPO Alliance

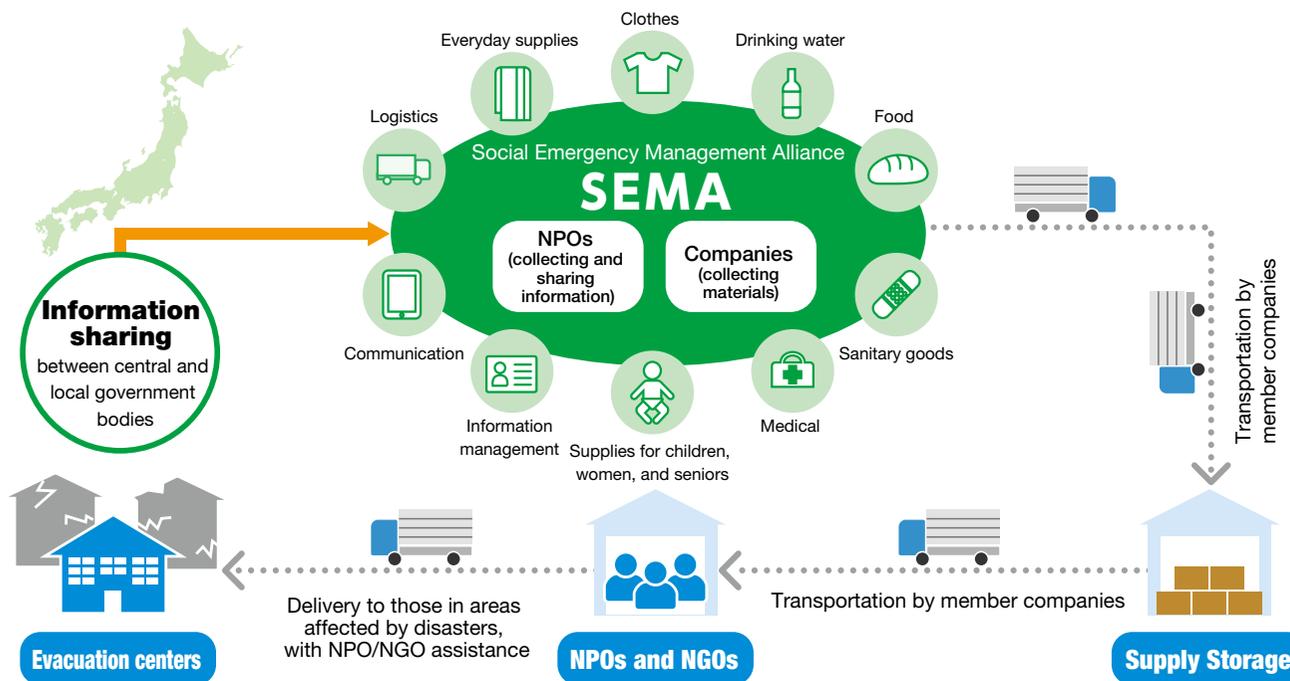
Launched in August 2017, the Social Emergency Management Alliance (SEMA)* hopes to save every last person affected as soon as possible after large natural disasters strike in Japan, where these events are relatively common. We have supported this mission since becoming an early member.

SEMA believes that prompt recovery after major disasters requires coordinated support by companies and organizations. The alliance maintains an inventory of members' goods and

services, which is used in the rapid delivery of relief package to areas affected by disasters. By sharing information with public agencies and coordinating support, the alliance also seeks to reduce omissions and waste in support efforts, and to reduce the burden on municipalities in affected areas.

* Social Emergency Management Alliance (SEMA): Consists of a corporate alliance of private-sector companies and a CSO alliance of citizens' groups. As of October 26, 2020, members included 56 companies and seven citizens' groups.

SEMA Overview



The MICHINOKU Future Fund

Benefiting children who have lost one or both parents in the Great East Japan Earthquake, The MICHINOKU Future Fund scholarship fund enables further study and encourages these students not to give up on their dreams. We support the aims of this program and have contributed since fiscal 2012.

To assist with the living and education expenses of children in areas affected by the disaster, we have been donating to the fund for a decade, which comes to a close in fiscal 2021.



Period	Ten years, fiscal 2012–2021
Foundation	The MICHINOKU Future Fund
Amount	30 million yen (3 million yen/year for ten years)

 The MICHINOKU Future Fund
<http://michinoku-mirai.org/en/index.html>

Supporting the Development of the Next Generation / Responding to an Aging Society

Issues to Recognize

Amid a declining birthrate and aging population, families and regions in Japan face accelerated transformation of residential environments, as urban populations swell and rural populations dwindle. Companies are therefore working with national and municipal organizations both to maintain a sound environment where society's future leaders can be born and grow up healthy and to ensure ample support for senior citizens.

Meanwhile, although balanced dietary habits are essential for everyday health, more senior citizens living alone and children in dual-income households are eating meals by themselves. The social isolation of seniors is viewed as a problem, as are the effects on children's mental and physical development. As rural areas become depopulated and people live more diverse lives in cities, looser community ties are also viewed as a social issue. As for other issues, socially isolated senior citizens continue to suffer from certain fraud, and poor awareness of weaker driving skills has caused more car accidents in recent years.

Management Approach

Supporting families with children and helping to give kids a healthy childhood are goals we actively pursue, knowing that children will bear social responsibilities in the future. We therefore promote environments where our corporate employees as well as stores and store staff nationwide can make the most of brick-and-mortar stores and their professional knowledge.

In addressing senior needs as well, we contribute to regional economic revitalization by working with national and municipal organizations to create opportunities to participate in society, support those in areas where stores are less accessible, and promote active senior lifestyles and local employment.

Key Accomplishments and Performance in FY2019

- FamilyMart Children's Cafeteria
Participants: **4,147** (as of the end of February 2020)
- Thank-You Letter Contest 2019
Entries: Approx. **40,000**
- Famima Circle launched for local gatherings

Targets and KPIs

KPIs for FY2020

- Raise awareness of our regional revitalization programs
- Improve participant satisfaction in our programs
- Develop and introduce new regional revitalization programs: **2** or more

Future Activities

- Bolster partnerships with local schools and social welfare organizations
- In existing programs, help support adaptation to new conditions and regional issues/needs



Thank-You Letter Contest, a MEXT-Supported Project

Since 2009, we have been holding a "Thank-You Letter Contest" for elementary students nationwide to support their development with the local community and help foster communities full of gratitude. Students can participate on their own or in a group, such as a class or school. After review by a jury headed by journalist Mr. Akira Ikegami, winners of the Best Letter Award, Special Jury Award, and School and Group Award are selected in each of seven areas across the country.

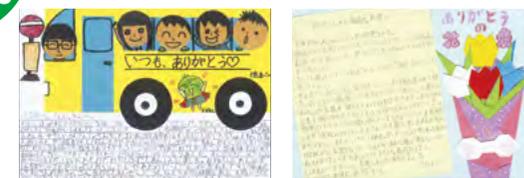
Past award-winning letters have appeared in moral education textbooks. As a project supported by the Ministry of Education, Culture, Sports, Science and Technology (MEXT), the contest has enriched Japanese language learning and moral education in particular.

We will continue to strengthen ties with local schools through the contest and foster the wholesome and principled development of children, who are the world's future, as we expand the circle of gratitude to contribute to sustainable, vibrant, and prosperous local communities.



Total letters submitted:
more than
370,000

Best Letter Award winners in 2019



Some Best Letter Award winners in fiscal 2019

Supporting the development of the next generation

FamilyMart Children's Cafeteria

The FamilyMart Children's Cafeteria initiative supports vibrant communities by providing opportunities for local children and families to mingle around the table at eating spaces in stores. Besides meals, some stores get participants talking by dividing them into teams for hands-on cash register experiences or tours behind the scenes, which has proved popular.

New this year in view of the spread of COVID-19 was the "Digital" Children's Cafeteria, held for children whether or not they are in an after-school program. A total of 27 people interacted with the store via the Internet as they learned about products and ate snacks together.

We will continue to grasp local needs and improve how this program is managed, aspiring to a Children's Cafeteria for all, true to the "family" in FamilyMart, as we aim to make stores a favorite local place.



Experiencing a cash register



A "Digital" FamilyMart Children's Cafeteria



Participants enjoying a meal together



Having fun talking over a meal



357 stores nationwide have opened a Children's Cafeteria since inception in April 2019, drawing **4,147** participants. (as of the end of February 2020)

Child Store Manager Initiative

The Child Store Manager initiative shows children what working at a FamilyMart store is actually like. This very popular program gives children dressed in a real FamilyMart uniform a chance to operate the register, stock shelves, and enjoy hands-on learning about store tasks. Participating children receive a Child Store Manager certificate.



Customer service at the cash register



Arranging the sales floor



Certified as a Child Store Manager



Total Child Store Managers:
about **1,200**

Visiting Lectures and Invitation to our Company

We make it a point to accept opportunities for visiting lectures by employees at schools and for students to visit us to learn about the company, for which we receive many inquiries from middle and high school students. Lectures are varied and designed to meet school and student needs. Some lecturers might describe the products and services that convenience stores excel at providing, and others might speak on the environment, or specific store SDGs initiatives. Assistance with vocational education is also provided, which explores the significance of working or the nature of work.

Not only intended to help students grow and learn, this initiative in conjunction with schools also motivates and hones the skills of our employees who serve as lecturers, making it quite significant for us.



At a visiting lecture

Results in FY2019

Students who attended visiting lectures or visited FamilyMart offices:

approx. **600**

Supporting the development of the next generation

Bell Mark Initiatives: Rice Balls

In support of the Bell Mark foundation, we endorse the aspiration of all children receiving an education under ideal conditions. Rice balls sold nationwide have been labeled with a Bell Mark since April 1, 2008, a first in the distribution and retail industry. This foundation provides educational facilities and equipment to schools and other institutions for the number of Bell Marks collected, toward the enhancement of educational environments.

To encourage customers to take part with familiar products, FamilyMart sells all rice balls nationwide with Bell Marks, and stores have a collection box.

Bell Marks collected at stores across the country are donated both to nearby schools and, along with Bell Marks collected at FamilyMart headquarters and suppliers, also help in donations to schools in disaster-affected areas.



Collection boxes are set up in stores where the rice balls are sold to collect Bell Marks



Rice balls labeled with a Bell Mark

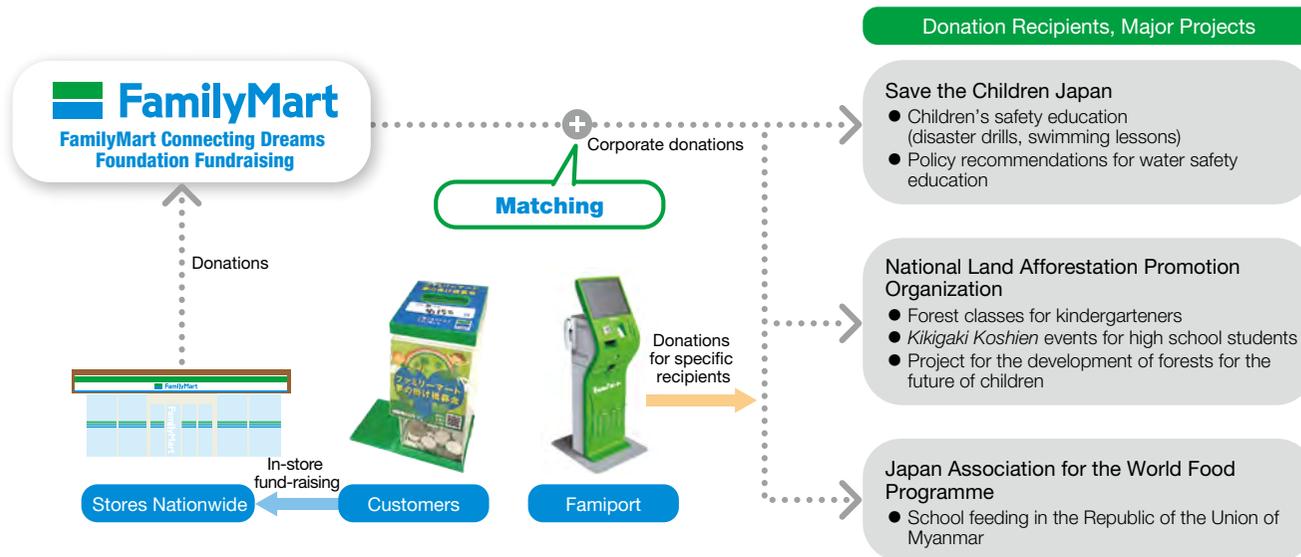


Fundraising for the Connecting Dreams Foundation: NGO/NPO Support and Cooperation

Boxes for in-store fundraising were first set up in fiscal 1993, and since April 2006, fundraising through the FamilyMart Connecting Dreams Foundation Donation has linked customers to NGOs and NPOs that take part in social activities. Donations collected from customers are combined with our corporate matching gifts* for use in activities such as development of the next generation and environmental conservation in Japan and around the world. Beyond these donations, other support activities we have proactively pursued include collaboration on children's water safety and drowning prevention program in Thailand, a country where FamilyMart operates, through a 2013 global partnership agreement with Save the Children Japan. After large-scale disasters strike in Japan or overseas, donation efforts shift to support disaster-affected areas.

Famiport terminals at stores provide another way to donate to customers' preferred organization from 16 that are registered (as of the end of February 2020).

* Matching gift: Corporate donations added to an amount calculated by multiplying the total amount of customer donations by a certain rate.



Results of FamilyMart fund-raising (including in-store fund-raising, via Famiport, as relief money, and main corporate donations)

FY2019

480,733,556 yen

Total amount

6,608,215,120 yen

(FY1993 to the end of FY2019)



Support for NGO / NPO activities through FamilyMart Connecting Dreams Foundation

https://www.family.co.jp/english/sustainability/material_issues/society/ngo_npo.html

Responding to an aging society

Famima Circle: Local Gatherings with the Police and Municipalities

Famima Circle meetings at eating spaces in stores are held to bring customers together and learn about preventing certain fraud, turning in a driver's license, avoiding frailty associated with old age, and other senior citizens' issues addressed by police and municipalities.

These authorities speak about the social issues of fraud and motor vehicle accidents involving senior drivers, and the participants, store managers, and store staff share opinions, which makes the meetings more personal. To avoid having stores crowded with participants after the spread of COVID-19, FamilyMart hosted online "Digital" Famima Circles in September 2020. These talks connected stores to local places where seniors socialize, and discussed prevention of fraud sometimes perpetrated at convenience stores, as well as products and combinations of food that can boost immunity. We hope stores continue to serve as venues for providing useful local information and hosting local exchanges, to encourage community-building supported by everyone.



At a gathering in a store eating space



A "Digital" Famima Circle held online

Contributing to Regional Economic Revitalization by Supporting Senior Staff and Promoting Local Employment

Quite a few senior citizens work as store staff members across the country. Not only do the experience and local ties that senior staff bring to their work build relationships of trust between the store and customers, these members help forge a solid bond between stores and the community as a whole. The synergy created forms a mutually beneficial arrangement for these workers, stores, and communities. We will continue to contribute to job satisfaction and healthier lifestyles by supporting senior citizens, and to local economic revitalization through local employment.



An energetic senior staff member

Contributing to Reassuring Neighborhoods through Dementia Supporter Training

As the population ages, more people are living with dementia. We encourage store managers, store staff, and corporate employees to acquire "dementia supporter" training in order to support patients and their families with a correct knowledge and understanding of dementia and apply this stance in store operations. These members participate in dementia supporter training courses of municipalities or organizations such as the Japan Franchise Association and focus on learning how to respond at stores. As a local corporate citizen, we will continue to contribute not only by supporting dementia patients and their families but by working toward neighborhoods where senior citizens can lead vibrant lives with peace of mind in a familiar environment.

Supporting Senior Citizens and Customers Where Shopping Is Difficult

Certain stores offer home delivery of phone orders for senior citizens living alone who are unable to walk to the store easily. For customers living in areas where stores are less accessible, operations using mobile sales vehicles were launched in September 2011 and as of fiscal 2019 serve Tokyo and eight other prefectures with 15 light motor vehicles.

Working with municipalities, we will continue to address the needs of local senior citizens and other consumers as well as those living where stores for everyday needs seem inconvenient or are not easily accessible.



A mobile convenience store

Materiality 3

Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life



Social Background and Issues to Recognize: Significance



The retail industry is seeing the scale of its market shrink as Japan's population declines, and the rapid expansion of e-commerce has intensified competition with other kinds of businesses. These changes are greatly impacting how goods are sold and the retail world itself. At the same time, the maturation of retail markets has produced a shift from "tangible consumption" (desiring the functionality of a product or service) to "intangible consumption" (seeking satisfaction from the experience of purchasing and using a product or service). Consumers also care more about the environment and their own health. Thus, demand is growing for products and services that help to address problems faced by society and local communities. Other impacts include the concentration of the population in urban areas and changing demographics due to the declining birthrate and aging population. As a result, there are more working women, dual-income households, and single-person households. That means less time for housework and greater demand for food products packaged in small portions, among other signs that the retail business environment is in a period of transformation.

We take these social conditions and people's changing and diversifying lifestyles as opportunities for the reassessment of convenience stores as familiar parts of consumers' lives.

We are committed to bringing convenience and richness to everyday life by expanding our lineup of products that save time spent on shopping and cooking; maintaining awareness of safety, security, the environment, and health; enhancing product development in ways that involve customers and complement local cuisine, with local production for local consumption; and promoting digitalization to improve consumer satisfaction and convenience, all while remaining close to consumers and local communities.

Vision: Approach to Our Initiatives

We will aim to develop unique products mindful of safety, reliability, and changes in consumers' lifestyles and values and to enrich our product lineup to meet increasingly sophisticated and diverse consumer needs.

In product development, we will strive to set ourselves apart from the competition primarily by gauging diverse consumer needs and providing highly value-added products that save time and are convenient and useful in everyday life. We will also work proactively to create products that appeal to consumers' health consciousness and the lifestyle trends of each generation.

Measures Taken

- Improvement of customer satisfaction / Promotion of digitalization to improve convenience
- Provision of products and services to improve health and well-being

Improvement of Customer Satisfaction / Promotion of Digitalization to Improve Convenience

Issues to Recognize

Factors such as a lower birthrate, smaller families, and more working women in an increasingly graying, urbanized society mean that less time spent on housework and greater demand for food packaged in small portions. Consumption from e-commerce is surging, now that more people are online, and consumer behavior and values are becoming more diverse.

These social changes are transforming retail and how goods are sold. In more mature markets, there is also a growing trend away from tangible consumption that values the functionality of products or services to intangible consumption that seeks satisfying experiences when purchasing and using them.

Management Approach

Well-stocked brick-and-mortar stores have the advantage of giving customers an opportunity to picking up and handling products they have never encountered before, or that enhance their life in new ways. FamilyMart taps these advantages to create sales floors that enliven and update people's routines while meeting a wide range of needs. In these ways, we support the desired lifestyle of each customer. Through open digitalization, we are also making things more convenient for customers and streamlining store operations.

Key Accomplishments and Performance in FY2019

- Feedback at Customer Service Office: **more than 85,000**
- Downloads of FamiPay app: **approx. 5.02 million**
(as of the end of February, 2020)
- Cashless transactions: **About 30%**

Targets and KPIs

KPIs: Our Vision

- FamiPay app downloads: **10 million**
- Annual number of app users: **20 million**
- Annual FamiPay transaction volume: **100 billion yen**
- Cashless transactions: **50%**

Future Activities

- Expand into new businesses applying data on customers, purchases, and more



Reinforcing Customer-Responsive Product Development

Developing unique products and expanding product lineups consistent with diverse customer lifestyles and values is a goal of ours, as we meet broad consumer needs. These needs are addressed in the product development process to develop and update products that are highly value-added, time-saving, and convenient in everyday life. The development also distinguishes us from competitors. Concretely, development concepts emerge from customer needs and research, and product details are determined by divisions working in each category. Sales, marketing, and product divisions meet weekly to share information on sales conditions and promotion as they discuss how to improve quality. As a sales measure providing new value to customers, we also proactively partner with manufacturers to plan sales promotions, which leads to a joint project with one manufacturer each month.

In deciding a product's target segment and price, we have introduced demand-chain management to forecast demand from point of sale (POS) data, allowing us to use various data strategically. Online and social media are used to share, collect, and analyze information, which helps us monitor consumer preferences and trends and create suitable products for the lifestyle trends of each generation.

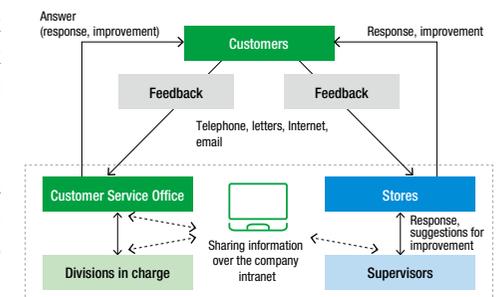
Responding Promptly to Customer Feedback

The Customer Service Office was established directly under the president to apply customer feedback about our stores and services in our business. In fiscal 2019, the office received more than 85,000 comments by phone, mail, and online forms.

Feedback is quickly passed to relevant departments, where representatives share information with stores as needed and work together for rapid improvements. The feedback is also posted on the company intranet and shared so that all employees can build trust with customers.

Any feedback or inquiries that may have a great impact on our business are reported and discussed by the Risk Management Committee and other meetings.

Linking Customer Feedback to Improvements



Improvement of customer satisfaction / Promotion of digitalization to improve convenience



ファミペイ
All-in-one app that makes everyday shopping fun and convenient

Pay easily by barcode

ファミペイ FamiPay highlights

- 1 Pay by barcode
- 2 Link to d POINT, Rakuten Point, and T-POINT loyalty programs
- 3 Receive a FamiPay bonus with purchases
- 4 Use coupons
- 5 Earn stamps from purchases, play games
- 6 Receive electronic receipts
- 7 Apply multiple coupons
- 8 Replenish a FamiPay account

In September 2020, the issuer and operator of FamiPay, Famima Digital One Co., Ltd., obtained Information Security Management System (ISMS) certification, considered a global standard for information security management. This attests to our efforts toward robust management of customer information.

New Business for Customer Convenience, Addressing Diverse Lifestyles

Now available at 13 stores nationwide as of the end of September 2020, *Famima Laundry* is a coin laundry service intended to simplify housework for the growing number of dual-income or single-person households and others who have limited time for these activities. It was inspired by a wish to make daily laundry easier, more fun, and more thorough.

The location next to a FamilyMart store makes it more convenient for customers to use their limited time more efficiently by shopping at the store or having a meal in the eating space as they wash clothes. Enabling people to wash bedding or sneakers or to wash and dry clothes in weather that makes this difficult at home are examples of business that is responsive to local needs. Customers can check how much time is left for their laundry via smartphone, which is a useful feature that has helped make this service popular, because people can use their time well.

FamilyMart stores tend to be less busy on rainy days and weekends, but because people use *Famima Laundry* more often then, they are likely to stop by the store next door.

Promoting Digitalization

Launched in July 2019, the FamiPay smartphone app with barcode payment services receives distributed coupons and bonuses for purchases and can be linked to a variety of loyalty programs from other companies. We are actively promoting expanded service focused on customer convenience, not only services that FamilyMart offers. With approximately 5.02 million downloads as of the end of February 2020, FamiPay received an award of excellence an app of the year in the 2019 App Ape Award program organized by Fuller, Inc. for substantial growth in 2019.

Since March 2020, users have been able to replenish their FamiPay account from a bank account. From July, an “eco-stamp” CSR campaign began that rewards customers who decline plastic shopping bags.

September brought the first major update since the service started, with an updated home screen and expanded stamp features so that customers can appreciate the advantages.

What's more, October introduced support for FamiPay payment at neighborhood stores other than FamilyMart.

Cashless transactions made up about 30% of transactions at the end of February 2020. Expanding this ratio will improve customer convenience and satisfaction, besides streamlining store operations.

Creating New Businesses with Digital Technology

Beyond the sale of goods, FamilyMart is pursuing creation of new business applying the vast amount of customer and purchase data from stores visited by approximately 15 million people each day.

Specifically, we are entering financial business (such as small-scale financing) and promoting digital advertising business that applies purchase data in pinpoint advertising, in-store signage, and apps.

Illustration of a convenience store and *Famima Laundry* at the same site (FamilyMart Hachioji Dairakujimachi)



Provision of Products and Services that Improve Health and Well-being

Issues to Recognize

People in Japan live longer than nearly anywhere else, but changes in habits such as diet have made lifestyle diseases a serious social issue. Increased health consciousness in response, aimed at improved QOL* and disease prevention, is changing dietary needs for the better. Adopting healthy habits not only lowers these risks but also helps curb the rising cost of social welfare as the population ages, which has led to growing expectations for the development of relevant products and initiatives.

* QOL: Quality of life

Management Approach

Lifestyle diseases are a serious social issue in Japan that can be prevented or stopped by adopting healthy habits, including diet. As a convenience store that is a familiar presence in people's lives, FamilyMart takes an approach of *You are what you eat* and contributes to health and future happiness by enhancing development and expanding our lineup of healthy products and services, such as additive-free, nutritionally balanced, and calorie-conscious options.

Key Accomplishments and Performance in FY2019

- Sales of rice dishes with super barley: surpassed **120** million units
- Winner of JSH Reduced-Salt Food Product Awards
- Launch of products made with soy meat labeled as recommended by the Japan Vegetarian Society (launched in March 2020)



Targets and KPIs

KPIs for FY2020

- Establishing our own standards for health-related products
 - * Focusing on nutrients, dietary intake, and other aspects
- Selling health-related products with unified labeling

Future Activities

- Strengthen development of original products by combining FamilyMart infrastructure/sales capabilities with our manufacturing partners' unique ingredients and expertise
- Adopting a unified design for health-related products and refreshing the packaging
- Expanding the health food lineup in *FamilyMart Collection*

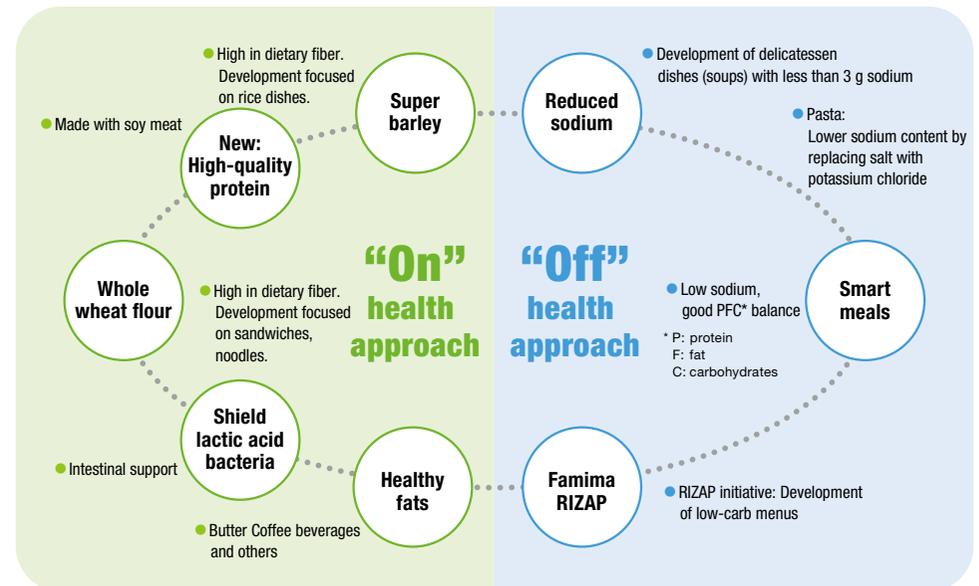


Developing Healthy Ready-to-Eat Products

With consumers becoming more health-conscious, we are boosting development of healthy ready-to-eat products that takes a unique "on/off" approach. On the "on" side are products that bring something positive to the body, such as vegetables, lactic acid bacteria, or dietary fiber. Products made with whole grains or super barley, rich in minerals and dietary fiber, have become popular as a healthy and delicious way to restore a balanced diet without deficiencies. Super barley in particular has been introduced in rice balls and expanded to sushi, sandwiches, and tortillas.

On the "off" side are existing products with certain ingredients removed or reduced with no loss of flavor, such as low-carb or low-sodium foods. "Off" products call for sophisticated new approaches to balance health benefits with taste. Encouraged by strong consumer demand, we are focusing on this development in particular. FamilyMart boxed lunches developed with a registered dietitian are acclaimed as healthy products that are conveniently easy to purchase. We also support customer health with delicious, low-carb products such as salads, desserts, and instant noodles jointly developed with the RIZAP GROUP, Inc., an operator of personal fitness gyms.

Ready-to-Eat Products Supporting Health from an "On/Off" Approach



Provision of products and services that improve health and well-being

Developing Healthy Ready-to-Eat Products: Main Initiatives and Results

Sales of Rice Dishes with Super Barley Surpass 120 Million Units

Since becoming the first leading convenience store chain to introduce super barley*¹ in rice balls in August 2017 for health-conscious consumers, we have expanded these products since full-scale sales began in April 2018.



Expansion of super barley products

These rice dishes – rice balls, boxed lunches, and sushi – were developed from a concept of offering meals that are easy to eat regularly. Their popularity not only among health-conscious women but people of many ages (women in their 20s to 50s and men in their 40s to 50s) has pushed cumulative sales past the 120 million unit mark (as of the end of February, 2020). Targeting sales of 200 million units, we are continuing to make compelling products with super barley and expanding use from rice dishes to bread and salads.

First Convenience Store to Obtain Smart Meal Certification

In August 2018, FamilyMart became the first convenience store chain to obtain Smart Meal certification*² for a grilled salmon boxed lunch (*Aburiyaki Shake Makunouchi Bento*), available by pre-order only. Developed to taste great with less salt and ample vegetables, the meal was recognized for being nutritionally balanced and including healthy ingredients.



A grilled salmon boxed lunch available by pre-order only

Another product released in February 2019 has also earned Smart Meal certification: *Ajiwai Gozen*, a boxed lunch of nine dishes and rice, which was praised for its balance of nutrients including carbohydrates, fat, and protein.

Reducing Additives in Food Products

Additives have been gradually reduced in ready-to-eat products such as noodles, bread, delicatessen dishes, and rice balls since March 2002 and all preservatives, sweeteners, and artificial coloring in these products prohibited as of January 2005. We are committed to providing food that is safe and reliable at reasonable prices.

Category	Deli dishes, salads, sandwiches, noodle dishes, snack noodles	Rice balls, sushi, boxed lunches
Artificial colorings	Not used since March 2002	
Artificial preservatives	Not used since October 2002	
Artificial sweeteners	Not used since October 2002	
Natural preservatives	Not used since March 2003	Not used since September 2003
Natural sweeteners	Not used since January 2005	

Winner of the Gold Award at Two Consecutive JSH Reduced-Salt Food Products Awards

In the sixth JSH Reduced-Salt Food Products Awards*³ held by the Salt Reduction Committee of the Japanese Society of Hypertension, *Kaki No Tane Savory Rice Crackers* in the *FamilyMart Collection* received the gold award. Jointly developed with KAMEDA SEIKA CO., LTD., this product has 40% less salt than ordinary rice crackers of this kind and contains 10 billion units of K-2 lactic acid bacteria derived from sake lees. This marks our second consecutive gold award following last year's award for Reduced-Salt Japanese-Style Dressing.



Kaki No Tane Savory Rice Crackers in the *FamilyMart Collection*

*1 Super barley: BARLEYmax® as used by FamilyMart is a non-GMO barley rich in dietary fiber – two times more than ordinary barley, seven times more than brown rice, and 40 times more than white rice. It also has four times the insoluble resistant starch of these grains. Its three dietary fibers fructan, β-glucan and resistant starch break down at different rates in the intestines, which allows fermentation in the large intestine to support beneficial bacteria.

*2 Smart Meal certification: Candidates for this certification are judged according to standards set from analysis of actual healthy menus from four food services. The standards are based on the Ministry of Health, Labour and Welfare guidelines on foods to help prevent lifestyle diseases and otherwise promote health (September 2015) and the 2015 *Dietary Reference Intakes for Japanese*. The certifying consortium consists of 13 academic societies: Japanese Society of Nutrition and Dietetics, Nutrition and Food Service Management, Japanese Society of Hypertension, Japan Diabetes Society, Japan Society for the Study of Obesity, Japanese Society of Public Health, Nonprofit Organization Kenkokei, Japanese Society of Health Education and Promotion, Japanese Society of Nephrology, Japan Atherosclerosis Society, Japan Prosthodontic Society, Japan Society for Occupational Health, and Japanese Association for Cancer Prevention.

*3 JSH Reduced-Salt Food Products Awards: The Salt Reduction Committee of the Japanese Society of Hypertension began introducing a list of reduced-salt food products in 2013 to help hypertension patients and others trying to reduce their sodium intake. 2015 saw the start of the JSH Reduced-Salt Food Products Awards to recognize listed products that are outstanding examples of sodium reduction.

Provision of products and services that improve health and well-being

TOPICS

Supporting Active Senior Lifestyles: “Keeping Tokyo Healthy with Delicious Food”



In-store poster

FamilyMart has concluded an agreement on promoting health through ready-to-eat products with the Tokyo Metropolitan Government in August 2019. One result of a graying society is that a greater number of senior citizens living alone are purchasing ready-to-eat products such as boxed lunches or delicatessen dishes. Through this project, we enable those who purchase ready-to-eat products to enjoy a wide variety of foods that help prevent frailty,* and we broadly disseminate information and raise awareness about eating wisely to avoid undernourishment.

Under this agreement, following an initial phase in October 2019, since March 2020 we have put up special display cards and posters and distributed leaflets in about 2,400 FamilyMart stores in Tokyo to provide information on dietary habits that can help prevent frailty. We have also started selling boxed lunches developed with advice from the Tokyo Metropolitan Government. We will continue to work more closely with the government toward a society where members of the local community can live with peace of mind.

* Frailty: A physical state brought on by aging and disease in which physical, mental, and social functions decline and senior citizens will soon need nursing care

1 Launch of Nutritionally Balanced Boxed Lunches



Boxed lunch with an assortment of ten items

The initiative led to development and sale of a boxed lunch with an assortment of ingredients from all ten food groups, combining a staple (rice) and main and side dishes in one product. It features many familiar side dishes and plenty of protein, which is useful in preventing frailty.

2 Promotional Materials Showing Food Groups Used in 20 Products

We place promotional materials in the boxed lunch and delicatessen area showing the ten food groups used in our products. By seeing at a glance what foods are in these products, customers know whether a product contains the foods they want and can combine products to eat well.



A special display card

3 Leaflets and Posters on Preventing Frailty

Store leaflets to educate consumers about frailty concisely and conveniently summarize basic information on frailty and how to make informed dietary choices and combine menu items to prevent it. Additionally, posters introducing this initiative are displayed in these stores.



Leaflet

Responding to COVID-19 and “New Normal” Conditions

Preventing the spread of COVID-19 has called for a shift to a “new normal” reflecting changes in work, leisure, and consumption. FamilyMart is responding to support these social and consumer changes through our product policies. Besides selling exclusive masks, we have helped people avoid crowds by carrying a fuller selection of fresh food, seasonings and condiments, and consumables so that all daily necessities can be picked up at a nearby store. A wider selection of microwaveable food has supported the growing number of people working from home.

Meanwhile, we continue to expand our selection of healthy products, and to help improve general immunity, we have introduced products made with LAC-Shield® lactic acid bacteria* as we work to meet the new customer needs.

* LAC-Shield®: Lactobacillus carefully selected from the thousands of strains of Lactobacillus paracasei that live in the human body. LAC-Shield® is a registered trademark of MORINAGA MILK INDUSTRY CO., LTD., recalling the image of a protective shield.



FamilyMart exclusive masks



Soup with “LAC-Shield®” lactic acid bacteria

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

Management of Ingredients



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.

Production Management



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.



Plant inspection
lists

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



Hygiene Management at Ready-To-Eat Plants and Logistics Centers

https://www.family.co.jp/info/info_2020/info_factory_haiso-center.html (in Japanese)

Taking responsibility to provide safe and reliable products

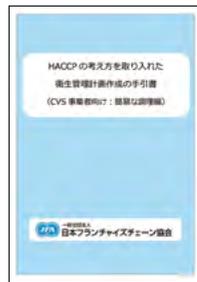


Thorough Training of Store Staff

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.



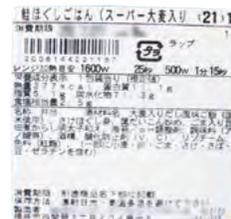
FamilyMart's Safety Measures during the COVID-19 Outbreak
https://www.family.co.jp/english/information/info_2004.html

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

Materiality 5

Building a Motivating Work Culture with Driven Employees

Diversity
Mission

like Family

The power of diversity. A bright, shining and vibrant future for everyone.



Social Background and Issues to Recognize: Significance

The retail industry faces intensifying competition in an environment that pits us against other kinds of businesses, including drugstores and online sellers. Other ongoing challenges include consumers who continue to prioritize low prices and a labor shortage in stores and distribution. There are social challenges as well. Japan faces a declining birthrate and a population that is aging and declining overall. As these phenomena worsen, the working population will make up a smaller percentage of the total. Other developments are the increasing urbanization of Japan and changes in family structures.

Such changing demographics and changes in the social structure complicate the challenges we face. Businesses are expected to help raise the labor participation rate and boost labor productivity by improving workplace environments so that diverse human resources can play active roles, and by establishing systems that allow for flexible working styles. Businesses also have to promote the concept of “decent work.” Among other things, this means developing workplaces that are safe and healthy for employees, practicing fair employment and promotion, and providing fair evaluation and treatment.

One of our strengths is the rich diversity of our organization gained through mergers and management integrations. To achieve ongoing growth as competition intensifies and society changes rapidly, we need to draw upon our strengths of diversity and inclusion. The most important thing to do in order to respond to society’s changes and needs is to form a corporate culture where employees can think freely and thereby create value.

Vision: Approach to Our Initiatives

The idea behind our “like family” diversity mission is the desire to be like a family that accepts differences naturally and supports each other by offering a helping hand when others are in need.

We strive to be a company where employees can participate actively and excel at their jobs while remaining true to themselves, and combine their individual diversity to create new value. Our aim is to build a bright, shining and vibrant future for our customers, communities, franchised stores, and all other stakeholders.

Measures Taken

- Promotion of diversity and inclusion
- Work-life balance and workstyle reform
- Human resource development and training
- Creating a safe, healthy, and comfortable workplace environment

Promotion of Diversity and Inclusion

Issues to Recognize

Toward a society in which diverse human resources respect each other's values and ways of thinking and have equal opportunities to participate and excel, regardless of race, nationality, religion, sex, age, disability, gender identity, or sexual orientation, corporate management is expected to promote diversity.

As Japan faces anxiety from a declining working population, promoting diversity promises to increase productivity and the labor participation rate, and may even help solve social issues through the innovation that emerges from the interactions and stimulation of diverse human resources.

Management Approach

With nationwide convenience stores practicing community-based management as FamilyMart advocates, we welcome many customers every day. Each region has its own challenges, and to address the varied needs of our customers, all of the diverse store staff members and diverse employees who support stores must play an active role and draw on their own unique talents to find solutions. Promoting diversity to cultivate an environment where everyone can contribute is a truly fundamental part of business grounded in the community. We promote diversity as a key strategy linked to competitiveness.

Key Accomplishments and Performance in FY2019

- Included in the MSCI Japan Empowering Women Index (WIN)

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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- LGBT Ally activity launched (March 2020)

Targets and KPIs

KPIs: Our Vision

- Ratio of female managers: **10%**
- Ratio of female employees: **20%**

Results as of February 2019

- Ratio of female managers: **3%**
- Ratio of female employees: **16.3%**

Future Activities

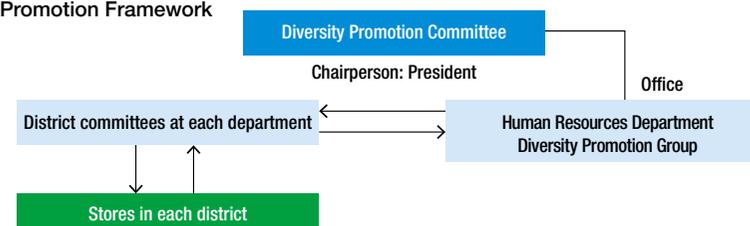
- Driving efforts to create ties across divisions to promote innovation
- Holding online diversity meetings

Diversity Promotion Framework

The Diversity Promotion Group under the Diversity Promotion Committee consisting of executives and chaired by the President, leads strategic initiatives in steadily promoting diversity as an important management strategy. Plans and targets are discussed and decided at semiannual committee meetings where progress is reviewed.

Initiatives are promoted by district committees at headquarters and regional departments, chaired by local general managers. To address various local challenges with a sense of speed, district committee members work autonomously but considers diversity with input from others. Each Area Division also lays out its local challenges and guides diversity efforts at each store.

Diversity Promotion Framework



Toshiyuki Kakimi
Executive Officer
(CAO) and
General Manager,
Management Division

Toward a Motivating Work Culture with Driven Employees

FamilyMart's past mergers and management integrations have led to diverse human resources, which we consider invaluable assets. As our business environment undergoes significant transformation from a declining population, changes in consumption structure, and the rise of e-commerce, responding promptly and appropriately requires a continuous evolution of our diverse workforce. Building a motivating work culture with driven employees is a material issue for FamilyMart.

We firmly believe that cultivating this supporting workforce, fostering a culture in which everyone can play an active role, and promoting safe and motivating workplaces will lead to a bright future and growth for our company.

By maximizing our value with the power of diversity, we aim to be a chain loved by all, connected to local communities "like family," and growing continually with these communities.

Promotion of diversity and inclusion



Other diversity initiatives in fiscal 2019

https://www.family.co.jp/english/sustainability/material_issues/diversity/diversity/report_diversity.html

Promotional Policies and Concrete Initiatives

We promote diversity and inclusion by creating workplace environments where people respect each other's individuality, characteristics, and ways of thinking regardless of race, nationality, religion, sex, age, disability, gender identity, or sexual orientation, and all employees can actively participate.

We are particularly encouraging respect for diversity among all employees and self-directed action to maintain a culture of diversity. We are therefore expanding existing systems and improving our corporate culture through executive commitment, appropriate leaders, and bottom-up action.



Executive Commitment

- **Diversity Promotion Committee: Ongoing**
Since September 2017

The Diversity Promotion Committee, chaired by the President, practices KPI management.

- **Diversity and Me Ongoing**
Published since November 2017 to encourage the culture we seek

Executives share their thoughts on diversity through written and video messages. To continue fostering a culture of diversity, the managers express their commitment and share challenges with employees.



News on promoting diversity

Appropriate Leaders

- **Diversity management training (all section managers): April–July 2018**
- **Unconscious bias and harassment prevention training (all managers): since November 2018**

Participants reflect on their own management style and gain a deeper appreciation for diverse employees through role-playing.

Teaches about unconscious bias, cited as the most common barrier to maintaining diversity, and how to control it. Fostering a corporate culture free of harassment is also studied.



Diversity management training

Bottom-up Action

- **Diversity surveys on employee awareness: since February 2017 Ongoing**
Quarterly surveys check employee awareness. All results are shared, which helps each organization identify issues and understand their team mindset. Useful for continuous improvements. On a local level, June 2020 survey results showed organizations evolving to make the most of diversity amid great changes in society and working styles in the wake of COVID-19, although issues remain across the company. Top-down approaches will continue to be strengthened and appropriate leaders ensured, in pursuit of workplaces that capitalize on diversity.
- **FamilyMart Women Project (FMWP): since October 2017 Ongoing**
Carried out by the female members themselves, this network-building initiative seeks growth and positive change both for the participants and FamilyMart.
- **Diversity Awards: since FY2018 Ongoing**
Annual diversity awards draw entries of initiatives that channel diversity, create new value, and produce results, with the best teams chosen by the audience. Provides a forum to share, learn from, and commend district committee initiatives, among other activities.
- **Diversity district committees: since March 2018 Ongoing**

Acting on the belief that gender is irrelevant in improving the company, FMWP College graduates began forming diversity district committees in all divisions the next year to channel the diversity of all of our unique employees and create new added value as a team. The committees are creating new value and overcoming challenges to attain the diversity mission.



FMWP members



Diversity Awards

Promotion of diversity and inclusion

Promoting Active Roles for Women

Fulfilling customer expectations requires companies to employ people who understand these needs and can act on them. Although the female workforce at FamilyMart remains relatively small, we are actively working to provide opportunities for women to contribute, which is recognized as a key management issue. In promoting greater participation, we have been actively hiring women among new university graduates, but across the company, the ratio of female employees is growing at a very slow pace. For women-friendly workplaces, we are proactively improving parental leave, caregiver leave, and similar programs and implementing workstyle reforms to ensure reasonable working hours. To address the dearth of female managers serving as role models despite our efforts to date, we are expanding measures to prepare promising candidates for promotion to management, as by fostering this awareness through opportunities to attend external interdisciplinary training for the next generation of female leaders. Internally, we have held career seminars for young employees and organized the FMWP and district committee initiatives. Female employees excelling at FamilyMart have become more common.

We will continue to support professional fulfillment and active participation of female employees by accurately evaluating aptitude and capabilities and helping create a lifelong career vision.

Main Career Development for Female Employees

Female supervisor development (encourages role models)	Development of female supervisors by participating since fiscal 2017 in the interdisciplinary <i>Eijyo</i> College project empowering women in sales
Career Design Seminars	Seminars to assist third-year female employees in designing their career and envisioning their growth over the medium term
Women's Development Training Plan	Female managerial candidates are invited to joint external interdisciplinary training
Life & Career Design College	Male and female employees and others returning after childcare leave learn how to ensure a smooth transition to work and balance work and parenting

Promoting Active Roles for Disabled People

People with disabilities are encouraged to excel at a wider selection of store and headquarters jobs, and fuller support is now available. To this end, a dedicated Work Support Group was established in fiscal 2019, which oversees routine tasks requested by various departments, matching them with disabled employees and providing attentive support as needed. FamilyMart has met the statutory employment rate and is seeking expanded employment and a more receptive corporate culture in line with an increase in 2021.

Supporting Participation by Elder Employees

In fiscal 2006, we introduced a system for the re-employment of post-retirement employees after the regular age limit, until the age of 65. Proactive support includes accommodating the working preferences of elder employees and matching skills and capabilities acquired over long careers to suitable roles. Employees wishing to continue working after the usual retirement age of 60 serve as valuable assets to our business.

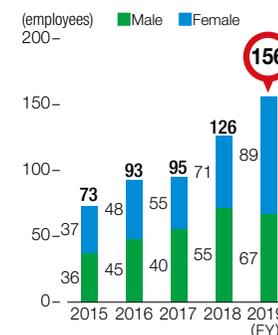
Opportunities for Non-Japanese Employees

Our recruiting doors are open to new graduates and mid-career workers of all races, nationalities, and religions. Skills and abilities determine positions, and these new members can receive language training and business skills and serve in a variety of capacities, including as supervisors and headquarters staff.

These employees are introduced in *Diversity News* and receive questionnaires to ensure that there are no problems at work. In these ways, we foster a culture of mutual respect and understanding.

Non-Japanese Full-Time Employee

As of the end of each fiscal year



Initiatives for the LGBT Community

Initiatives for the LGBT community began in fiscal 2019 as part of promoting greater understanding and acceptance of diversity. Knowledge and understanding are enhanced through LGBT seminars and online video lessons and a handbook. Employees with questions can learn more from a contact center for this purpose. As a starting point for these activities, stickers with the "LGBT Ally"* logo are also distributed to declare in a tangible way that we are allies. Having kicked off Ally activities in March 2020, we will continue working to enhance the psychological safety of our organization by expanding the circle of LGBT allies as we raise awareness for understanding and support, toward a corporate culture offering a bright, shining, and vibrant future for everyone.

* Ally: Someone who understands and actively supports the LGBT community.



Work-Life Balance and Workstyle Reform

Issues to Recognize

Work-life balance has gained importance in recent years from a greater awareness of labor compliance, and as the information society has taken off and people's thinking and lifestyles have changed, ways of working are rapidly becoming more diverse.

This environment obligates enterprises not only to manage labor well but also to maintain systems accommodating flexible working styles, in order to create workplace environments where it is easy to continue working and derive job satisfaction.

Companies must also take on the issues of rectifying long working hours that undermine health and ways to improve productivity that are effective in the short term.

Management Approach

Work-life balance is promoted at FamilyMart as indispensable to corporate growth enabling an organization and culture in which everyone can demonstrate their abilities and continue to work regardless of their life stage. In line with the workstyle reform declarations led by top management, we seek improved working environments and higher productivity from an awareness of workstyle reform among all employees and systematic business execution and business improvements.

Key Accomplishments and Performance in FY2019

- Total actual annual work hours
Medium-term target of 2,000 hours met ahead of schedule
1,968 hours in FY2019
(2,041 hours in FY2018)
- Number of days of paid leave taken
13.2 days in FY2019
(9.7 days in FY2018)

Targets and KPIs

KPIs for FY2020

- Annual paid leave taken: **70%**
- Short-term childcare leave taken: **100%**
- Spouse maternity leave taken (by male employees): **100%**

Results as of February 2019

- Annual paid leave taken: **73.1%**
- Short-term childcare leave taken: **35.4%**
- Spouse maternity leave taken: **54.7%**

Future Activities

- Implement work improvements through committee activities by each division
- Strengthen labor management of store workers



Enhancing Childcare Support

Since implementing our system for childcare leave and reduction of working hours for childcare in fiscal 1992, we have established and expanded on childcare support programs for different life stages and supported employees who work while raising young children. Another focus is providing seamless support to employees from the birth of their child through to after they return to work, as by giving returnee training before employees resume work following parental leave and supportive supervisor interviews when working again. In recent years, the belief that employee work-life balance makes families happier and helps advance company-wide workstyle reform has led to stronger support for men to help raise their children.

Employees can use the system of reduced working hours for childcare until children are in their third year of middle school. Originally available until the third year of elementary school, it was extended in March 2017 to respond to increasingly diverse lifestyles and meet the needs of each employee. The system is also easier to use. Instead of a one-time leave per child, employees can start and end leave as often as needed during the period.

Over many years, these initiatives have fostered a corporate culture in which everyone can build their careers while raising children, regardless of position, job, or sex, and where more managers and supervisors, for example, are working short hours and more male employees are taking parental leave.



Main child-rearing support programs

https://www.family.co.jp/english/sustainability/material_issues/diversity/diversity.html#tab2

Addressing Employee Needs and Feedback in Expanded Programs

To support a balance between childcare and work, we actively act on employee feedback when expanding these programs. One example is a system benefiting parents who use company-owned cars. Employees who commute in company vehicles can drop off or pick up their preschoolers at a nursery or daycare center with that car. The program was inspired by a suggestion from an employee who is also a parent at a workstyle reform session involving the President and employees. Employees have praised the system as helping them use their time effectively and affording peace of mind because their children are also covered by the car insurance.

Support in Nursing Care

Expanded employee benefits also respond to Japan's declining birthrate and aging population, which require more people to work while caring for a family member. Nursing care leave of up to 365 days can be divided into three periods, and employees can also work shorter hours as needed when providing care. To ease the stress of sudden nursing care needs, we distribute a handbook with a clear overview of the program and insight from caregivers, besides introducing it on the intranet, as part of efforts to raise awareness and help employees anticipate these needs.

Work-life balance and workstyle reform

Promoting Workstyle Reform

Although workstyle reform calls for expanded employee programs, real change requires ownership and diligence by each employee. We are reforming workplace environments and our culture under a key workstyle reform concept of “change,” aimed at being individuals and an organization that finds solutions responsive to changing times, that can adapt, and that can also change our circumstances.

One particular initiative seeks to reduce long work hours, with a previous KPI of reducing total actual work hours per person to 2,000 a year by fiscal 2020. We have been working as a team to improve our working environment in line with workstyle reform declarations with specific targets set by the President and other leaders. This medium-term target was met ahead of schedule in fiscal 2019, and we intend to meet it again in fiscal 2020.

Specific Initiatives

Limiting work time	Company-wide rules of “no-overtime days” (every Wednesday) and finishing work by 8 p.m. (every day) to innovate our working styles
Paid leave in one-hour units	Paid leave can be taken on an hourly basis from annual paid leave days (since February 2019)
Fixed days off company-wide on national holidays	About 90% of national holidays are fixed company-wide days off to encourage employees to take time off
Visualizing work time	Data on office access and company car operation is linked to an attendance management system for an accurate grasp of work time and to support suitable work time management
Labor management of staff at directly managed stores (including part-time workers)	E-learning and online training is conducted for appropriate management of working hours of staff at directly managed stores and others
Establishing a special labor-management committee on time management	To ensure that the attendance management system is functioning as intended and help prevent long work hours, employee working hours are checked jointly by labor and management each month, and superiors of employees at risk of overwork are alerted

TOPICS

Support for Male Employees to Take Part in Childcare

We believe it can be a valuable experience of striking a good work-life balance when employees play an active role in the birth and parenting of a child. The more male employees who play an active role in childcare, we believe, the greater the awareness of and sensitivity to working styles across the company. We are aiming for everyone to use both the spouse maternity leave and short-term childcare leave* programs, among other efforts to increase men's parenting opportunities. The latter is easier to take because the period is shorter than parental leave, and many employee families have expressed appreciation.

* Short-term childcare leave (*suku suku kyuka*): five-day parental leave available once a year to employees with children up to first grade



Takashi Sawada
Representative Director and President

Let's Change

Changing the Company and Ourselves – We Can Do It

Changing ways of working, changing life, appreciating strength in diversity, and applying innovation at work

Occupational Initiatives

For more convenient commuting, we advise supervisors who often travel between stores or other places to live near their workplace. For a better work-life balance, we strive to help employees temporarily stationed away from home return as soon as possible, and in fiscal 2019, the scope of these employees was reduced by about 200 year-on-year. We will continue to pursue these initiatives focused on occupational characteristics.

Initiatives in Each Division

In each division, leaders establish workstyle reform declarations that include the division's reform intentions and targets, which are shared internally on the intranet. As the efforts are promoted, progress is reviewed semiannually.

Initiatives to Reform Corporate Culture

The most critical driver in changing corporate culture is leaders' awareness, and to encourage our leaders to take work-life balance seriously for their colleagues and themselves and spearhead a variety of working styles, we have joined the IkuBoss Corporate Alliance* and made an IkuBoss Declaration. We will continue to reform our corporate culture through this and an array of other efforts, including company-wide sharing of managers' tips on managing work hours on the intranet, posting work-life balance experiences on the Famima Life Plus employee benefits site, and providing all employees with work environment/labor management e-learning.

* IkuBoss: Executives and managers who consider members' work-life balance, support them in their careers and lives, and can enjoy their own work and personal lives even as the organization produces results.

* IkuBoss Corporate Alliance: A network of businesses that recognize the need for “IkuBosses” and are actively changing their own managers' awareness and fostering ideal superiors for a new era.

Human Resource Development and Training

Issues to Recognize

Greater competitiveness and sustained growth call for systematic development programs that build employee capabilities and help them reach their full potential. Strategic support of employee career development has also gained importance.

Success in a more competitive environment with varied consumer preferences and pressure from other kinds of businesses also depends on the key task of securing and retaining superior human resources, which is difficult under the serious labor shortage at stores and in logistics in the convenience store industry.

Management Approach

Three human resource strategies support sustained growth at FamilyMart: human resource development, appropriate placement/periodic rotation, and human resource hiring. Supporting systems and mechanisms are created so that employees with diverse capabilities and expertise can contribute and grow. In human resource development in particular, we are enhancing self-directed training and helping ambitious workers grow to develop human resources who can spark innovation and create new value.

Key Accomplishments and Performance in FY2019

- Created the Human Resources Recruiting & Development Department, reinforced career and skill development through an overhauled employee training system

Targets and KPIs

KPIs for FY2020

- Training per employee: **8.7** hours annually
- For easier employee career planning, organize level- and occupation-specific job requirements, and review the job ranking system
- Revise evaluation/compensation systems encouraging employees to demonstrate job skills

[Results as of February 2019]

- Training per employee: **7.9** hours annually

Future Activities

- Strengthening expert training in each division
- Organizing human resource data



Human Resource Development

An employee training system established under the direction of a dedicated training department helps employees take the initiative in career development. Specifically, systematic development includes company-wide training focused on business skills and topics geared to certain ranks and ages, and, to build skills and expertise needed by individual divisions, business training effectively incorporating on- and off-the-job training.

In view of increasingly diverse social and consumer needs and greater retail competition in recent years, we established the new Human Resources Recruiting & Development Department in fiscal 2019 and are revising our training system to step up development of supervisors and new employees.



Hiroaki Yamanaka
General Manager,
Human Resources
Recruiting &
Development
Department,
Management Division

Human Resource development to execute company-wide strategies and embody FamilyMart's basic principles

My department at FamilyMart was established in fiscal 2019, when we also revised company-wide training systems. Our goal is to foster human resources that will help implement company-wide strategies and embody FamilyMart's basic principles. We are also promoting digitalization, which includes training online and organizing human resource data.

Updated company-wide training

At a time of radical change in the external environment sometimes described with VUCA,* times are changing in ways that require employees to have different skills. Conventional training is not enough. More than before, companies need people who can change and adapt quickly. We need leaders who can solve management issues and plan mid- to long-term strategy. This calls for training of next-generation executives and human resources with sophisticated, highly specialized skills – training to give people these knowledge and skills. To address these management issues, we updated our training system. In the new system, we have clarified the required knowledge and skills by job type and duties, and we have organized training in four areas: advancement, selection for positions, job type, and applicable company-wide.

Digitalization of Human Resource development

We have launched an internal human resource development portal site and deployed a new learning management system for central management of employee progress in learning. Training has also been streamlined by preparing an environment where it is easier to learn anytime, anywhere with e-learning and online training. My department will continue to expand internal education and improve the learning environment through this training system and digitalization, aimed at human resource development to take on issues in management.

* VUCA: an acronym for four elements of instability: volatility, uncertainty, complexity, and ambiguity

Human resource development and training

Employee Training System

Job Ranking System	Promotion Training	Selection Training	FM Business Skill Training	FM Core Skill Training	Personal Development Support
Managers	D-rank promotion training L-rank promotion training	D-rank selection training L-rank selection training FM Future Leader Training		Understanding of FamilyMart business Executive training Corporate Message Environmental beautification activities Information management CSR activities	Work knowledge and skills / e-learning Business skills / e-learning
Non-managers	S-rank promotion training M-rank promotion training 5th year training 3rd year training Training after hiring	Training for manager candidates	Supervisor education Product education Development education Education for those in Information Systems Division Education for those in Finance & Accounting Division Education for those in Management Division	Compliance Labor management Laws on subcontracting Franchise agreement Store accounting	
Pre-hiring	Orientation for prospective employees				

Appropriate Placement and Periodic Rotation

By giving employees the option of a multi-track career course with periodic rotation, we can offer them the experience of a varied career path with an array of duties. For example, an employee with extensive experience as a supervisor can advance to management or become a specialist or manager in their division. Transfers are made from a comprehensive assessment of the person's requests and qualifications and the company's needs to place employees appropriately.

Conventional internal recruitment is supplemented by a unique career-point system that prioritizes transfer requests from outstanding employees, along with a self-reporting system. These programs actively support employees who take the initiative in their own career development.

Human Resource Hiring

Each year, FamilyMart hires new graduates from vocational schools, universities, and graduate schools. As career education, we give the graduates a variety of workplace experience, including work as a supervisor, and hold workshops such as discussion forums with current employees.

TOPICS

Self-Reporting System

Under this system, employees can voluntarily express their intentions at meetings with supervisors to discuss their mid- to long-term career vision. Meetings yield insight on current tasks and what employees need to know and do along their career trajectory, but besides personal growth, the system affords valuable opportunities to gain a shared awareness with supervisors on employee concerns or family matters.

FM Future Leader Training

FM Future Leader Training was held from July to December 2019 to cultivate future FamilyMart executives.

Group work and other activities provided direct instruction from external lecturers and executives and a review of management issues to develop human resources with a broader perspective. At introspective, self-exploratory outdoor workshops and similar events, participants reflected on their ideal style and core strengths as leaders. Training concluded with participants presenting their view of management issues, a plan for innovation in their division, and a declaration of leadership, followed by dialogue with FamilyMart executives.

Training Details

- A conversation with the President on responding to changes in the external environment
- Learning from leaders in transformation
- Self-discovery, fieldwork
- Polishing up presentations
- Presentations by individuals



A fieldwork



Concluding presentation

Workshops offer opportunities for group work on finding solutions and proposing ideas for specific jobs. Feedback has been positive, and students have appreciated the insight on the state of the convenience store industry and the work performed.

New employees acquire work skills and expertise step by step in our original training program, which is designed to be immediately useful to them. Recruitment for mid-career hires is also expanding. By securing highly skilled human resources, we aim to enhance FamilyMart's specialized functions and improve business performance, and to retain these professionals who are valuable in the market, we established a new job ranking system in fiscal 2019.

Creating a Safe, Healthy, and Comfortable Workplace Environment

Issues to Recognize

Ensuring the health and safety of employees is one of a company's most important obligations. Enterprises are expected to systematically promote industrial health and safety measures under the exemplary leadership of their top management, to prevent occupational accidents and injuries, maintain and promote health, and create safe, healthy, and comfortable workplace environments. Recent years have seen an increase in lifestyle disease and mental illness in Japan. Enterprises must be proactive in addressing these modern health challenges.

Meanwhile, the declining birthrate and aging population are inflating social welfare costs, which also presents a challenge. Stronger efforts to promote health, including prevention of disease and the need for nursing care, are expected in order to keep the nation healthy in old age.

The spread of COVID-19 presents enterprises with another health challenge to respond to, and they are expected to ensure both employee safety and business continuity.

Management Approach

Employee health and safety is one of our foremost priorities in corporate management and fundamental to peak employee performance. Under the leadership of executive management, health and productivity management is therefore promoted based on the FamilyMart Health Charter. As outlined in the Charter, keeping our employees healthy is only the start. FamilyMart is also committed to the health and happiness of our customers, franchisees, business partners, and all other stakeholders.

Key Accomplishments and Performance in FY2019

- FamilyMart Health Charter established (October 2019)
- Recognized in the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)



Targets and KPIs

KPIs for FY2020

- Percentage of overweight employees with BMI \geq 25: Currently 35% \rightarrow reduce **5%**
- Smoking rate: Currently 35% \rightarrow reduce **5%**
- Rate of skipping breakfast: Currently 21% \rightarrow reduce **5%**

Future Activities

- Recommending specific health guidance
- Starting a program to help employees quit smoking
- Holding health seminars
- Providing information in the health newsletter
- Walking for fitness project
- Making stretching/exercise videos available



Establishment of FamilyMart Health Charter

To further strengthen measures on employee health and safety and emphasize our stance internally and externally, we established the FamilyMart Health Charter in October 2019. The Charter forms the basis for health and productivity management in the belief that stakeholder health is fundamental to our future vision.

FamilyMart Health Charter

Recognizing that the health of FamilyMart's employees and all of our stakeholders is foundational to achieving the future we aim for, FamilyMart has established its Health Charter as follows.

1. Creating a workplace environment where employees can work in health

FamilyMart will work to create an environment in which employees, mentally satisfied and physically healthy, can enjoy the challenges of their jobs.

2. Voluntary action by employees for health

Employees will take responsibility for their own health and take voluntary action for the sake of long and rich lives.

3. Contributing to the health of all of our stakeholders

FamilyMart will help to bring a healthy and joyful future to franchisees, customers, and all of our other stakeholders by taking initiatives to encourage health and providing products and services that contribute to mental and physical health.

Takashi Sawada
Representative Director and President

Creating a safe, healthy, and comfortable workplace environment

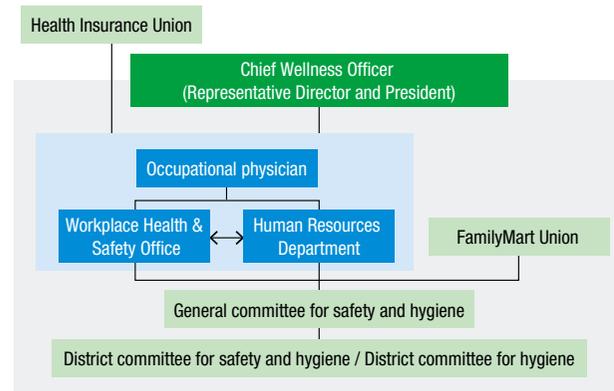
Framework for Promoting Health and Productivity Management

The health management system in place, with the President as chief wellness officer, ensures employee health and safety as a key management strategy. These strategic efforts in concert with occupational physician, public health nurses, the health insurance union, and labor union are centered on the Human Resources Department and Workplace Health & Safety Office.

The Workplace Health & Safety Office is staffed by one supervising occupational physician and three public health nurses. A system is in place to monitor each employee's health. We have also implemented a health management system for central management of employee health, which facilitates planning and improvement of health measures.

Toward better offices and working environments in each district, at both mandated workplaces and sites with fewer than 50 employees we have introduced monthly meetings of a committee for safety and hygiene, attended by the occupational physician. These meetings strengthen safety and hygiene knowledge of workplace members, and, through discussions between labor and management, help improve workplace environments.

Health Management System



* District committee meeting are held at 13 sites nationwide.

Initiatives to Manage and Promote Health

We are taking a variety of measures in accordance with a hierarchy of health risks, focused on four key health issues: lifestyle diseases, cancer, dementia, and mental illness. Employee health literacy is enhanced by a health portal site, health seminars, and health events led by district health committees and unions. In these ways, we are expanding measures to change employee awareness and behavior for the better. Results of health exams, health awareness surveys, and stress checks are used to evaluate the effectiveness of these measures, which is useful when adjusting programs and planning new measures.

As of fiscal 2019, we are setting targets for health and enhancing our initiatives to achieve them.

Expanded Cancer Initiatives

Cancer initiatives reflect our belief that this disease requires early detection and preparedness. For early detection, we advise people 35 and older to receive a standard, thorough medical exam, and we provide support in receiving cancer exams once every five years for people of this age. As a corporate member of an organization for corporate action to promote cancer measures,* we collect various information on cancer measures and keep employees informed.

Additionally, we have introduced a system for support with advanced medical assistance for cancer, just in case. This system subsidizes the cost of advanced medical care for cancer for those diagnosed with the disease, in the belief that it will be helpful in this case.

* A national project commissioned by the Ministry of Health, Labour and Welfare with companies and organizations aiming for 50% participation in cancer screening

Mental Health Initiatives

Stress Checks

Stress checks are conducted for prevention and early detection of mental health issues. We encourage employees to take the exams regularly as a stress management tool for objectively monitoring their stress. They are available at any time, as many times as needed.

Consultation System

The internal portal site provides information on a variety of approaches to mental health, including self-care and care by management and supervisors for their workers.

We have also launched several consultation services enabling employees to seek assistance at any time. These include telephone and email consultations with occupational physicians and public health nurses, as well as telephone consultations with an external professional counselor, which individuals can use without going through the company.

Back-to-Work Program

Employees returning to work after recuperation following leave or temporary closure of business can see the occupational physician or public health nurses regularly, who check whether employees have met criteria indicating that they have settled into a normal routine, in view of their situation and physical condition, to prevent recurrence of problems.

Creating a safe, healthy, and comfortable workplace environment

Initiatives of the FamilyMart Union

Formation of the FamilyMart Union was recognized out of respect for our employees' freedom of association and right to collective bargaining. Each year, the union conducts a member satisfaction survey. The union survey quantitatively assesses trends in member awareness of working hours, the workplace environment, job satisfaction, and more, with results reported to executives and division managers at labor and management meetings to improve labor conditions. In addition, during annual spring labor-management discussions, both sides engage in future-oriented talks on wages and other personnel system issues, taking an attitude of labor-management cooperation and co-creation. Our aim is to achieve ongoing development for FamilyMart and happiness for union members.

TOPICS

Health Seminars around the Country by Public Health Nurses

FamilyMart carries out health promotion measures for the particular health issues faced by business sites around Japan and each division at the headquarter. The measures vary by region, ranging from group radio calisthenics to setting up relaxation zones. One of the most popular measures among employees has been health seminars by public health nurses.

Under the general theme of things you can do for your health starting today, a number of programs are offered, depending on the division's request: food, sleep, managing one's own health, enjoying alcohol and snacks in moderation, and more.



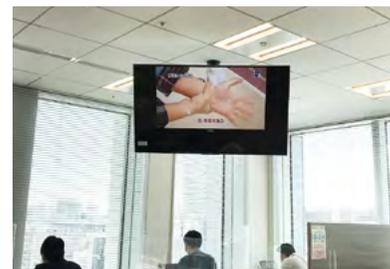
At a health seminar

REPORT COVID-19 Measures

To provide a stable supply of products to customers as community infrastructure and to maintain an environment where employees can work with peace of mind, FamilyMart has set stricter standards to prevent the spread of COVID-19 and is engaged in company-wide measures.



Informal meeting spaces



Raising awareness of hand-washing via digital signage



Non-contact temperature measurement system for visitors

Example of Measures	Scope / Details
Distribution of masks, installation of sanitizers	Sanitizers are installed at regional offices and masks are distributed to employees.
Plastic panels to block airborne droplets	Protective panels are installed in headquarters meeting areas
Monthly workplace patrols by occupational physicians/public health nurses	Confirming ample space between chairs and checking sanitizer installation sites, mask wearing, and use of conference rooms
Weekly Three Cs patrols	Patrols confirm that workplaces are not closed or crowded, with people not in close contact
Raising awareness via posters and digital signage	Careful measures to familiarize people with preventing infection, as with disinfection, mask use, and keeping a distance between people
Disseminating COVID-19 information and stretching videos through monthly health newsletters	Distributing COVID-19 information as well as tips on boosting immunity and staying healthy while working from home to all employees
Safely returning to work after infection or close contact	Stringent measures to prevent infection: setting strict standards for returning to work, obtaining medical questionnaires from each person, and establishing a broader area for close contacts than the standards of public health centers
Establishing a call center for COVID-19 infection	Establishing a call center for COVID-19 patients, also available in the evening and on holidays

Corporate Information

Company Overview

Corporate name	FamilyMart Co.,Ltd.	
Head office	3-1-21 Shibaura, Minato-ku, Tokyo	
Incorporated	September 1, 1981	
Capital	¥16,659 million	
Fiscal year	March 1 to the last day of February	
Objective of business	Convenience store operations under a franchise system	
Representative Director and President	Takashi Sawada	
Number of employees	13,955 (consolidated, as of the end of February 2020)	
Number of stores	24,563 (domestic and overseas, as of the end of February 2020)	
Total chain store sales	2,965,052 million yen (fiscal 2019)	
Major group companies	Domestic convenience stores	Related business
	Overseas convenience stores	

Okinawa FamilyMart Co.,Ltd.
Minami Kyushu FamilyMart Co.,Ltd.

Taiwan FamilyMart Co., Ltd.
Central FamilyMart Co., Ltd.
Shanghai FamilyMart Co., Ltd.
Guangzhou FamilyMart Co., Ltd.
Suzhou FamilyMart Co., Ltd.
Hangzhou FamilyMart Co., Ltd.
Chengdu FamilyMart Co., Ltd.
Shenzhen FamilyMart Co., Ltd.
Wuxi FamilyMart Co., Ltd.
Beijing FamilyMart Co., Ltd.
DONGGUAN FamilyMart Co., Ltd.

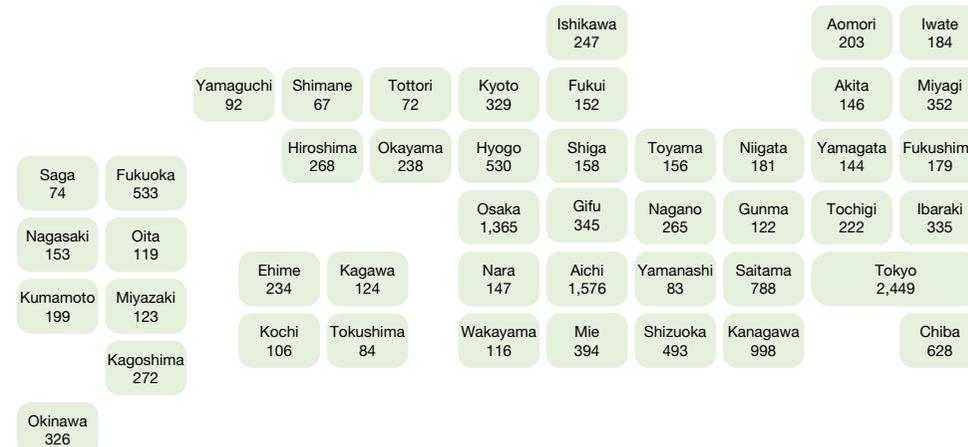
FamilyMart Vietnam Joint Stock Company
PT. Fajar Mitra Indah
Philippine FamilyMart CVS, Inc.
Maxincome Resources Sdn. Bhd.

Famima Digital One Co., Ltd.
famima Retail Service Co.,Ltd.
EVENTIFY INC.
Kyushu Supply Corporation
Famima Support Co.,Ltd.
SENIOR LIFE CREATE Co.,Ltd.
Clear Water Tsunan Co.,Ltd.
Clean Aqua Beverage Corporation
POCKET CARD CO.,LTD.
LIVE VIEWING JAPAN Inc.

Number of Stores by Prefecture (as of the end of February, 2020)

Total number of stores in Japan

16,611 stores
(includes area franchised stores)



Total number of overseas stores

7,952 stores
(includes area franchised stores)

Total **24,563** stores

FamilyMart's Franchise System

FamilyMart Co.,Ltd., as the franchiser, collaborates closely with all of its franchisees to foster mutual trust and a collaborative relationship so that both parties may achieve business growth. Our franchisees are responsible for store management, including the ordering of their own inventories, the arranging of their product displays, and the hiring and training of their staff. For our part, we supply not only our brand name and logo but also full store management support services, including store operational know-how and the shared use of data management and logistics systems. In return for this support, the Company receives royalty income consisting of a certain percentage of each franchisee's gross margin. The rate differs according to the type of franchise contract.

FamilyMart Milestones

Established as Japan's first convenience store business in 1973, FamilyMart has grown in step with the changing times. Today, the domestic chain has grown to nearly 16,500 stores.

As the chain has grown, we have expanded the products and services available, evolving from collaboration with the stakeholders who support daily store operations. Here, we introduce FamilyMart history, as stores have continued to provide value by revitalizing communities and seeking richer, more convenient lifestyles through sustainable growth and fulfillment of our corporate social responsibility.

Business Milestones

March 1978

Franchise convenience store business starts, operated by Seiyu Stores, Ltd. (now Seiyu GK)

August 1978

First FamilyMart franchised store



April 1980

Introduction of an online ordering system

September 1981

Establishment of FamilyMart Co., Ltd.

January 1982

Launch of boxed lunches, fast food, and other original products

February 1987

Network of 1,000 stores in Japan

August 1988

First FamilyMart store overseas (Taipei)

January 1989

Introduction of the "FamilyMart, Where You Are One of the Family" corporate message

September 1989

Introduction of a point-of-sale (POS) system



February 1990

Commencement of agency payment services for utility bills and the like

December 1994

Commencement of integrated logistics centers with production and delivery facilities

November 1996

Network of 5,000 stores in Japan

February 1998

ITOCHU Group becomes the Company's largest shareholder

October 1999

Commencement of ATM services

October 2000

Introduction of Famiport multimedia terminals

January 2001

Introduction of in-store SAT ordering tablet devices, enabling personnel to order based on sales and inventory data while checking product status on the sales floor

July 2006

Stores now in all prefectures nationwide

October 2006

Launch of Famichiki



December 2011

Completion of the conversion of am/pm into the FamilyMart brand

October 2012

Launch of the FamilyMart Collection private brand

October 2013

Network of 10,000 stores in Japan

September 2016

Management integration with UNY Group Holdings Co., Ltd. (general retail industry/convenience store)

October 2016

Completion of the conversion of Cocostore into the FamilyMart brand

2017

Sales of Mother's Kitchen deli item brand started, making meals easier and faster to prepare



June 2017

Completion of logistics center reorganization following brand integration

August 2017

Conclusion of a capital and business alliance with Pan Pacific International Holdings Corporation (discount stores)

November 2018

Completion of the conversion of Circle K and Sunkus into the FamilyMart brand

January 2019

Announcement of an action plan to support FamilyMart franchised stores

July 2019

Introduction of FamiPay smartphone app

August 2019

Start of efforts to enhance pre-ordering of seasonal products

August 2020

TOB by ITOCHU Corporation

1970s
Early days of convenience stores

1980s
Growth of the store network

1990s
Stores become even more convenient

2000s
Establishment of information infrastructure

2010s
Toward sustainable growth

Sustainability Milestones



November 1998

Establishment of Environmental Policy

March 1999

Acquisition of ISO 14001 certification by all stores and offices

April 2006

Start of FamilyMart Connecting Dreams Foundation fundraising

2007

Introduction of biomass plastic containers for salads



April 2008

Launch of Bell Mark-labeled rice balls



2009

Start of Thank-You Letter Contest

December 2016

Introduction of supplier helpline

September 2017

Establishment of Sustainability Policy
Joined the UN Global Compact

February 2018

Establishment of Sustainability Procurement Principles
Establishment of Supply Chain CSR Code of Conduct

April 2019

Commencement of FamilyMart Children's Cafeteria, promoting local exchanges and supporting future generations

September 2019

Establishment of new Basic Principles

December 2019

Start of Famima Circle exchanges with local senior citizens

February 2020

Establishment of FamilyMart Environmental Vision 2050 to define mid- to long-term targets

October 2020

Establishment of the FamilyMart Human Rights Policy



Supported Initiatives and Main Corporate Memberships

We endorse and participate in a variety of domestic and international initiatives, seeking to play an active role in building a sustainable society.

Supported Initiatives and Main Corporate Memberships	Activity Details
<p>United Nations Global Compact</p> <p>WE SUPPORT</p> 	<p>The United Nations Global Compact is a global effort to achieve sustainable growth in the international community based on 10 principles in the four areas of human rights, labor, environment, and anti-corruption. Participating companies and organizations are called on to work toward a better world. The company signed as a participant in the UN Global Compact in September 2017.</p>
<p>Task Force on Climate-related Financial Disclosures (TCFD)</p> 	<p>The TCFD was established by the Financial Stability Board at the request of G20 finance ministers and central bank governors. It examines how companies should disclose information on risks and opportunities linked to climate change and enables accurate investor judgment, seeking appropriate capital allocation, efficient financial markets, and a sustainable, stable economy.</p> <p>FamilyMart announced support of the final report of the TCFD in February 2020.</p>
<p>Science-Based Targets (SBT) Initiative</p> 	<p>Advocating science-based greenhouse gas emission reduction targets to prevent the global average temperature rise from climate change from exceeding 2°C above pre-industrial levels, as sought by the Paris Agreement, the SBT Initiative is a joint project by international nongovernmental organizations CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). FamilyMart greenhouse gas reduction targets received SBT certification in March 2020.</p>
<p>Japan Climate Initiative</p>	<p>A network that strengthens communication and exchange of views among Japanese companies, municipalities, research institutions, and NGOs actively engaged in climate initiatives. We participate as a member organization “joining the front line of the global push for decarbonization from Japan.”</p>
<p>Decarbonization Management Promotion Network</p>	<p>As part of an MOE program aimed at enhancing corporate value through decarbonization management, this network holds workshops and exchanges information to promote and support efforts by companies seeking to reduce greenhouse gas emissions and their carbon footprint throughout the supply chain.</p>
<p>Japan Clean Ocean Material Alliance (CLOMA)</p> 	<p>To work toward a solution to the new global problem of marine plastic waste, this alliance is promoting sustainable use of plastic products and development and introduction of alternative material, aiming to accelerate innovation through public-private collaboration.</p>
<p>Japan Food Safety Management Association</p>	<p>To improve efforts targeting food safety, quality control, and reliability of food industry businesses, this association is developing, managing, and standardizing food safety management standards and certification programs, as well as developing human resources in these areas.</p>
<p>Japan Retailers Association</p>	<p>As an industry organization of various retail businesses in Japan, the association conducts a variety of activities to develop the retail industry, including research on social issues relevant to the retail industry such as business continuity planning, labor shortages, and the declining birthrate and aging population.</p>
<p>Japan Franchise Association</p>	<p>Consisting mainly of franchisors and intended to promote the sound development of franchise systems, this association also addresses various social issues requiring an industry-wide response.</p>

External Recognition

FamilyMart has received the following external recognition for sustainability activities.

External Recognition	Recognition Details
<p>Inclusion in MSCI Japan Empowering Women Index (WIN)</p>  <p>THE INCLUSION OF FamilyMart Co.,Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF FamilyMart Co.Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.</p>	<p>FamilyMart was selected as a constituent of the MSCI Japan Empowering Women Index (WIN) in June 2020. This index of various industries, developed by U.S.-based Morgan Stanley Capital International (MSCI), selects Japanese companies that score high in gender diversity. It is one of the ESG indexes chosen by the Government Pension Investment Fund for ESG investment.</p>
<p>Selected for SNAM Sustainability Index Sompo Japan Nipponkoa Asset Management Co., Ltd. (SNAM)</p> 	<p>Selected for inclusion in the SNAM Sustainability Index, a stock index established independently by Sompo Japan Nipponkoa Asset Management Co., Ltd. in June 2019. As a method for diversified investment in highly rated companies in the ESG field, the index is used for sustainable investment products for pension funds and institutional investors.</p>
<p>Inclusion in the Sompo Sustainability Index Sompo Risk Management Inc.</p> 	<p>FamilyMart was certified for inclusion in the Sompo Sustainability Index in June 2020 based on ESG surveys by Sompo Risk Management and Integrex. The index, used by pension funds and institutional investors, is a unique, active index of about 300 companies distinguished by their ESG record.</p>

External Recognition	Recognition Details
<p>Recognized under the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500)</p> 	<p>FamilyMart was recognized in the 2020 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) in March 2020. This program recognizes enterprises engaged in outstanding health and productivity management efforts in METI / Nippon Kenko Kaigi-led efforts addressing local health-related challenges and Nippon Kenko Kaigi-led efforts promoting health consciousness.</p>
<p>JSH Reduced-Salt Food Products Award: “Gold Award” Organized by Salt Reduction Committee, Japanese Society of Hypertension (JSH)</p>	<p>The Salt Reduction Committee of the Japanese Society of Hypertension prepares the JSH Low-Sodium Food List, which includes foods with low salt content for hypertensive patients and others trying to reduce salt intake. The committee recognizes outstanding products with a JSH Reduced-Salt Food Products Award. <i>Ookina Kaki no Tane</i> (savory rice crackers) in the FamilyMart Collection, jointly developed with KAMEDA SEIKA CO., LTD., received the Gold award in this program. The product has 40% less salt than ordinary rice crackers of this kind and contains 10 billion units of K-2 lactic acid bacteria derived from sake lees. This is the second consecutive year that FamilyMart has won a gold award.</p>

E Environmental Aspects

(Relevant period of each fiscal year: from March that year to February the following year Scope: applies to FamilyMart Co.,Ltd., unless otherwise stated)

Disclosures	Unit	FY2017	FY2018	FY2019	Notes	
E: Environmental Aspects						
Environmental management / compliance	ISO 14001 certification acquisition ratio	%	100.0	100.0	100.0	
	Costs of environmental fines or penalties	yen	0	0	0	
	Violation of environmental regulations	cases	0	0	0	
Climate change	Total supply chain GHG (CO ₂) emissions	t-CO ₂	7,502,046	7,294,327	7,002,534	Calculated based on MOE and METI Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 2.4.
	Scope 1	t-CO ₂	48,685	46,756	44,646	
	Scope 2	t-CO ₂	1,397,604	1,255,969	1,139,491	Calculated based on market standards.
	Scope 3	t-CO ₂	6,055,757	5,991,602	5,818,398	
	Scope 3 emissions, by category	t-CO ₂				Circled numbers indicate categories.
	① Purchased goods and services		5,483,494	5,491,686	5,313,457	
	② Capital goods		250,511	192,176	88,269	
	③ Fuel and energy related activities not included in Scope 1 or 2		97,793	92,085	89,202	
	④ Transportation and delivery (upstream)		118,720	111,449	107,790	
	⑤ Waste generated in operations		60,899	58,524	210,304	
	⑥ Business Travel		2,090	2,088	2,312	
	⑦ Employee commuting		784	931	1,242	
	⑧ Leased assets (upstream)		0	0	0	
	⑨ Transportation and delivery (downstream)		0	0	0	
	⑩ Processing of sold products		0	0	0	
	⑪ Use of sold products		330	451	414	
	⑫ End-of-life treatment of sold products		41,136	42,212	5,408	
	⑬ Leased assets (downstream)		0	0	0	
	⑭ Franchises		0	0	0	
	⑮ Investments		0	0	0	
Other		0	0	0		
GHG (CO ₂) emission basic unit	tons/ million yen	0.4795	0.4367	0.3994	CO ₂ emissions per sales volume, plus Scope 1 and 2	
Scope 1 GHG breakdown	CO ₂	8,905	8,206	7,237		
	CFCs	39,780	38,550	37,409		
Energy consumption (internal)	MWh	2,753,816	2,580,209	2,520,665		
Waste, recycling	Waste liquids leaked/discharged	t	0	0	0	
	Biomass plastic used (for ready-to-eat, etc.)	t	1,205	1,630	2,669	
	Ratio of biomass plastic used (for ready-to-eat, etc.)	%	4.6	6.3	9.9	
	Hazardous waste discharged	t	0	0	0	

E Environmental Aspects

Disclosures	Unit	FY2017	FY2018	FY2019	Notes	
Waste, recycling	Waste discharged from stores routinely	t	379,052	342,500	312,604	Total waste (calculation method changed as of FY2019)
	Non-recyclable waste generated	t	163,566	146,802	127,226	Combustibles, etc. (calculation method changed as of FY2019)
	Food waste generated	t	74,207	71,135	66,139	Leftover food (calculation method changed as of FY2019)
	Stores engaged in food recycling	stores	3,639	3,563	3,170	
	Food recycling participation	%	54.1	56.3	59.4	
	Ratio of declined plastic bags	%	29.1	28.9	30.0	
Water	Groundwater collected	KL	77,309	83,392	77,147	Applies to: Clear Water Tsunan.
	Amount of collected water sold as drinking water	KL	18,628	23,651	27,480	
	Amount discharged to river	KL	58,681	59,741	49,666	
Supply chain	Aquaculture Stewardship Council (ASC) certification acquisition ratio	%	0	0	0	
	Marine Stewardship Council (MSC) certification acquisition ratio	%	0	0	0	
	Producers of ready-to-eat products: Companies monitoring food loss	companies	4	4	4	Stricter standards starting in FY2019.
	Producers of ready-to-eat products: Ratio of companies monitoring food loss	%	11.1	11.1	11.1	

S Social Aspects

Disclosures	Unit	FY2017	FY2018	FY2019	Notes	
S: Social Aspects						
Employees*1	Number of employees (non-consolidated)	people	5,944	6,045	6,266	The number of employees includes full-time employees, contract employees, associates, and employees seconded from outside of the company. Does not include employees seconded outside the company, temporary or part-time employees, or casual workers. The ratio of female employees in FY2018 was incorrect and has been corrected.
	Men	people	5,191	5,081	5,210	
	Women	people	753	964	1,056	
	Ratio of women	%	12.7	15.9	16.9	
	Number of employees (consolidated)	people	17,777	15,139	13,955	Average age applies to full-time employees, contract employees, associates, and employees seconded from outside of the company. Does not include employees seconded outside the company, temporary employees, casual workers, and part-time employees.
	Average age	people	40.2	40.4	40.7	
	Men	people	40.9	41.1	41.4	
	Women	%	35.9	37.1	36.9	
	Length of service	Year	11.0	11.2	12.0	
	Men	Year	12.1	12.6	13.0	
	Women	Year	8.1	6.1	6.6	
	Temporary employees (non-consolidated)	people	4,564	2,429	1,588	
	Men	people	1,817	915	575	
	Women	people	2,747	1,514	1,013	
Ratio of temporary employees	%	43.4	28.7	20.2		

*1 Employee data is calculated as of the end of February of each year.

S Social Aspects

Disclosures	Unit	FY2017	FY2018	FY2019	Notes	
Employees*1	Foreign national employees	people	95	126	156	
	Men	people	40	55	67	
	Women	people	55	71	89	
	Employees hired after retirement (age 65 or older)	people	35	39	61	
	Ratio	%	90.0	71.0	91.0	
	New graduates hired	people	225	291	286	
	Men	people	143	189	182	
	Women	people	82	102	104	
	Ratio of women	%	36.4	35.1	36.4	
	Mid-career employees	people	68	120	20	
	Men	people	54	79	16	
	Women	people	14	41	4	
	Ratio of women	%	20.6	34.2	20.0	
	Resignees/retirees	people	555	607	318	Also includes contract employees and associates.
	Men	people	471	444	254	
Women	people	84	163	64		
Turnover rate	%	6.3	5.6	5.1		
Managers	people	863	731	630	Includes full-time employees, contract employees, associates, and employees seconded from outside of the company. Does not include employees seconded outside the company, temporary or part-time employees, or casual workers.	
Men	people	843	708	600		
Women	people	20	23	30		
Ratio of women	%	2.3	3.1	4.8		
Diversity, work style reform	Employees with disabilities	people	136	137	146	
	Rate of employees with disabilities	%	2.63	2.66	2.68	
	Employees taking a leave of absence for childcare	people	29	29	40	
	Men	people	2	5	4	
	Women	people	27	24	36	
	Rate of returning to work after childcare leave	%	91.0	94.5	95.5	
	Men	%	100.0	100.0	88.5	
	Women	%	82.0	89.0	97.0	
	Employees taking paid childcare leave	people	121	180	517	Paid childcare leave: The sum of short-term childcare leave for male and female employees and spouse maternity leave for male employees. Short-term childcare leave is an annual five-day paid childcare leave available until children reach the first grade of elementary school.
	Men	people	117	144	430	
Women	people	4	36	87		
Employees taking nursing care leave	people	7	4	5		
Men	people	6	2	2		
Women	people	1	2	3		

*1 Employee data is calculated as of the end of February of each year.

S Social Aspects

Disclosures	Unit	FY2017	FY2018	FY2019	Notes	
Diversity, work style reform	Rate of taking paid leave	%	49.4	54.2	73.1	
	Total hours worked per year	hours	2,074	2,041	1,968	
	Average monthly overtime worked per person	hours	20.30	18.10	14.30	
Safety and hygiene	Occupational accident fatalities	people	0	0	0	
	Occupational accident mortality	%	0.0	0.0	0.0	
	Occupational accident severity rate		0.027	0.006	0.003	
	Occupational accidents	cases	23	10	3	
	Occupational accident frequency rate		0.56	0.76	0.24	
	Employees taking leave for mental health	people	65	63	63	
	Employees taking regular health exams	%	93.3	92.6	100.0	
Smoking rate	%	30.4	33.0	34.0		
Human resource development, compensation	Dementia Supporter training recipients	people	—	100	148	
	Average training per person	hours	20.4	17.8	8.7	Excluding new employee training hours (FY2019).
	Average annual salary	yen	6,155,641	6,172,088	6,196,211	
Supply chain	Supplier plants receiving audits	companies	—	174	221	Total JFS plant audits and third-party audits.
	Ready-to-eat product producers inspected	companies	94	92	88	
	Rate of ready-to-eat product producer inspections	%	100.0	100.0	100.0	
CSR activities	CSR expenditures	million yen	400	460	459	For a breakdown of CSR activity expenditures, please refer to "Overview of main CSR programs" below.
	NPO donations/community investment within this amount	million yen	148	170	195	

[Overview of main CSR programs]

Category	Percentage of total amount			Representative programs (collaborative organizations)	External beneficiaries			Notes
	2017	2018	2019		2017	2018	2019	
Charitable donation	41.0%	43.0%	43.0%	Myanmar school feeding program (UN WFP)*	Approx. 270,000	Approx. 370,000	Approx. 340,000	
				Education on prevention of water-related accidents among children in Thailand (Save the Children Japan)*	Approx. 6,000	Approx. 300	Approx. 3,000	In 2017, the company donated to disaster prevention and mitigation education in Vietnam.
Community investments	37.0%	37.0%	43.0%	Forest classes for kindergarteners, <i>Kikigaki Koshien</i> (listening and writing), and others (National Land Afforestation Promotion Organization)*	Approx. 3,000	Approx. 13,400	Approx. 16,000	
				Holding community-based events at stores (Child Store Managers, Children's Cafeteria, and others)	Approx. 70,000	Approx. 1,300	Approx. 5,300	In 2017, we provided support for environmental and career learning at stores.
				Visiting lectures and visits to the company	Approx. 2,000	Approx. 1,200	Approx. 600	
Commercial initiatives	22.0%	20.0%	14.0%	Cooperation with the Bell Mark campaign	Approx. 20,000	Approx. 20,000	Approx. 20,000	Unit: Number of schools
				FamilyMart Thank-You Letter Contest and others*	Approx. 30,000	Approx. 40,000	Approx. 40,000	
Total costs	¥400 million	¥460 million	Approx. ¥460 million					

* Including donation activities for in-store fundraising.

Governance Aspects

Disclosures		Unit	FY2017	FY2018	FY2019	Notes
G: Governance Aspects						
Board of Directors	Number of times held	times	20	21	24	
	Directors*	people	9	10	11	
	Female directors out of this total*	people	0	0	2	
	Independent, outside directors out of this total*	people	2	2	3	
	Average director attendance	%	95.0	98.1	98.9	Rounded to the first decimal place
Board of Corporate Auditors	Number of times held	times	12	12	13	
	Corporate auditors*	people	5	5	6	
	Female auditors out of this total*	people	1	1	1	
	Independent, outside auditors out of this total*	people	3	3	3	
	Average auditor attendance	%	96.4	98.5	98.7	Rounded to the first decimal place
Executive compensation	Total compensation	million yen	234	328	244	
Executive Officer	Ratio of female executive officers	%	0.0	0.0	0.0	
Compliance	Total political contributions	yen	0	0	0	
	Regulatory violations in social/economic area	cases	0	0	0	
	Whistleblowing/internal reporting	cases	39	55	61	
	Rate of compliance e-learning attendance	%	97.8	100.0	92.8	Rounded to the first decimal place. Legal and information management trainings were provided in FY2018.
	Rate of information security e-learning attendance	%	100.0	100.0	100.0	
Amount of taxes paid	Japan	million yen	4,094	1,029	19,778	
	Overseas	million yen	1,259	1,373	1,784	Including UNY[HK]CO.,LTD. in the data of FY2017 and FY2018.
	Total	million yen	5,353	2,402	21,562	

* The number of directors and corporate auditors is the data as of the end of each fiscal year.

GRI Standards Comparison Table

● This report was prepared in accordance with the GRI Standards Core option.

[General Disclosures]

● GRI Standards 100 series (items in common) Core option disclosures are indicated by ☆.

	Disclosures	Pages in this report, or other publications	
GRI 102: General Disclosures 2016	Organizational profile		
	102-1 ☆	Name of the organization	P72 Corporate Information
	102-2 ☆	Activities, brands, products, and services	P47-52 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life Online: Product Information (https://www.family.co.jp/goods.html)
	102-3 ☆	Location of headquarters	P72 Corporate Information
	102-4 ☆	Location of operations	P72 Corporate Information
	102-5 ☆	Ownership and legal form	P72 Corporate Information
	102-6 ☆	Markets served	P72 Corporate Information
	102-7 ☆	Scale of the organization	P72 Corporate Information
	102-8 ☆	Information on employees and other workers	P72 Corporate Information P77-78 Data: Social Aspects (Employees)
	102-9 ☆	Supply chain	P31 Results of Scenario Analysis P57-60 Taking Responsibility to Provide Safe and Reliable Products
	102-10 ☆	Significant changes to the organization and its supply chain	P2 Corporate Message P3-5 Top Message
	102-11 ☆	Precautionary Principle or approach	P16-19 Thorough Risk Management and Compliance P25 Continuous Improvement of Environmental Management System
	102-12 ☆	External initiatives	P6-7 Highlights of Sustainability Activities P9 Sustainability at FamilyMart P26 SBT Certified – First in the Convenience Store Industry P30 Supporting TCFD recommendations P74 Supported Initiatives and Main Corporate Memberships
	102-13 ☆	Membership of associations	P74 Supported Initiatives and Main Corporate Memberships
	Strategy		
	102-14 ☆	Statement from senior decision-maker	P3-5 Top Message
	102-15	Key impacts, risks, and opportunities	P3-5 Top Message P31 Results of Scenario Analysis P16-19 Thorough Risk Management and Compliance
Ethics and integrity			
102-16 ☆	Values, principles, standards, and norms of behavior	P2 Corporate Message P9 Sustainability at FamilyMart P16-19 Thorough Risk Management and Compliance	
102-17	Mechanisms for advice and concerns about ethics	P16-19 Thorough Risk Management and Compliance	

GRI Standards Comparison Table

[General Disclosures]

● GRI Standards 100 series (items in common) Core option disclosures are indicated by ☆.

	Disclosures		Pages in this report, or other publications
GRI 102: General Disclosures 2016	Governance		
	102-18 ☆	Governance structure	P14-15 Enhancing Corporate Governance
	102-19	Delegating authority	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P25 Continuous Improvement of Environmental Management System P30 Feature: Compliance with TCFD Recommendations
	102-20	Executive-level responsibility for economic, environmental, and social topics	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P25 Continuous Improvement of Environmental Management System P30 Feature: Compliance with TCFD Recommendations
	102-21	Consulting stakeholders on economic, environmental, and social topics	P12-13 Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees	P14-15 Enhancing Corporate Governance
	102-23	Chair of the highest governance body	P14-15 Enhancing Corporate Governance
	102-24	Nominating and selecting the highest governance body	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-25	Conflicts of interest	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-26	Role of highest governance body in setting purpose, values, and strategy	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P25 Continuous Improvement of Environmental Management System P30 Feature: Compliance with TCFD Recommendations
	102-27	Collective knowledge of highest governance body	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-28	Evaluating the highest governance body's performance	P14-15 Enhancing Corporate Governance
	102-29	Identifying and managing economic, environmental, and social impacts	P9 Sustainability at FamilyMart P10-11 Material Issues (Materialities) Related to Sustainability P14-15 Enhancing Corporate Governance P25 Continuous Improvement of Environmental Management System
	102-30	Effectiveness of risk management processes	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P16-19 Thorough Risk Management and Compliance P25 Continuous Improvement of Environmental Management System
102-31	Review of economic, environmental, and social topics	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P25 Continuous Improvement of Environmental Management System	
102-32	Highest governance body's role in sustainability reporting	P1 Editorial Policy	

GRI Standards Comparison Table

[General Disclosures]

● GRI Standards 100 series (items in common) Core option disclosures are indicated by ☆.

	Disclosures		Pages in this report, or other publications	
GRI 102: General Disclosures 2016	102-33	Communicating critical concerns	P16-19 Thorough Risk Management and Compliance	
	102-34	Nature and total number of critical concerns	P18 Hotline Usage (FY2019)	
	102-35	Remuneration policies	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)	
	102-36	Process for determining remuneration	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)	
	102-37	Stakeholders' involvement in remuneration	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)	
	102-38	Annual total compensation ratio	P79 Data: Social Aspects (Human resource development, compensation) P80 Data: Governance Aspects (Executive compensation)	
	102-39	Percentage increase in annual total compensation ratio	P80 Data: Governance Aspects (Executive compensation)	
	Stakeholder engagement			
	102-40 ☆	List of stakeholder groups	P12-13 Stakeholder Engagement	
	102-41 ☆	Collective bargaining agreements	Online: 39th Annual Securities Report (https://www.family.co.jp/content/dam/family/ir/library/securities_reports/2002_yuho_fs9.pdf)	
	102-42 ☆	Identifying and selecting stakeholders	P12-13 Stakeholder Engagement	
	102-43 ☆	Approach to stakeholder engagement	P12-13 Stakeholder Engagement	
	102-44 ☆	Key topics and concerns raised	P12-13 Stakeholder Engagement	
	Reporting practice			
	102-45 ☆	Entities included in the consolidated financial statements	P72 Corporate Information	
	102-46 ☆	Defining report content and topic Boundaries	P1 Editorial Policy	
	102-47 ☆	List of material topics	P10-11 Material Issues (Materialities) Related to Sustainability	
	102-48 ☆	Restatements of information	P77 Data: Environmental Aspects (Waste, recycling) / Social Aspects (Employees)	
	102-49 ☆	Changes in reporting	N/A	
	102-50 ☆	Reporting period	P1 Editorial Policy	
	102-51 ☆	Date of most recent report	P1 Editorial Policy	
	102-52 ☆	Reporting cycle	P1 Editorial Policy	
	102-53 ☆	Contact point for questions regarding the report	P1 Editorial Policy	
	102-54 ☆	Claims of reporting in accordance with the GRI Standards	P1 Editorial Policy P81-92 Data: GRI Standards Comparison Table	
	102-55 ☆	GRI content index	P81-92 Data: GRI Standards Comparison Table	
	102-56 ☆	External assurance	Online: Third-Party Verification (https://www.family.co.jp/sustainability/material_issues/environment/carbon.html)	

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

Material issues identified by the company correspond to material topics of the GRI Standards as follows.

The “GRI Standards Comparison Table” includes both material issues (labeled with ★) and certain related items.

Material Issues	Material Aspects in GRI Standards
Materiality 1: Contributing to the future of the earth and its regions through environmental awareness	GRI 201: Economic Performance GRI 302: Energy GRI 306: Effluents and Waste GRI 301: Materials GRI 305: Emissions GRI 307: Environmental Compliance
Materiality 2: Evolving as a regional revitalization base close to people	GRI 203: Indirect Economic Impacts GRI 413: Local Communities
Materiality 3: Creating safe and reliable products and services to bring convenience and richness to everyday life	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling GRI 419: Socioeconomic Compliance
Materiality 4: Working with suppliers to pursue a sustainable supply chain	GRI 308: Supplier Environmental Assessment GRI 416: Customer Health and Safety GRI 419: Socioeconomic Compliance GRI 414: Supplier Social Assessment GRI 417: Marketing and Labeling
Materiality 5: Building a motivating work culture with driven employees	GRI 401: Employment GRI 404: Training and Education GRI 403: Occupational Health and Safety GRI 405: Diversity and Equal Opportunity

[Materiality Items] Materiality items are indicated by ★.

● 200 series (Economic Standards)

	Disclosures		Pages in this report, or other publications
★ Economic Performance			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Online: 39th Annual Securities Report (https://www.family.co.jp/content/dam/family/ir/library/securities_reports/2002_yuho_fs9.pdf)
	201-2	Financial implications and other risks and opportunities due to climate change	P26-29 Climate Change Mitigation and Adaptation
	201-3	Defined benefit plan obligations and other retirement plans	Online: 39th Annual Securities Report (https://www.family.co.jp/content/dam/family/ir/library/securities_reports/2002_yuho_fs9.pdf)
	201-4	Financial assistance received from government	N/A
Market Presence			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
	202-2	Proportion of senior management hired from the local community	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 200 series (Economic Standards)

	Disclosures		Pages in this report, or other publications
★ Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P39-46 Evolving as a Regional Revitalization Base Close to People
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	P39-46 Evolving as a Regional Revitalization Base Close to People P79 Data: Social Aspects (CSR activities)
	203-2	Significant indirect economic impacts	P39-46 Evolving as a Regional Revitalization Base Close to People
Procurement Practices			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	—
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	P16-19 Thorough Risk Management and Compliance
	205-2	Communication and training about anti-corruption policies and procedures	P16-19 Thorough Risk Management and Compliance
	205-3	Confirmed incidents of corruption and actions taken	P80 Data: Governance Aspects (Compliance)
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★ Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P25 Continuous Improvement of Environmental Management System P31 Results of Scenario Analysis P33-34 Reduction of Food Wastage P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	—
	301-2	Recycled input materials used	P33-34 Reduction of Food Wastage P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution P76-77 Data: Environmental Aspects (Waste, recycling)
	301-3	Reclaimed products and their packaging materials	P33-34 Reduction of Food Wastage P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution P76-77 Data: Environmental Aspects (Waste, recycling)

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart
	103-2	The management approach and its components	P25 Continuous Improvement of Environmental Management System
	103-3	Evaluation of the management approach	P26-29 Climate Change Mitigation and Adaptation P31 Results of Scenario Analysis
GRI 302: Energy 2016	302-1	Energy consumption within the organization	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
	302-2	Energy consumption outside of the organization	—
	302-3	Energy intensity	—
	302-4	Reduction of energy consumption	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
	302-5	Reductions in energy requirements of products and services	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
Water and Effluents			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	P25 Continuous Improvement of Environmental Management System P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution
	303-2	Management of water discharge-related impacts	P25 Continuous Improvement of Environmental Management System P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution
	303-3	Water withdrawal	P77 Data: Environmental Aspects (Water)
	303-4	Water discharge	P77 Data: Environmental Aspects (Water)
	303-5	Water consumption	P25 Continuous Improvement of Environmental Management System P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution
Biodiversity			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2	Significant impacts of activities, products, and services on biodiversity	—
	304-3	Habitats protected or restored	—
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart
	103-2	The management approach and its components	P25 Continuous Improvement of Environmental Management System
	103-3	Evaluation of the management approach	P26-29 Climate Change Mitigation and Adaptation P31 Results of Scenario Analysis
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
	305-2	Energy indirect (Scope 2) GHG emissions	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
	305-3	Other indirect (Scope 3) GHG emissions	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
	305-4	GHG emissions intensity	P76 Data: Environmental Aspects (Climate change)
	305-5	Reduction of GHG emissions	P26-29 Climate Change Mitigation and Adaptation P76 Data: Environmental Aspects (Climate change)
	305-6	Emissions of ozone-depleting substances (ODS)	P76 Data: Environmental Aspects (Climate change)
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
★Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart
	103-2	The management approach and its components	P25 Continuous Improvement of Environmental Management System
	103-3	Evaluation of the management approach	P35-38 Use of Sustainable Resources / Prevention of Environmental Pollution
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	P77 Data: Environmental Aspects (Water)
	306-2	Waste by type and disposal method	P76-77 Data: Environmental Aspects (Waste, recycling)
	306-3	Significant spills	N/A
	306-4	Transport of hazardous waste	N/A
	306-5	Water bodies affected by water discharges and/or runoff	N/A

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P25 Continuous Improvement of Environmental Management System
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	P76 Data: Environmental Aspects (Environmental management / compliance)
★Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P31 Results of Scenario Analysis P9 Sustainability at FamilyMart P55-56 Building Responsible Supply Chain Management / Promoting Sustainable Ingredient Sourcing
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	—
	308-2	Negative environmental impacts in the supply chain and actions taken	P55-56 Building Responsible Supply Chain Management / Promoting Sustainable Ingredient Sourcing P77 Data: Environmental Aspects (Supply chain)

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P61-71 Building a Motivating Work Culture with Driven Employees
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	P67-68 Human Resource Development and Training P78 Data: Social Aspects (Employees)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
	401-3	Parental leave	P65-66 Work-Life Balance and Workstyle Reform P78-79 Data: Social Aspects (Diversity, work style reform)
Labor/Management Relations			
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-2	Hazard identification, risk assessment, and incident investigation	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-3	Occupational health services	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-4	Worker participation, consultation, and communication on occupational health and safety	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-5	Worker training on occupational health and safety	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-6	Promotion of worker health	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P69-71 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-8	Workers covered by an occupational health and safety management system	—
	403-9	Work-related injuries	P79 Data: Social Aspects (Safety and hygiene)
	403-10	Work-related ill health	P79 Data: Social Aspects (Safety and hygiene)
★Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P67-68 Human Resource Development and Training
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P79 Data: Social Aspects (Human resource development, compensation)
	404-2	Programs for upgrading employee skills and transition assistance programs	P67-68 Human Resource Development and Training
	404-3	Percentage of employees receiving regular performance and career development reviews	—
★Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P20-21 Respect for Human Rights P62-64 Promotion of Diversity and Inclusion
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P62-64 Promotion of Diversity and Inclusion P77-78 Data: Social Aspects (Employees) P80 Data: Governance Aspects (Board of Directors, Board of Corporate Auditors)
	405-2	Ratio of basic salary and remuneration of women to men	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	P20-21 Respect for Human Rights
Freedom of Association and Collective Bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—
Child Labor			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	—
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	—
Security Practices			
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	—
Rights of Indigenous Peoples			
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	—
Human Rights Assessment			
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	—
	412-2	Employee training on human rights policies or procedures	—
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
★Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P39-46 Evolving as a Regional Revitalization Base Close to People
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	P39-46 Evolving as a Regional Revitalization Base Close to People
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P55-56 Building Responsible Supply Chain Management / Promoting Sustainable Ingredient Sourcing
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	—
	414-2	Negative social impacts in the supply chain and actions taken	P55-56 Building Responsible Supply Chain Management / Promoting Sustainable Ingredient Sourcing P79 Data: Social Aspects (Supply Chain)
Public Policy			
GRI 415: Public Policy 2016	415-1	Political contributions	—
★Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P47-52 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P57-60 Taking Responsibility to Provide Safe and Reliable Products
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	P47-52 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P57-60 Taking Responsibility to Provide Safe and Reliable Products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
★Marketing and Labeling			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	P47-52 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life
	417-2	Incidents of non-compliance concerning product and service information and labeling	P57-60 Taking Responsibility to Provide Safe and Reliable Products Online: Apology and notice regarding a product (https://www.family.co.jp/company/news_releases/2019/20191126_99.html)
	417-3	Incidents of non-compliance concerning marketing communications	N/A
Customer Privacy			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A
★Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P9 Sustainability at FamilyMart P47-52 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P57-60 Taking Responsibility to Provide Safe and Reliable Products
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	P80 Data: Governance Aspects (Compliance)

GRI Standards Comparison Table

United Nations Global Compact Comparison Table

Principle		Pages in this report
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and	P9 Sustainability at FamilyMart P16-19 Thorough Risk Management and Compliance P20-21 Respect for Human Rights P53-60 Working with Suppliers to Pursue a Sustainable Supply Chain P61-71 Building a Motivating Work Culture with Driven Employees
	Principle 2 make sure that they are not complicit in human rights abuses.	
Labour	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	P9 Sustainability at FamilyMart P16-19 Thorough Risk Management and Compliance P20-21 Respect for Human Rights P53-60 Working with Suppliers to Pursue a Sustainable Supply Chain P61-71 Building a Motivating Work Culture with Driven Employees
	Principle 4 the elimination of all forms of forced and compulsory labour;	
	Principle 5 the effective abolition of child labour and	
	Principle 6 the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges;	P9 Sustainability at FamilyMart P24-38 Contributing to the Future of the Earth and Its Regions through Environmental Awareness P74 Supported Initiatives and Main Corporate Memberships
	Principle 8 undertake initiatives to promote greater environmental responsibility and	
	Principle 9 encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	P9 Sustainability at FamilyMart P16-19 Thorough Risk Management and Compliance

The image features a large, irregular blue watercolor-style background. Two white duck cutouts are positioned on the left and right sides of the blue area. The text "FamilyMart Co.,Ltd." is centered within the blue area.

FamilyMart Co.,Ltd.