

Sustainability Report 2021

Famima, moving ahead towards our SDGs



Corporate Message

FamilyMart, Where You Are One of the Family

Since our founding in 1981, FamilyMart Co., Ltd. has operated our businesses under the guiding principle of providing convenient and abundant lifestyles to customers and communities.

The role fulfilled by the convenience store has changed dramatically.

Today, convenience stores are part of our everyday lives, supporting the social and lifestyle infrastructure.

We have never strayed from our values of being always near, as embodied in our 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."

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WE SUPPORT



In September 2017, FamilyMart signed the United Nations Global Compact.

Sustainability at FamilyMart

Find detailed and up-to-date information on sustainability on our corporate website.

Website

Information on Sustainability at FamilyMart
<https://www.family.co.jp/sustainability.html>



Representative Director and President

福見研一

Creating Convenience Stores for a New Era, While Remaining Family Mart, Where you Are One of the Family

The Increasing Importance of Sustainability

The year 2021 was marked by the prolonged states of emergency due to the spread of COVID-19, as well as by weather disasters never-before experienced in Japan. Numerous other events occurred that impacted society as a whole in major ways.

The COVID-19 pandemic was a major turning point that changed awareness and behavior. In turn, these changes impacted the way we approached convenience store

operations.

Amid these remarkable changes in the social environment, we have all become increasingly aware of the concepts behind the Sustainable Development Goals (SDGs), which aim to create a sustainable society. At the same time, we recognize that how we engage in creating sustainable societies is an extremely important issue.

Our Responsibility for Materialities

To ensure sustainable business management, and based on feedback from society and shareholders, we identified five priority materialities to address as a company.

These five materialities are: environmental awareness, regional revitalization, attractive products and services,

trustworthy supply chains, and a motivating work culture. Conventional social patterns and values are undergoing major changes in our world today. We believe that our role in creating sustainable societies is to engage sincerely and steadily with these materialities.

Sustainable Convenience Stores That Address the SDGs

Among our priority materialities, as part of our efforts to address the materiality of environmental awareness, we established a medium- to long-term goal that we call FamilyMart Environmental Vision 2050. Under this goal, we are progressing steadily in reducing greenhouse gases, plastics, and food loss.

More specifically, we are engaged in reducing CO₂ emissions from store operations, providing eco-friendly delivery services, adopting environmentally friendly containers made from biomass plastic and paper, encouraging pre-ordering of seasonal products, and simplifying the process of price reduction methods for products nearing their best-by dates. Further, we are

overhauling and developing the *Famimaru* private brand, incorporating elements of sustainability and focusing on the key concepts of delicious, happy, and comforting.

The Famima Children's Cafeteria and Famima Circle for the elderly are just two projects behind our efforts to revitalize local communities and solve social issues. In addition, we began the Famima Food Drive project to reduce food waste and foster mutual support in our communities. We conduct the Famima Food Drive project with the cooperation of social welfare councils and NPOs.

This project is a community-based initiative unique to FamilyMart in which community residents can participate freely in social contribution at any time.

Leveraging the Potential of Brick-and-Mortar Stores to Become Digital Hubs

The use of digital technology is essential for sustainable societies. Combining the current trend toward digital transformation with the convenience store business, we opened a cashierless store in Tokyo that utilizes an unattended payment system. We also introduced robots to remotely control and automate product display operations in certain stores. Further, we are working on new ways to operate stores that will save time, labor, and staff, including experiments with humanoid AI that will assist store managers

in a wide range of tasks.

We have established new companies with Itochu Corp and other entities to develop a digital advertising distribution business that leverages purchase data and a media business that makes use of digital signage. Combining large-screen digital signage installed in stores and attractive visual content, we intend to create a new framework for linking the sales floor and store products, providing customers with more exciting purchasing experiences.

Creating a Culture That Takes Advantage of Diversity and Respects Human Rights

Human resource development is an extremely important topic in creating sustainable societies.

FamilyMart pursues Diversity & Inclusion to leverage diversity as we continue to deliver opportunities for a diverse base of human resources to play active roles in the company and create new innovations.

Respect for human rights is an indispensable foundation for sustainable societies. We established the FamilyMart Human Rights Policy to ensure that the entire supply chain, including employees, franchised stores, and business partners, respects basic human rights. We strive to prevent any infringement on human rights.

To Our Stakeholders

FamilyMart celebrated our 40th anniversary in September 2021.

Over the past 40 years, FamilyMart, as Japan's original convenience store, has grown and evolved, all the while responding flexibly to changes in society. However, this is one thing that has not changed and must never change. Our basic principles: *FamilyMart, Where You Are One of the Family*. The FamilyMart corporate name is the very foundation and ideal we aim to achieve.

FamilyMart is a network of more than 16,000 brick-and-mortar stores in Japan, visited by 15 million customers every

day. We believe that it will become increasingly important to leverage this unparalleled potential to serve as a hub between the real and digital worlds in the lives of our customers as we strive to achieve the types of sustainable societies envisioned by the SDGs.

Together with our customers, franchised stores, business partners, employee, and other stakeholders, FamilyMart will continue to walk alongside YOU as we move forward to achieve the goals of the SDGs.



FamilyMart's Approach to the SDGs

Working with the World to Create a Sustainable Society

In order for human society to continue to develop and grow, environmental and social sustainability is essential. Through our business activities, we will contribute to the achievement of the Sustainable Development Goals (SDGs), which are common global goals adopted by the United Nations.



Achieving the SDGs = Sustainable Development of Corporations



Materiality at FamilyMart

- Materiality 1** Contributing to the future of the earth and its regions through environmental awareness
- Materiality 2** Evolving as a regional revitalization base close to people
- Materiality 3** Creating safe and reliable products and services to bring convenience and richness to everyday
- Materiality 4** Working with suppliers to pursue a sustainable supply chain
- Materiality 5** Building a motivating work culture with driven employees

Our efforts to achieve the SDGs are based on our materialities, which we have identified based on the expectations and requests of our stakeholders as well as external environmental and social issues. Addressing important issues and contributing to the achievement of the SDGs will also help us realize our basic principles.

We aim to achieve the SDGs, realize a sustainable society, and become a familiar convenience store that connects with each of our customers like a family member becoming an integral part of the community.

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 convenient and abundant lifestyles. 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 addition to the Sustainability Policy, which was established to commit to this idea both internally and externally, we have signed the United Nations Global Compact to promote cooperation with the international community, and are working to realize a sustainable society. Moreover, in order to conduct business with an understanding of and control over its impact on society, we have identified material issues

Sustainability Promotion Framework

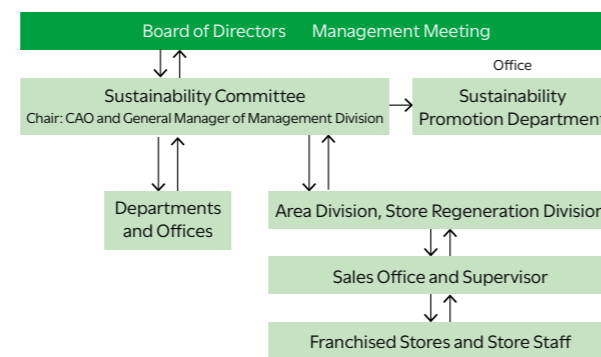
FamilyMart’s Sustainability Committee, an advisory body to the President, oversees sustainability initiatives across the company. Chaired by the Chief Administrative Officer and General Manager of the Management Division and administered by the Sustainability Promotion Department, it approves activity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

To promote sustainability, each department, office, Area Division, and the Store Regeneration Division conducts concrete sustainability initiatives through its respective operations in line with FamilyMart’s basic policies, medium- 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.

(materialities) and have promoted sustainability initiatives linked with our business.

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. In fiscal 2019, when the Group was reorganized, we reviewed our key issues and subsequently formulated the FamilyMart Environmental Vision 2050, our medium- to long-term environmental targets. 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 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 Related to Sustainability (Materialities)

We have identified material issues among many different issues submitted by society and stakeholders 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 achieve 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 medium- 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 principles, 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 2021 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

Materiality 1 **Contributing to the Future of the Earth and Its Regions through Environmental Awareness** [Related Pages](#) [Page 15](#)

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

Related SDGs

Materiality 2 **Evolving as a regional revitalization base close to people** [Related Pages](#) [Page 21](#)

Measures Taken

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

Related SDGs

Materiality 3 **Creating safe and reliable products and services to bring convenience and richness to everyday life** [Related Pages](#) [Page 27](#)

Measures Taken

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

Related SDGs

Materiality 4 **Working with suppliers to pursue a sustainable supply chain** [Related Pages](#) [Page 33](#)

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

Related SDGs

Materiality 5 **Building a motivating work culture with driven employees** [Related Pages](#) [Page 39](#)

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

Related SDGs

Fundamental Keys

- Enhancing corporate governance [Page 11](#)
- Thorough risk management and compliance [Page 11](#)
- Respect for human rights [Page 12](#)
- Joint growth between franchised stores and headquarters [Page 13](#)

Stakeholder Engagement

Our stakeholders include not only our customers and FamilyMart franchised stores, but also our many business partners, employees, and local communities. Through this communication with stakeholders, we will listen to their valuable opinions and requests to improve our business activities, products and services, and fulfill our social responsibility to help FamilyMart realize a sustainable society.



	Method / Content	Achievement and Evaluation	Response / Plan
Customer	<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 Sending information tailored to users via the FamiPay app Information dissemination through website, communication through SNS 	<ul style="list-style-type: none"> 16,000 stores in Japan, with 15 million customers per day Feedback to the Customer Service Office: 96,023 calls/messages Downloads of FamiPay app: 8.77 million (as of the end of February 2021) Official twitter account (@famima_now): 3.5 million followers 	<ul style="list-style-type: none"> Develop and 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 digital technology
Local community	<ul style="list-style-type: none"> Dialogue with the local community through daily store operations Support activities for children, youth development and senior citizens to revitalize the community In-store fund-raising activities to support NGOs/NPOs and disaster recovery Practice of solving social issues in collaboration with NGOs/NPOs through business activities 	<ul style="list-style-type: none"> Initiatives for crime prevention, including prevention of special fraud, and disaster prevention and support during disasters Organize online events with local participation through collaboration agreements with local governments and NGOs/NPOs Fiscal 2020 fundraising results: approximately 473 million yen Nationwide expansion of Famima Food Drive: 545 stores (as of September 2021) 	<ul style="list-style-type: none"> Continue to serve customers with consideration for each individual customer Expand community-based events/programs using stores and online Effective use of in-store fund-raising, corporate donations, and business activities to solve social issues
Franchised Store/Store Staff	<ul style="list-style-type: none"> Store visits by the president and other supervisors Hold management policy/product policy briefings using online Strengthen and enhance various support systems for store managers and store staff Consultation and response by the Franchisee Relations Office 	<ul style="list-style-type: none"> Deepening the dialogue through weekly visits by supervisors Advice, evaluation, and guidance on store management, and periodic confirmation of the status of practices Provide free health exam support services to store managers and store staff. Number of consultations to the Franchisee Relations Office: 3,600 or more (FY2020) 	<ul style="list-style-type: none"> Building a deeper relationship of trust between Franchised Stores and headquarters Promote efficiency in store operations, expand support, and improve profitability Streamlining store operations and promoting labor saving Enhance and expand systems that motivate store staff
Suppliers	<ul style="list-style-type: none"> Information sharing, collaboration and implementation of sustainability policies and product policies Promoting sustainable procurement in the supply chain Operation and response of supplier consultation service Conduct and respond to supplier surveys 	<ul style="list-style-type: none"> Disseminate our sustainability policies to 562 business partners (annually) Supply chain SAQ (self-check) conducted for 34 companies Conducted third-party audits of four factories in our supply chain Implementation of business partner questionnaire: Received responses from 262 companies 	<ul style="list-style-type: none"> Increase understanding of and support for the sustainability policies Supply chain SAQ, expanded scope of third-party audits Improve response rate to supplier surveys
Employees	<ul style="list-style-type: none"> Conduct diversity penetration surveys and LGBTQ education Strengthen support for goal achievement through the implementation of forward sessions*1 Various support systems for employee training/self-development, childcare and nursing care, etc. Promotion of health management 	<ul style="list-style-type: none"> Diversity penetration survey: 95% response rate (January 2021) LGBTQ initiatives: ALLY*2 stickers distributed: 1,241 Short-term childcare leave (suku suku kyuka) taken: 80% Health awareness survey response rate: 94% (August 2020) 	<ul style="list-style-type: none"> Promote diversity and inclusion Enhanced education and training menu to provide growth opportunities Expansion of various systems related to health, welfare, etc. adapted to different life stages Promote maintenance of mental and physical health

*1 To increase the frequency of communication and to improve the certainty of achieving goals, this is a positive place to discuss and consult about what to do in the future to achieve the goals.

*2 People who understand, support, and encourage LGBTQ people

*3 Five-day parental leave available once a year to employees with children up to first grade (can be taken in increments of 1 day, up to 5 days regardless of the number of eligible children)

Fundamental Keys

Enhancing Corporate Governance / Thorough Risk Management and Compliance

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

Corporate Governance Overview

The Company has adopted a corporate auditor system.

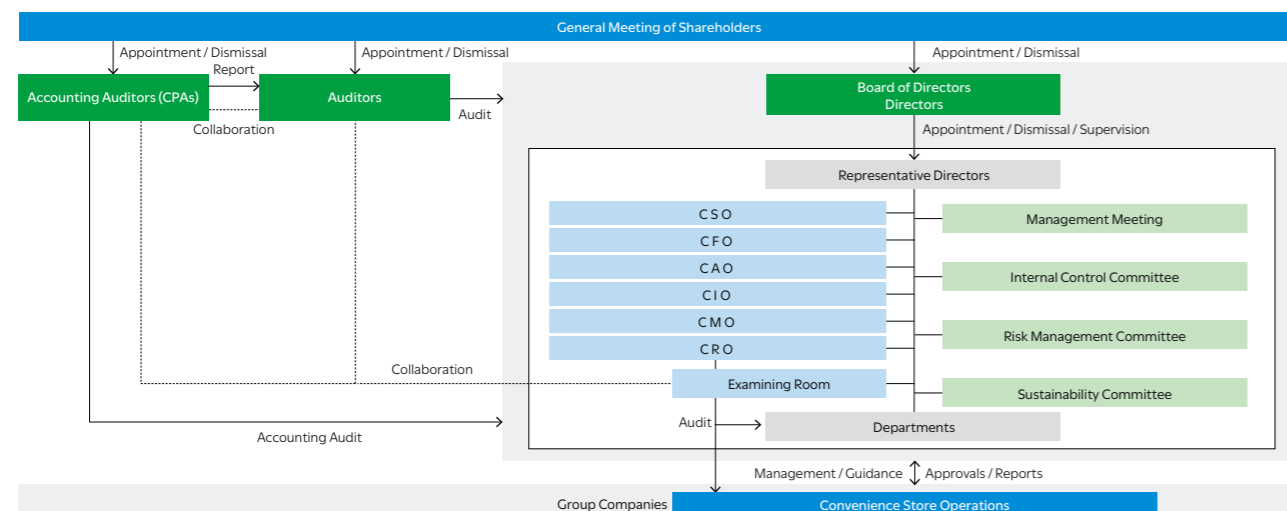
As a general rule, the Board of Directors meets once a month to make decisions on the execution of the Company's important operations and to supervise the duties of the Board.

We have adopted an executive officer system to enhance rapid decision-making and business execution. Executive officers are appointed and assigned duties by resolution of the Board of Directors, and execute their assigned duties. In addition, we have established the Governance Committee (currently: Internal Control Committee), the Risk Management Committee, and specialized departments for the purpose of establishing internal controls and ensuring corporate governance.

The Audit Office established as the Internal Audit Division which reports directly to the Representative Director and President. The Audit Office conducts internal audits on company-wide management issues from the perspectives of efficiency in the execution of duties, risk management, and compliance with laws and regulations. For accounting audits, we have concluded an audit contract with Deloitte Touche Tohmatsu LLC, and have received audits under the Companies Act and the Financial Instruments and Exchange Act. The accounting auditor conducts audits of financial statements, etc. from the standpoint of an independent third party, and the Company receives reports on the audit results and exchanges opinions with them.

Designated public institution
Materiality 2 → Page 21

Corporate Governance System



Thorough Risk Management and Compliance

Internal Control System

We have established the Governance Committee (currently: Internal Control Committee), the majority of which is composed of independent outside directors, etc., as an advisory body to the Representative Director and President. This committee confirms the status of the establishment (maintenance and operation) of internal controls based on the Basic Policy for the Establishment of Internal Control Systems. The Governance Committee met three times during the current consolidated fiscal year.

Compliance System

We have established Basic Ethics and Compliance Policy. We are working to make this policy known and thoroughly implemented. In addition, we are promoting compliance by assigning compliance officers to our company and our group companies, conducting education and training activities for our officers, establishing an internal information provision system (Employee Hotline, Supplier Helpline) and consultation counter on an ongoing basis.

Risk Management System

The Company regularly analyzes and evaluates the risks that each division of the Company may face, and then manages the control status of such risks. The Risk Management Committee has been established, and employees who discover the occurrence of a compliance-related case are required to report the details of the case to their supervisors and the Risk Management Committee Secretariat. We have formulated a business continuity plan (BCP) and disaster operations plan as designated public institution, and are conducting e-learning education and disaster preparedness training on how employees should behave in the event of a disaster.

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.

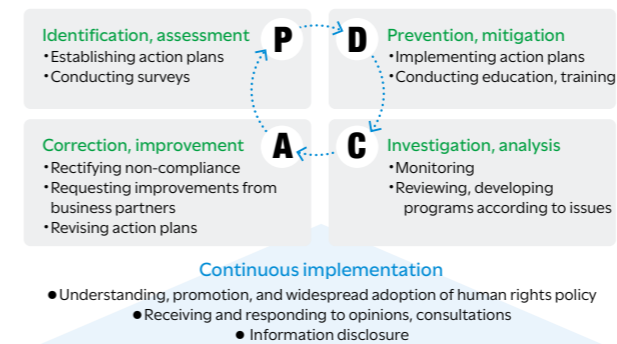
Approach and promotion system for respect for human rights

In October 2020, we established the FamilyMart's Human Rights Policy in line with international standards such as the United Nations Guiding Principles on Business and Human Rights, and we expect all of our employees as well as all of our business partners, including franchised stores and suppliers, to understand and support the policy. We encourage them to collaborate in promoting respect for human rights throughout the supply chain.

The Sustainability Promotion Department serves as the secretariat for the company's overall efforts to respect human rights, and promotes these efforts in cooperation with other departments. Under the Sustainability Committee, which is an advisory body to the President, the CAO and General Manager of the Administrative Division, who chairs the committee, is responsible for its oversight.

With regard to human rights due diligence, we continue to Identification and assessment (P), prevention and mitigation (D), Investigation and analysis (C), and correction and improvement (A) issues related to human rights, based mainly on information collected from reporting mechanisms.

Overview of our human rights due diligence



Education and enlightenment on human rights

We make the FamilyMart's Human Rights Policy known to all stakeholders involved in our company and request their cooperation in complying with the policy. For employees, we provide training on understanding our policies using e-learning and videos, as well as practical educational guidance on human rights awareness and product labeling by outside instructors. In addition, in order for our business partners to understand and support our policies, we share information with our member stores on the portal site for franchised stores on how to operate their stores. We also hold Information Sharing Meetings on Human Rights Issues for our business partners, including product and food service manufacturers, and are working to prevent and reduce human rights risks throughout the supply chain.

Human Rights Reporting Mechanisms and Measures

We have established an internal reporting system (hotline) that can be accessed at any time by all employees as a contact point for consultation and reporting to internal and external experts. We have established the Franchisee Relations Office for franchised stores and the Business Partner Helpline for other business partners, which are operated as a contact point for reporting and consultation, including human rights issues.

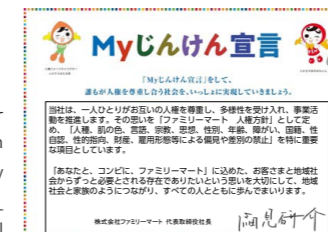
In addition to protecting the confidentiality of the content of the report, we also prohibit any disadvantageous treatment or retaliatory measures against those who provide information in order to protect whistleblowers, prevent acts that may violate human rights and establish a system for correcting such acts when they occur.

TOPICS

Endorsement of the Ministry of Justice's My Jinken Declaration

As a company that acts in a manner that respects human rights, we have made the My Jinken Declaration promoted by the Ministry of Justice, and are promoting initiatives aimed at realizing a society where everyone respects human rights.

FamilyMart's Human Rights Policy, Our My Jinken Declaration
https://www.family.co.jp/sustainability/management_foundation/human_rights.html



Joint growth of 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.

Based on the franchised store support action plan formulated in April 2019, we will strengthen our franchised stores support while reviewing it every year, and build an appropriate store management system that matches the times.

Implementation of shortened business hours

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 to be 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. Shorter hours of operation officially started in June 2020, and 755 stores were operating on shorter hours as of September 1, 2021.

New Franchised Store Support

In response to changes in the business environment surrounding convenience stores, we have formulated measures to support franchisees in order to promote the creation of an environment in which franchised stores can focus on management in a positive and secure manner. From fiscal 2020,

we introduced the area headquarters system as an integrated sales and development organization, and implemented the New Franchised Store Support (see list on page 32) under the promotion of further regional closeness.

Food Loss Reduction

We are working on initiatives to reduce food loss with franchised stores.

•Reduction of food loss in stores

Implemented franchised stores support program to improve the accuracy of daily ordering at stores and to improve the disposal rate.

•Simplification of the store price reduction system

Simplify the price reduction system for midday meal products that are about to expire.

Encouraging purchases and reducing food loss by attaching discount stickers to target products

•Expansion of frozen food sales space

Less food waste due to long shelf life

•Keep the deliciousness intact.

Work on extending the sales time of food products by improving the quality control know-how of the ready-to-eat plants to which we outsource manufacturing, and by using modified atmosphere packaging technology to extend product shelf life while maintaining freshness.

[Reducing food loss → Page 19](#)

Improve systems and strengthen communication 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 to provide not only financial support, but also health care and work-life balance for franchised store owners and store staff to create an environment where they can work with peace of mind.

Maintaining Strong, Trusting Relationships with Franchised Stores

Trusting relationships with franchised stores are fundamental to our franchise business. At present, due to the effects of the new coronavirus, opportunities for dialogue with franchised stores are limited, but we are trying to communicate with them through messages from the president himself, such as at the *Kansha no Tsudoi* (Gratitude Gathering) where we announce our annual policy and in the 40th anniversary magazine. 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.

While seeking opportunities for dialogue at COVID-19 Risks, we will share the same values with our franchised stores, and pursue attractive products and services, new store functions that encourage customers to visit and lead to business growth, and a chain of stores that our franchised stores can be proud to operate.

Main Franchised Stores Support Systems and Opportunities for Dialogue

Measure	Overview, Aim
Promotion of health management	<ul style="list-style-type: none"> Maintained health exam support services for franchisees and store staff Expansion of the number of people eligible for subsidies (Starting in FY2020, a uniform subsidy amount was provided, and there is no upper limit on the number of people who can be examined)
Enhancement of store manager support system	<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	<ul style="list-style-type: none"> Fees waived for recruitment site, planning and discount negotiation implemented for other recruitment media Expand matching services to fill short-term employment needs
Cost-sharing for 24-hour operation (formerly described as incentives for being open 24 hours a day)	<p>Increased the base amount from 100,000 yen to 120,000 yen 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.</p>
Strengthen countermeasures for loss from food wastage	<p>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. In addition, the company launched a store price reduction system that simplifies the price reduction system for ready-to-eat products that are about to expire.</p>
Increase incentives for operating multiple stores, renewing contracts	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	Elimination of membership fees and opening preparation fees for new franchised chain members from February 2020.
Introduced the Romuten application for managing foreign store staff.	Reduce the burden of procedures and labor management when hiring foreign store staff at franchised stores
Established FamiWELL.	A welfare site for store staff that offers special prices on products from partner companies and delivers health videos.

Main Opportunities for Dialogue with Franchised Stores

<i>Kansha no Tsudoi</i> (Gratitude Gathering)	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	Study groups for store managers, with themes for each area/region
Expanded functions and scale of Franchisee Relations Office	Promote direct communication by expanding the number of full-time visiting counselors, including experienced employees, throughout the country. Contributing to the smooth operation of stores by reflecting and improving the voices of franchised stores

Additional Franchised Store Support since the Spread of COVID-19

Providing relief money to franchised stores with lower sales	Providing relief money to franchised stores whose total revenue dropped year-on-year, based on the percentage of decline (50,000 yen/100,000 yen per store *FY2020)
Early settlement of the gross revenue minimum guarantee supplement	Minimum guaranteed supplemental amount, usually settled annually, was processed in the March–May period to help dispel future financial concerns *FY2020
Support for stores affected by COVID-19 infection	Providing 100,000 yen 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	Special measures for franchised stores whose business conditions have changed drastically due to 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* 2020 Fiscal year
Increase in waste loss contributions Sales promotion	Life support sale as an emergency measure (March–April 2020) Increase in Headquarters waste loss contributions for a limited time (September to November 2020)

Materiality

1



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



Social Background and Issues to Recognize

The global environment is facing a serious crisis due to global warming, ocean pollution and deforestation. 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.

Environmental issues also have a significant impact on our business. As a company that contributes to the SDGs, we also hope to contribute to achieve a sustainable society by proactively working toward solving environmental issues.

Vision

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
- Use of sustainable resources
- Prevention of environmental pollution
- Reduction of food wastage

Continuous Improvement of Environmental Management System

Environmental Management System

We have established an ISO 14001-based environmental management system (EMS) for environmental management consistent with our basic principles and sustainability/environmental policies.

At all workplaces that are constantly improved through collaboration between headquarters and all stores in a company-wide framework under the president.

In addition to regular audits by external examiners, we have enhanced our internal environmental audit system by employees of the Sustainability Promotion Department to strictly check the operation status. As a result of the internal environmental audit in FY2020, there were no applicable violations of laws and regulations or major environmental issues.

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 are risks that could have a significant impact not only on our daily lives and corporate activities but also to future generations.

Under these conditions, the SDGs and the Paris Agreement have been agreed upon by the international community, and there is a growing demand for companies to take action.

Management Approach

Most of our GHG emissions come from energy use in our stores. We will contribute to achieve a decarbonized society by actively using renewable energy and developing environmentally conscious stores, in addition to thoroughly promoting energy conservation in our stores. We will also take appropriate measures to deal with climate change and proactively disclose information.

FamilyMart Environmental Vision 2050	Major achievements and accomplishments in FY2020	FY2021 KPI
Greenhouse gas reduction: Stores CO ₂ emissions from operations (compared to 2013)	■ Stores switching to internal LED lighting fixtures: 6,350	■ Stores switching to internal LED lighting fixtures: 14,680
2030: 50% reduction 2050: 100% reduction	■ Stores with newly installed solar panels (for internal consumption): 218	■ Stores with newly installed solar panels (for internal consumption): 714
	■ Stores deploying refrigerator/freezer cases with CO ₂ refrigerant: 41	■ Stores deploying refrigerator/freezer cases with CO ₂ refrigerant: 200
	■ Delivery vehicles replaced with clean diesel trucks (per year): 513	■ Delivery vehicles replaced with clean diesel trucks (per year): 500

Initiatives in Products, Logistics, and Stores

Product

Products made with soybeans

Products made with soy meat have been available since April 2017. Soy meat, a processed food made from soybeans, has been attracting attention due to changes in awareness of environmental issues resulting from the growing focus on the

SDGs in recent years. Compared to livestock, soybeans require less water and energy to grow and emit fewer greenhouse gases, making it a food with less environmental impact.

We will continue to expand the range of products that use soy meat and work to reduce the environmental impact.

Logistics

Deployment of Environmentally-Friendly Vehicles

FamilyMart has been actively working to reduce the pollution of our delivery vehicles by introducing environmentally friendly vehicles such as compressed natural gas (CNG) and hybrid vehicles.

Currently, we are introducing clean diesel vehicles that are highly fuel efficient and meet the latest emission regulations, and we are planning to replace all delivery vehicles by 2025. At the same time, we are introducing electric and fuel cell vehicles, as well as conducting demonstration tests of fuels derived from renewable resources (renewable fuels).

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 kept at a constant temperature (18°–22°C). In addition, the number of vehicles has been reduced by establishing a system of joint delivery by temperature zone, where products are consolidated at the logistics centers and delivered in batches to each store.

Store

Environmentally Conscious Store Design

At each store, we practice the ten energy saving tips that can be taken at the store, such as turning on and off the power frequently and cleaning the filters of fixtures regularly. We are promoting the reduction of environmental impact with cost consciousness by ensuring that all store staff are aware of the importance of environmental conservation and incorporating it into daily store operations.

Promotion of Renewable Energy

We are 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.

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.

Companies are expected to make further efforts to create a recycling-oriented society. In particular, there is a strong need to curb the generation of plastic waste, which has adverse effects on marine pollution and ecosystems, and to review 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.

We will actively promote the recycling of food waste generated in our stores, reduce the use of plastics by improving container packaging materials, and switch to materials with less environmental impact.

FamilyMart Environmental Vision 2050

Plastic countermeasures: Proportion of eco-friendly materials

2030: **60%**
2050: **100%**

Key Accomplishments and Performance in FY2020

■ Rate of customers declining plastic bags: **62.3%**

Before charging: 28.0%
→ After charging: 76.8%

■ Reduction of petrochemical plastics by adding biomass to plastic bags and maintaining the decline rate

Reduction of **4,060 tons**

FY2021 KPI

■ Amount of petrochemical plastic used by adding biomass to plastic bags and maintaining the decline rate

Reduction of **6,985 tons**

■ Reduction of petrochemical plastics through development of environmentally friendly products

49 tons reduction

Initiatives for resource use and environmental pollution prevention

100% recycled plastic bottles

We use recycled plastic bottles made of 100% recycled PET resin (bottle to bottle) recycled from used plastic bottles as containers for our private brand natural water (two products). This will reduce the amount of new plastic produced from petroleum by about 780 tons per year, and the amount of CO₂ emissions from product manufacturing by about 750 tons per year.

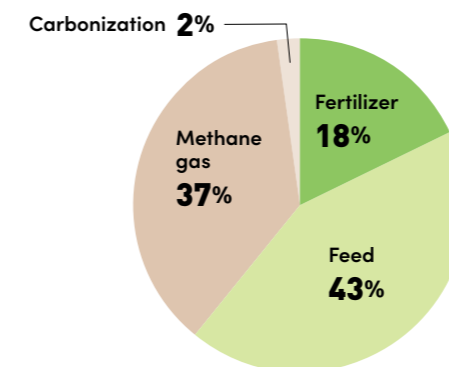
Food Waste Recycling Initiatives

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 60% recycling rate for food retailers targeted by the Food Recycling Law.

FY2020 Results

- Amount of food waste generated **61,966t**
- Actual food recycling rate **60.8**
- Stores implementing recycling of food residues **3,139 stores**

Recycling ratio of food residues



Switch to new material film

In August 2021, the use of petroleum-based plastics will be reduced by approximately 15%, or approximately 70 tons per year, compared to the conventional product by using thinner packaging film and bio-based materials for direct-rolled rice ball.



Introduced a new spoon design with a lighter handle

We have changed the design of the handle of the spoon that customers are given when they purchase lunch boxes, rice bowls, soups, etc., to reduce the amount of plastic used by about 12%. The total amount of plastic used by FamilyMart will be reduced by approximately 65 tons per year.



Introduced shopping baskets made from waste materials

We have developed shopping baskets that use marine plastic waste, which has become a serious social problem after drifting ashore in Tsushima City, Nagasaki Prefecture, as part of the raw materials, and are introducing them to some stores. The shopping baskets are actually used by customers to raise awareness of marine litter issues.



Initiatives for Recycle and Reuse Local Resources

In January 2021, we signed an agreement with Saga City, Saga Prefecture, regarding cooperation in environmentally friendly regional resource recycling. The purpose of this agreement is to promote the establishment of a sustainable, recycling-oriented society by maximizing the use of local resources at Saga City. Based on this agreement, Saga City collects waste cooking oil from stores in Saga City and recycles it into high-quality biodiesel fuel (HiBD), which is then used as fuel for Saga City buses and other vehicles.

Reduction of food loss

Issues to Recognize

While poverty and hunger exist in the world, a lot of food is wasted and thrown away. Goal 12 of the SDGs is to halve global per food waste at the retail and consumption levels by 2030, and to reduce food losses in production and supply chains. In Japan, the Law for the Promotion of Food Loss Reduction will be enforced in October 2019, and retailers are expected to make further efforts.

Management Approach

The generation of food loss has a significant impact on our business operations, not only in terms of environmental impact, but also in terms of costs associated with sorting and disposal.

As food products account for the mainstay of our sales, we have positioned efforts to reduce food loss as one of our most important issues. We will contribute to the transition to sustainable consumption and production patterns by curbing the generation of food waste by improving the accuracy of product ordering and promoting long-life products through improvements in containers and packaging.

FamilyMart Environmental Vision 2050

Food Loss Reduction
Food waste in stores (compared to 2018)
2030: **50%** 2050: **80%**

Key Accomplishments and Performance in FY2020

■ Amount of eel-related products disposed of by complete reservation system
Approx. 80% reduction (compared to 2018)
*Before implementation of the reservation system

Initiatives in Stores

Store price reduction system

On July 1, 2021, barcode stickers were introduced to the price reduction system for midday meal products such as rice balls and boxed lunches that are about to expire, to simplify the work of store staff and reduce food loss.



Promotion of *Temaedori*

During the period from June 1, 2021 to August 31, 2021, in cooperation with the three ministries of the Consumer Affairs Agency, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of the Environment, we implemented the *Temaedori* campaign to encourage customers to take

environmentally conscious purchasing behavior.

Temaedori is a way to reduce food loss by encouraging people to actively choose products from the front of the shelves if they are to be eaten immediately after purchase.

すぐに食べるなら、『てまえどり』にご協力ください。



Supply Chain Initiatives

Production Control System

We have been continuously working to improve quality control at our outsourced ready-to-eat plants. A production control system has been installed in the ready-to-eat plants,

and incoming foodstuffs are bar-coded with expiration dates. By managing the expiration dates, we are able to use ingredients without waste and reduce food loss.

TOPICS

Supported Initiatives

Supporting TCFD Recommendations

The TCFD was established by the Financial Stability Board at the request of G20, Ministry of Finance and governor of the Central Bank.

FamilyMart announced support of the final report of the TCFD in February 2020.



Disclosure content in line with TCFD recommendations
https://www.family.co.jp/sustainability/material_issues/environment/carbon/tcfd.html

External evaluations and awards

Greenhouse Gas Reduction Targets Certified as Science Based Targets (SBT) Initiative

The greenhouse gas reduction target set by our company has been recognized by the Science Based Targets (SBT) Initiative*¹ as a scientifically based target "well below 2°C" in comparison with the "2°C target" set by the Paris Agreement.

The SBT initiative is the first of its kind in the convenience store industry.

*1 The SBT Initiative is a joint initiative by the international NGOs CDP, the United Nations Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). We are promoting the establishment of science-based greenhouse gas reduction targets (SBTs) to meet the goals of the Paris Agreement.



The only one in the convenience store industry

Award for Excellence in the Ministry of the Environment Let's All Reduce Plastic Shopping Bags Challenge

Since July 2020, we have been a registered supporter of the Let's Reduce Plastic Shopping Bags Challenge organized by the Ministry of the Environment, and have promoted various initiatives to reduce plastic shopping bags together with our

customers. In recognition of its efforts, the company was the only one in the convenience store industry to receive an award for excellence in the corporate category.

First in the convenience store industry

Received the highest rating in CDP's Supplier Engagement Rating (SER)

In the 2020 Supplier Engagement Review (SER) conducted by the international NGO CDP*², we became the first company in the convenience store industry to be selected for the highest rating, the Supplier Engagement Leaderboard. In addition to its efforts based on the FamilyMart Environmental Vision 2050, the Company has been recognized for its efforts

to reduce greenhouse gas emissions throughout its supply chain, and has been awarded a prize in the first convenience store industry to be selected for the Leader Board.



*2 CDP is a non-governmental organization (NGO) managed by a British charity. Operates a global information disclosure system on the environment

Environmental Activity Reports and Awards

Received the 24th Environmental Communication Award for Excellence in Climate Change Reporting

Sustainability Report 2020 won the Climate Change Reporting Excellence Award (President's Award of the Global Environmental Forum) at the 24th Environmental Communication Awards organized by the Ministry of the Environment and the Global Environmental Forum.

The report was highly evaluated for its easy-to-

understand description of the risks and opportunities of climate change in the value chain, and for its ingenuity in disclosing information as only a BtoC company can.



Materiality

2



Evolving as a Regional Revitalization Base Close to People



Social Background and Issues to Recognize

With the demographic changes seen in Japan's declining birthrate, aging, and declining population, it is becoming increasingly important to revitalize regional economies as the population shifts between urban and rural areas. 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 cannot overlook these issues. 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

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

With the changing demographics, society needs measures to ensure that everyone can live a healthy life without being isolated from their community. In the event of a natural disaster, which are becoming more frequent and more severe, 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 FY2020

- Comprehensive agreements: **46** prefectures, **3** ordinance-designated cities, and **17** municipalities
- Watch-over agreements: **6** prefectures, **1** ordinance-designated city, and **10** municipalities
- Donations of disaster relief money: **Approx. 35 million yen**

Targets and KPIs

- 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 hubs

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 46 prefectures, three ordinance-designated cities, and 17 other municipalities (as of the end of February 2021) 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 collaborations are building a system of community-based management for store operations to promote close local ties, 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 unusual, showing the care, attention, and regard that only physical stores can offer.

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. In FY2020, based on the Agreement on the Supply of Disaster Relief Supplies with Kumamoto Prefecture, we delivered relief supplies during the torrential rains in July 2020.

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.

After Major Disasters: Relief Fundraising, Employees in Relief Activities

In the event of a large-scale natural disaster, we will switch our in-store fund-raising to a disaster relief fund, provide relief supplies, and send our employees directly to the disaster-affected areas as a support team. We will make company-wide efforts for recovery.

We work to reopen stores and join relief activities so that those in affected areas can return to their normal lives as soon as possible.

Donations of Relief Money from 2019 to 2021

Fiscal year	Campaign	Amount (yen)
2019	Donation for Typhoon No. 15 in 2019	9,558,497
	Donation for Typhoon No. 19 in 2019	52,695,430
	Donation for the fire at Shurijo Castle	9,084,197
2020	Donation for the July 2020 Torrential Rain Disaster Relief	34,795,224
2021	Donation for disaster relief due to heavy rains since July 1, 2021	1,040,418
	Donation for the August 2021 Torrential Rain Disaster Relief	19,856,520

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 2020, a total of 279 stores (all stores in 47 prefectures) 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 hubs.



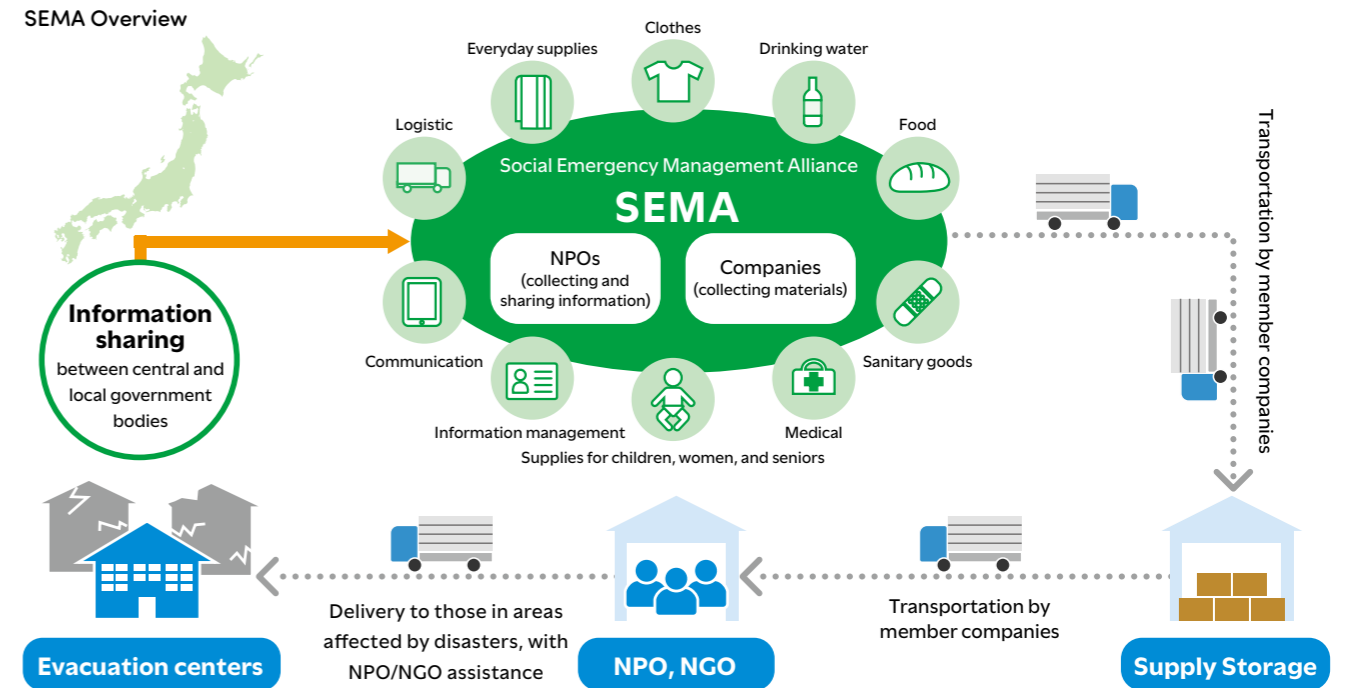
Disaster Relief through a Corporate-NPO Alliance

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.



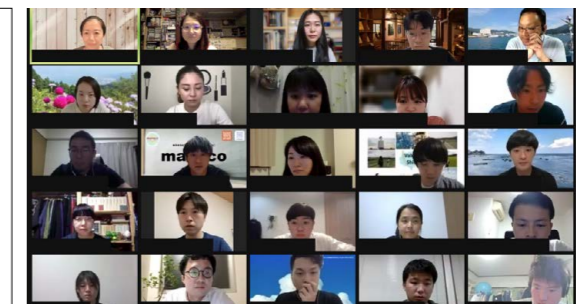
Career Support Program for Future Generations in Disaster-Affected Areas

Together with U.S.-Japan Council Japan (publicly funded), we held a Career Mentoring Program for high school girls in Tohoku since 2013 to support the recovery from the Great East Japan Earthquake. A total of 1,200 students have started their careers as future leaders.

In 2021, 10 years after the Great East Japan Earthquake, we held a new program, TOMODACHI FamilyMart SDGs Leadership

Program in Tohoku, and are working on training social workers.

Targeting young people who will work on solving local issues and take action in the three Tohoku prefectures now moving from reconstruction to the next step, the program will support them in building communities that support each other across generations and engage in community-based activities.



Supporting the Development of Children and Youth / Responding to an Aging Society

Issues to Recognize

With the accelerating changes in the living environment surrounding families and communities, efforts are being made to improve the environment for the healthy development of children and to enhance support for senior citizens. In terms of dietary habits, there has been an increase in the number of elderly people living alone and children in dual income families eating alone. The social isolation of seniors is viewed as a problem, as are the effects on children's mental and physical development. In addition, looser community ties are also viewed as a social issue.

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 are contributing to regional economic revitalization by creating opportunities for social participation, addressing areas where shopping is inconvenient, and promoting local employment.

Key Accomplishments and Performance in FY2020

- Number of applications for the 2020 Thank-You Letter Contest: **about 40,000**
- Famima Academy visiting lectures and company visits: **about 30**
- Famima Circle community exchange meeting

Targets and KPIs

- Raise awareness of our regional revitalization programs
- Improve participant satisfaction in our programs
- Develop and introduce new regional revitalization programs
- Famima Academy visiting lectures and company visits: **about 50**

Future Activities

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

Famima Academy Visiting Lectures and Company Visit

For children, the leaders of the future, we hold the *Famima Academy*, in which FamilyMart employees visit schools to give classes as instructors and students visit our company. The program targets a wide range of grades, from elementary school to high school. The content of the classes is not standard but is tailored to the needs of the schools and students. In addition to classes on products /services unique to convenience stores and the environment, we introduce the

SDGs with specific examples from stores. We also offer career education programs on the themes of what it is to work and what a job is. During COVID-19, we used an online format to prevent the spread of the infection.

In addition to promoting the development and achievement of tasks for each student, the program also improves the abilities and motivation of the employees in charge of the instructors.



Thank-You Letter Contest Supported by the Ministry of Education, Culture, Sports, Science and Technology

We have been sponsoring the elementary school student Thank-You Letter Contest nationwide since 2009. In 2019, the project was recognized for its contribution to Japanese language and ethical education and became a project supported by the Ministry of Education, Culture, Sports, Science and Technology. To date, about 400,000 applications have been received, and a total of 19,500 elementary schools have participated. For the Grand Prize, we will hold an award ceremony (online format from FY2020) at the elementary school where the awardee attends and our employees and awardee's families will celebrate together. Our stores and store staff across Japan work together with local communities centered on schools, to nurture the rich sensibilities of children and support their spiritual growth.



Awards ceremonies held online



The 2020 Awards

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

To play the role of a bridge between customers and NGOs/ NPOs engaged in social activities, we conduct the FamilyMart Connecting Dreams Foundation in-store fund-raising campaign. 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. In February 2021, we added the NPO National Children's Cafeteria Support Center Musubie to our donation list to contribute to the revitalization

of community interaction and the resolution of social issues through children's cafeterias. When a large-scale disaster occurs in Japan or overseas, we switch to a disaster relief fund to help support the affected areas. Famiport terminals at stores provide another way to donate to customers' preferred organization from 15 that are registered (as of the end of February 2021).

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

Holding of Famima Circle Local Gatherings

With the aim of helping to resolve issues faced by senior citizens, we hold seminars on such topics as prevention of special fraud, voluntary return of driver's license, and prevention of frailty (decline in vitality due to aging), which the police and local governments are working on. Although this

initiative utilized the eat-in area of stores, during the COVID-19 pandemic, to avoid participants congregating, we held the *Digital Famima Circle* online. This initiative has led many people to participate in online events for the first time, helping to bridge the digital divide issue.

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. As of February 2021, we have 974 employees certified

as Dementia Supporters. We will continue to hold dementia support training courses to increase the number of those who have obtained the certification, while deepening cooperation with local governments to contribute to the creation of a community where people can live with peace of mind.

Materiality

3



Creating Safe and Reliable Products and Services to Bring Convenient and Abundant Lifestyles



Social Background and Issues to Recognize

The shrinking market size due to the declining population in Japan and the rapid expansion of e-commerce consumption are changing the nature of product sales and retailing. There is an increasing trend of moving away from a tangible consumption and a desire for the functions of products and services and towards a more intangible consumption through the satisfaction of the purchasing experience and using them. In addition, in response to environmental issues and health consciousness, there is a growing demand for products and services that contribute to solving the problems faced by communities and society.

Our company sees these changes and diversification in social conditions and people's lifestyles as an opportunity for convenience stores to be reevaluated as a familiar presence for consumers. We hope to contribute to the realization of convenient and affluent lives for people by strengthening the development of products that are close to consumers and local communities, and by also promoting digitalization to improve consumer satisfaction and convenience.

Vision

In addition to safety and security, our company aims to develop unique products based on changes in consumer lifestyles and values and expand our product lineup. We aim to meet the increasingly sophisticated and diverse needs of consumers.

In product development, we will strive to differentiate ourselves from our competitors by incorporating diverse consumer needs and focusing on high value-added products that save time, are convenient, and are useful in daily life. We will also proactively work to create products that emphasize the growing health consciousness of consumers and lifestyle trends for each generation.

Measures Taken

- Improving customer satisfaction / Increasing convenience through digital promotion
- Provision of products and services that improve health and welfare

Improving Customer Satisfaction / Increasing Convenience through Digital Promotion

Issues to Recognize

With the spread of the Internet, e-commerce consumption is rapidly increasing, and consumer consumption behavior and values are becoming more diverse.

These changes in society will bring about changes in the nature of product sales and retailing. There is an increasing trend of moving away from a tangible consumption a desire for the functions of products and services and toward a more intangible consumption through the satisfaction of the purchasing experience and using them.

Management Approach

Taking advantage of the strength of real stores, we will provide an enjoyable purchasing experience by equipping stores nationwide with functions of information sharing media. In addition, we will promote digitalization based on the basic policy of openness to improve convenience for customers and to save labor in store operations.

Key Accomplishments and Performance in FY2020

- Feedback at Customer Service Office: **more than 96,000**
- FamiPay downloads: **about 8.77 million DL** (as of June 2021)
- Cashless ratio: **30%**

Targets and KPIs

- FamiPay downloads: **10 million DL**
- App users per year: **20 million people**
- Annual FamiPay payment transaction volume: **100 billion yen**
- Cashless ratio: **50%**

Future Activities

- Enter into new businesses utilizing customer and purchase data, etc.

Prompt Response to Customer Feedback

Our company has established a Customer Service Office, which reports directly to the president, to utilize the voices of customers who use our stores and services in our business. In FY 2020, our Customer Service Office received more than 96,000 customer comments via telephone, letters, and the Internet.

We promptly pass on the feedback we receive to the department in charge, and the staff in charge and the stores

share the information as needed and work together to make rapid improvements. In addition, we post the information on our company intranet to work on information sharing so that all employees can share customer feedback and use them to improve the relationship of trust.

Furthermore, we report and deliberate on feedback and consultations that have a significant impact on our business at the Risk Management Committee and other meetings.

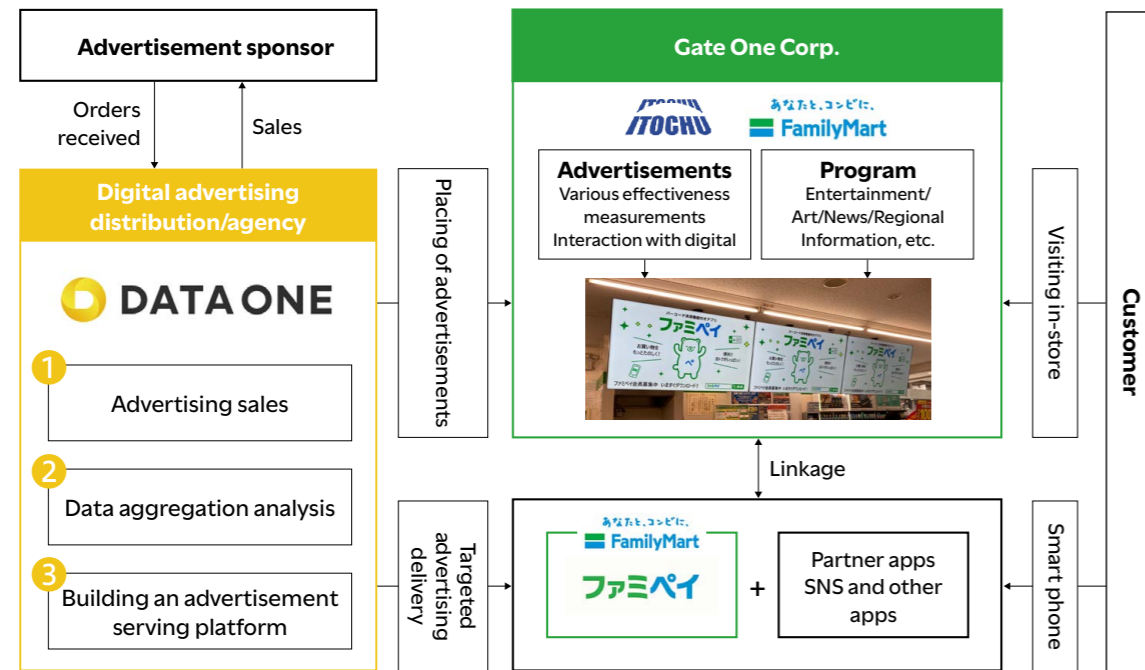


Promotion of Digitalization

Promote Store Media 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. In September 2021, we started *FamiPay* Next Month Payment, which can be used as a deferred payment even when the balance of *FamiPay* is insufficient.

In the area of advertising business, in October 2020, we established Data One Corp. to provide highly accurate targeted

advertising based on purchase data obtained from *FamiPay*, etc. In October 2021, we established Gate One Corp. to handle video distribution using large monitors. We will promote customer traffic to stores and improve merchant profitability by providing services that transcend the boundaries between real and digital. In particular, we believe that digital signage is not only effective for advertising and purchasing, but can also make regional contributions through announcements of local events, prevention of special fraud, and other crime prevention announcements.

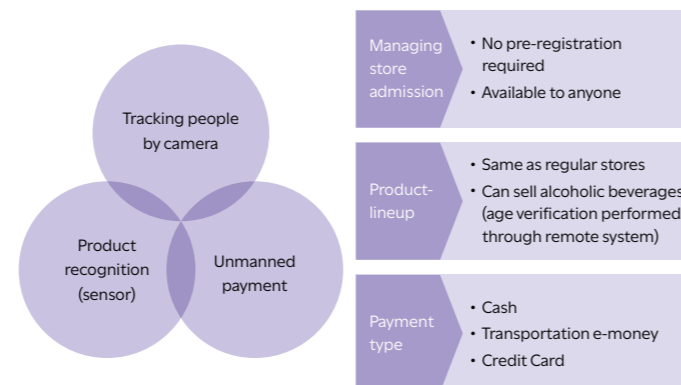


Unmanned Payment Stores Using Technology

In November 2020, we entered a business alliance with TOUCH TO GO Co., Ltd., a developer of unattended payment systems, for the practical application of unattended payment convenience stores. As a result, we opened our first store, Famima!! Sapia Tower/S store in March 2021.

The system uses sensors to recognize customers and products using cameras installed in the store, and allows customers to enter the store, pick up products, and pay at the cash register installed near the exit. In addition to addressing the growing need for contactless devices in the COVID-19 pandemic, we expect this system to address labor shortages and reduce labor costs. It also opens the possibility of opening stores in micro markets.

Building the system by combining three elemental technologies: tracking people by camera, product recognition, and unmanned payment.



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

Issues to Recognize

We are witnessing increased expectations for initiatives and development of products and services related not only to food safety and security, but also to sustainability, to help in achieving a sustainable society. We believe that it is necessary to show that we will continue to respond to changes, not only in our corporate initiatives, but also in the way we see the impact on our customers' purchasing motivation and behavior.

Management Approach

We develop a private brand that focuses on safety and quality at a level that we can safely recommend to our loved ones. In addition, we develop Convenience Wear, which is based on the concept of good materials, good technology, and good design. We provide convenience stores that not only offer convenience, but also focus on sustainable products and services.

Key Accomplishments and Performances in FY2020

- Development of ready-to-eat products that contribute to health
- Provision of products and services that improve health and welfare

Targets and KPIs

- Number of items in the private brand *Famimaru*: approx. **810**

Future Activities

- Pursuit of sustainable taste in the private brand *Famimaru*
- Proposing a new lifestyle

Famimaru, a Private Brand that Focuses on Safety and Quality

In October 2021, we launched *Famimaru*, FamilyMart's private brand, based on the concept of Family Quality. As befits the name FamilyMart, we develop and deliver to our customers products based on the key terms of delicious, happy, and comforting that are of a level of safety and quality that we can recommend to our loved ones with confidence. At the same time, to properly convey the value that *Famimaru* aims to achieve customer satisfaction, we have paid great attention to every detail in developing the package design, such as highlighting the product's appealing points as icons.

In addition to pursuing delicious tasting food that can be eaten daily, we also develop products that are environmentally friendly, such as using packaging materials that contain bio-materials.



Using a Double Circle as a Symbol for Quality that gives our Customers Peace of Mind

The name was developed by combining the words *maru*, which stands for **delicious, happy, comforting** and *Famima* as our company's nickname.

おいしい **うれしい** **あんしん**



原材料や製法にこだわりを持った商品を開発する基準を設定。顧客調査や、お客様の声を取り入れ、おいしさを追求していく。
 家族に自信を持って薦められる品質をお求めやすい価格で提供することを目指す。パッケージでは、商品特徴を分かりやすく表記。
 独自基準をクリアした工場だけを選定。バイオ素材配合の包材や紙容器を使用するなど、環境配慮型素材へ切り替えを促進していく。

Our Mission behind Developing our Private Brand Famimaru

We are switching approximately 660 types of products that have been sold as *FamilyMart Collection* and *Okasanshokudo* to *Famimaru*. At the same time, we will gradually launch some ready-to-eat products such as rice balls, bento boxes, and sandwiches as *Famimaru*, bringing the total lineup to approximately 810 products, the largest in the history of FamilyMart private brands. The values and lifestyles of our customers are changing rapidly in response to the acceleration of digitalization, COVID-19, and the trend toward achieving SDGs goals. In light of these changes, this major renewal of our private brands, which are the face of FamilyMart, is a statement of our intention to continue making changes. In line with the FamilyMart corporate message, *FamilyMart, Where You Are One of the Family*, we are responding to change with even greater speed to continue being *Where You Are One of the*

Family even as the times change. We will continue to promote this attitude through *Famimaru*.

Our Three Famimaru Lines

- Famimaru* is available in three lines.
- Famimaru*: Enriching everyday family life
- Famimaru KITCHEN*: Supporting the family dining table
- Famimaru KITCHEN PREMIUM*: High-quality flavors focusing on manufacturing methods and ingredients



Features of Famimaru

1) Sustainable and Delicious

Focusing on some standard ready-to-eat products such as rice balls, bento boxes, and sandwiches, we are pursuing flavors that never get tired, even if eaten daily. In addition to improving the quality of our products, we are continuing to develop products that will set new flavor standards.

2) Convenient Products that Change our Daily Lives

We have further expanded our 100-yen daily necessities series lineup. We are expanding our product lineup so our customers recognize our stores as a place for frequently used daily necessities.

3) Easy-to-Understand icon

On our packaging, key points such as the place of origin, manufacturing methods, and environmental awareness are displayed in eye-catching large icons.

4) Health and the Environmental Awareness

We are also developing health-conscious confectionery products, such as our delicious low-carbohydrate diet products which contain a moderately controlled amount of sugar.

5) Package Design of Maru (Circle)

For the package design, we adopted a photo of the product with an emphasis on the circle so that employees can feel a sense of fulfillment as they enjoy decorating the sales floor when stocking shelves. In addition, we have designed the package so that the product can be identified at a glance, thereby reducing the burden on setting up sales floors.



This is a new brand that will create an exciting work environment for store employees, and also evolve into a FamilyMart that provides customers with a sense of enjoyment and familiarity.

TOPICS

Proposing a New Lifestyle Convenience Wear

Clothing sold at convenience stores used to give the impression that it was something to be bought in an emergency. However, since the spread of COVID-19, the demand for convenience stores at night has decreased due to less traveling and promotion of telework. As such we have seen that there is a need for change in convenience stores clothing. Since March 2021, we have launched the Convenience Wear nationwide, which is based on the concept of good materials, good technology, and good design. We aim to create clothing that supports people's daily lives, while taking advantage of the convenience of convenience stores, which are affordable and can be purchased anywhere.

Convenience Wear offers unisex outerwear T-shirts that provides a silhouette in sizes that can be worn comfortably regardless of gender. In addition, we use recycled polyester for innerwear to be environmentally friendly, and we are particular about our knitting and sewing techniques.



Fashion Designer
Hiromichi Ochiai

Convenience Wear, Particular about Both Quality and Design

We believe that it will help create an exciting working environment for store staff, and will also lead to a FamilyMart that customers can relax and enjoy. The FamilyMart brand name and the green and blue corporate colors are recognizable as FamilyMart to anyone who sees them. That's why I wanted to create an iconic product so that the people working in stores would be confident and proud of their products. In addition to the products, we were also particular about the packaging. To make it easy for everyone to understand when they pick it up, we have included Japanese, katakana, and English in the label. After removing the product, the packaging is not just thrown away but is recycled into charging cables for cell phones and clothes, which also lends itself to our SDGs. Mass production also has a responsibility to the environment, so I would like to continue to propose products that are convenient to use where we get to the point when we realize we have become eco-friendly. I hope to appeal to people from a design standpoint as well, so that buying daily necessities at FamilyMart will become commonplace like coffee and rice ball.

Materiality

4



Working with Suppliers to Pursue a Sustainable Supply Chain



Social Background and Issues to Recognize

As the economy becomes increasingly globalized and borderless, enterprises are increasingly procuring goods from all over the globe. This expansion is having an impact on a variety of social issues, including global environmental problems, poverty and inequality, and labor and human rights issues. The expansion of the supply chain not only improves corporate competitiveness, but can also be a major risk factor, as contractors are held responsible for managing unethical behavior of their suppliers. 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.

As we handle an extremely diverse range of products, we recognize the importance of further supply chain management to deliver safe and secure products to all of our customers. We consider it our social responsibility to practice more sophisticated supply chain management 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.
ISO20400: an international standard on sustainable procurement.

Vision

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. Since the international community demands corporate social responsibility for the entire supply chain, we will continue to improve our efforts to contribute to the formation of a sustainable society together with our suppliers based on our Sustainability Procurement Principles, Sustainability Action Guidelines for Supply Chain, and FamilyMart's Human Rights Policy.

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 sustainable society requires the sound development of a healthy market economy. Enterprises are expected to fulfill valuable roles in society and profit accordingly through fair and free competition. However, in our relationships with suppliers, we are expected to make efforts to ensure fair transactions and to mutually improve transaction conditions.

Management Approach

To ensure fair and transparent business with our partners, we have established our Basic Ethics and Compliance Policy. We will ensure compliance with competition laws, including the Anti-Monopoly Act and the Subcontract Act, prohibition of all forms of corruption, including bribery, and other related laws and regulations.

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

Key Accomplishments and Performance in FY2020

■ Expanded scope of business supplier surveys:
Number sent out: **562** companies
Year-on-year change: **165%**

Targets and KPIs

- 100% awareness of the Business Partner Helpline among producers of ready-to-eat products
- 100%
- Expanded the number of industries and domains for which we survey suppliers (ongoing)

Future Activities

- Expand awareness of the Business Partner Helpline to eliminate illegal business violations (ongoing)
- Review how survey questions are posed to reduce time needed to respond and improve the response rate (ongoing)

Training to Ensure Fair, Transparent Business

For employees in procurement, purchasing, and other related departments, we provide regular compliance and legal training based on our Basic Ethics and Legal Compliance Policy. In addition, we regularly provide training on sustainable procurement and other topics. In addition, we developed our company-wide 'fair trade manual', that allows all employees to check the contents of the Anti-Monopoly Act and the Subcontract Act at any time. We also created a guidebook that outlines bribery related to entertainment and gifts by business partners which are in principle prohibited business practices.

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. We regularly share information with our business partners on trends in the convenience store industry, our product strategies, and our efforts to contribute to SDGs and ESG issues.

Business Partner Helpline / Business Partner Surveys

We have established a Business Partner Helpline with an external specialist as a contact point for consultation and reporting on the safety and security of products handled by our company, business violations of laws and regulations related with our company, human rights, and inappropriate employee behavior. In addition, we periodically send out our Business Partner Surveys to survey business partner compliance.

For each consultation or survey response, we confirm the facts in cooperation with our business partners and related departments. We then take appropriate measures such as corrective and remedial actions and preventive measures to help form a sound and good partnership with our business partners.



Building Responsible Supply Chain Management / Promoting Sustainable Ingredient Sourcing

Issues to Recognize

As we continue to globalize our supply chain, we are required not only to provide safe and reliable products, but also to consider various aspects of the entire supply chain that supports our business. These include reducing GHG and waste, preventing environmental pollution, preserving biodiversity, respecting human rights and labor practices, employee health and safety, and addressing labor shortages in logistics. In addition, as natural disasters, which are thought to be caused by climate change, become more frequent and severe with each passing year, businesses that are expected to continue their operations in times of emergency are required to strengthen their resilience by building sustainable procurement and product supply networks that can withstand disruptions to daily business due to disasters.

Management Approach

Our company is promoting supply chain management guided by our Sustainability Procurement Principles, Sustainability Action Guidelines for Supply Chain, and FamilyMart's Human Rights Policy, which were established based on our Sustainability Policy. We will promote sustainable procurement throughout the supply chain toward the realization of a sustainable society in cooperation with marine and agricultural suppliers, as well as producers and importers of ready-to-eat products and *Famimaru* (our private brand) products.

Key Accomplishments and Performance in FY2020

- Implementation of self-assessment questionnaire (SAQ) on sustainable procurement: **34** companies

procurement: **34** companies

- Conducting third-party audits on sustainable procurement: **4** plants

procurement: **4** plants

Targets and KPIs

- SAQs on sustainable procurement and third-party auditors: **200%** (doubled)

from the previous year

- Increase business partner awareness of our company's sustainability policy by distributing it directly

Future Activities

- Promote understanding of our Sustainability Procurement Principles, Sustainability Action Guidelines for Supply Chain and FamilyMart's Human Rights Policy related to our sustainable procurement.

- Review the criteria for the SAQ on sustainable procurement and expand the number of survey targets

- Expand the number of third party auditors and tighten audit standards for sustainable procurement

- Promotion of SAQs on sustainable procurement for ingredient manufacturers



Supply Chain Audits

Our company conducts audits and monitoring of our supply chain on a regular basis.

Plant audits focus on quality and hygiene control at ingredient and packaging plants, covering about 60 items. In addition, we conduct audits in cooperation with a third-party review organization, including confirmation of the implementation of improvement measures, with reference

to a risk assessment based on the number of product-related complaints. We conduct factory inspections focusing on quality control and unannounced audits by a third-party organization at our producers of ready-to-eat products. In addition, as a responsibility of companies involved in the food industry, to solve issues related to food loss, we are requesting them to reduce food loss and we are monitoring monthly wastage.

In fiscal 2020, we conducted 34 self-assessment questionnaires (SAQ*) of producers of ready-to-eat products,

and both we and our business partners assessed their current status. Based on the results of the SAQ, we conducted audits and monitoring at four plants for improvement. Furthermore, to make more objective and rigorous judgments, we conducted a supply chain audit by external auditors from a third-party review organization. During the supply chain audit, we confirmed that there were no serious violations of laws and regulations or cases requiring urgent corrective action. In the future, we will expand the scope of the SAQ and auditing/monitoring.

*A CSR Procurement Self-Assessment Questionnaire developed by the Supply Chain Subcommittee of the United Nations Global Compact Network Japan. It consists of items related to sustainability, including human rights, labor, the environment, and fair corporate activities.

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 items are 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 and are responding to 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.

Enhancing Logistics

We have been promoting structural reforms in ready-to-eat products to provide valuable and compelling products. In terms of logistics, we have overhauled work processes at our logistics centers and delivery routes, including our distribution network. We also use a Transportation Management System (TMS) to enhance our logistics.

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*. In line with the Declaration of Voluntary Action, we are working to reduce cargo handling time as well as incidental non-driving work, and improve delivery efficiency. We will continue to aim for the establishment and implementation of a resilient logistics network, taking into consideration not only stable supply but also social issues such as environmental and occupational safety.



Kyushu NF Foods Co., Ltd.
Mr. Ken Wakabayashi,
Representative Director and President

Our company, which manufactures cooked noodles and prepared foods for sale in Kyushu, employs not only local residents but also many foreign nationals. Since we operate late at night and early in the morning to ship products to convenience stores, we are working on the appropriate management of daily labor management which we consider to be one of our most important management issues along with product quality and hygiene management.

In the supply chain audit conducted in fiscal 2020, external auditors pointed out a wide range of issues, from health and safety at workplaces to respect for human rights, in addition to compliance with environmental laws and regulations. Based on these suggestions, we were able to move forward with improvement and enhancement measures in various areas of the company. In addition, we are using this information to review our self-inspection items, and we will utilize it to create a safe and secure workplace environment and supply products going forward.



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 practice thorough quality control across supply chains, making it our highest priority to provide safe and reliable products. We have established our own quality control standards for ready-to-eat products that exceed legal and industry standards, and we are working to improve quality control and ensure traceability in all processes. We appropriately display product and service information in keeping with relevant laws and regulations and practice responsible marketing working to raise consumer awareness.

Key Accomplishments and Performance in FY2020

- Responding to HACCP Compliance: **100%** of stores certified (as of February 2021)
- Introduction of new production control systems: **12 plants**
- Complaint rate for ready-to-eat products: **78% YOY**

Targets and KPIs

- Improvement of food management at contract manufacturers of ready-to-eat products (main plants): **95% or more recycling rate management**
- Increase in the use of vegetables from vegetable plant factories

Future Activities

- Strengthen communication with ingredients suppliers, producers of ready-to-eat products, and logistics contractors (ongoing)
- Thorough food hygiene management in stores (ongoing)
- Expand the use of vegetables from vegetable plant factories to above 30%

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. We conduct rigorous quality control to continually improve supply chain management.

The Manufacture Infrastructure Development

Department strives to improve the value of product quality by sharing information with relevant business partners on opinions or requests from customers regarding our ready-to-eat products. We are also making daily efforts to create a sales environment where customers can purchase our products with peace of mind, while introducing and utilizing traceability in logistics and product management at our stores.

Management of Ingredients

Quality Control 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 and any potential risks from human rights or labor problems at each plant are investigated. In product development and

improvement as well, we assess ingredients based on quality and hygiene control standards. We only provide ingredients meeting these standards to ready-to-eat product suppliers. In addition, we are working on procuring vegetables from vegetable plant factories, which are pesticide-free, free from harmful bacteria and insects, and that can provide a stable

supply regardless of weather conditions.

Main Initiatives

- Checking plant inspection certificates
- Plant inspections
- Assessing ingredients based on company quality and hygiene control standards



Production and Quality 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), our Quality Control Department performs plant inspections on all targeted plants. 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 confirm new products and conduct spot-checks of products already at stores.

Main Initiatives

- Bacteriological examinations
- Plant inspections at all production sites for ready-to-eat products
- Meetings to ensure product quality
- Quality control meetings for supplier quality control supervisors



Logistics Management

Logistics Safety and Reliability

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

In addition, a logistics management company regularly inspects our centers to ensure safety management and develop and operate a logistics network in preparation for earthquakes and other disasters.

Main Initiatives

- Safety management of distribution center facilities
- Implementation of storage and delivery by three temperature zones (fixed-temperature, chilled/ room temperature/ frozen)



Temperature control at a fixed-temperature centers

Store Management

Thorough Training for Store Staff

In our stores, we have always been committed to providing delicious, safe, and reliable quality products, and have been instructing our store staff in quality control and food hygiene. We have been practicing frequent hand washing and cleaning to prevent food poisoning, as well as temperature control of display fixtures and other items to maintain freshness. Particularly in the case of ready-to-eat products, in addition to checking the sell-by date four times a day, we are also working to reduce food loss by promoting sales using a price reduction system we introduced in July 2021. We remove products that have reached their sell-by date from the sales floor.

To comply with hygiene management in line with HACCP,

which became mandatory in June 2020, our stores are using guidelines on planning hygiene control reflecting HACCP approaches (for convenience stores: basic cooking). This is based on one created the previous year. Through operations in line with the guidelines, we are practicing efficient, consistent food safety measures based on nationally unified industry standards.

Main Initiatives

- Thorough implementation and practice of hygiene management training
- Continuation of HACCP compliance



Materiality 5



Building a Motivating Work Culture with Driven Employees



Social Background and Issues to Recognize

The retail industry continues to face a difficult business environment due to intensifying competition, consumers' continued preference for lower prices, labor shortages, and the impact of COVID-19. We are also seeing changing demographics and changes in the social structure such as a smaller working population, the increasing urbanization of Japan and changes in family structures which complicate the challenges we face.

Businesses are expected to help raise the labor participation rate and boost labor productivity concurrently 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.

As one of our strengths is our rich diversity and inclusion, the most important thing to do is to form a corporate culture where employees can think freely and thereby create value.

Vision

The idea behind our "like Family" diversity mission, *like Family: The power of diversity. A bright, shining and vibrant future for everyone* 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

We see a society where diverse human resources, regardless of race, skin color, nationality, language, religion, thought, age, sex, gender identity, sexual orientation, with or without disabilities, property, employment type, etc., respect each other's way of thinking and values, be given equal opportunities and each individual can play an active role. 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. We promote diversity as a key strategy.

Key Accomplishments and Performance in FY2020

- Received the highest rating of Gold in the PRIDE Index 2020, an index of LGBTQ-related initiatives



Targets and KPIs

- Ratio of female managers: **10%**
- Gender differences in the turnover rate: **Within 0.5%**

Future Activities

- Driving efforts to create ties across divisions to promote innovation
- Achieving an corporate culture that makes the most of diversity

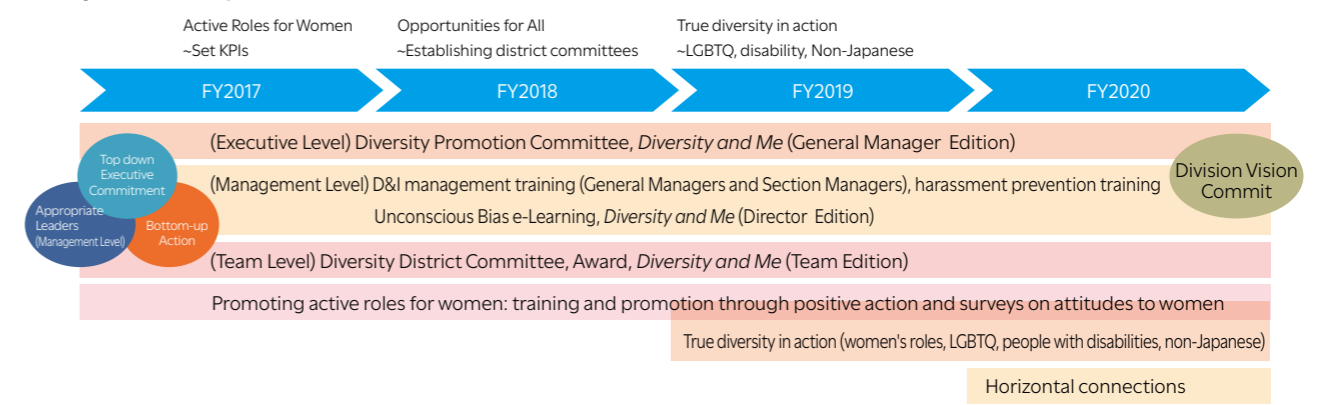
Diversity Promotion Framework

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 diversity 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.

Changes in Diversity Promotion



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, skin color, nationality, language, religion, thought, age, sex, gender identity, sexual orientation, with or without disabilities, property, employment type, etc. 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.

Promoting Active Roles for Women

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. While we have set a goal of hiring 50% women in regular recruitment, the ratio of female employees continues to increase slowly. For women-friendly workplaces, we are proactively improving childcare leave, nursing care 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.

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 regardless of where they are in their stage of life.

TOPICS

Aichi Women's Brilliance Company Certification

The Aichi Women's Brilliance Company is an initiative that Aichi Prefecture has been promoting since fiscal 2013 with the aim of allowing women in Aichi Prefecture to continue working with vigor. Our Central Japan Area Headquarters has been certified as a company that actively promotes the advancement of women.



Promoting Active Roles of People with Disabilities

People with disabilities are encouraged to excel at a wider selection of roles, and fuller support is now available. Since fiscal 2019, we established a new organization dedicated to the advancement of people with disabilities, which perform a variety of tasks that make use of each member's strengths and disability characteristics, such as carved out support work from various departments and sorting mail.

In addition, at a farm in Nagareyama City, Chiba Prefecture, employees with mainly intellectual disabilities grow organic vegetables. The vegetables grown with great care are regularly sold at nearby stores and within the company, and have been well received.

Employment rate of employees with disabilities:
2.62% (as of June 2020)



Initiatives for the LGBTQ Community

Symbols of LGBTQ activities

We are working on LGBTQ-related initiatives as part of promoting greater understanding and acceptance of diversity. We hold seminars, distribute handbooks, share news, etc., with the aim of ensuring that all employees have a proper understanding.

In addition, the number of members participating in ALLY*1 activities, a place for voluntary support and understanding, has exceeded 100. We hold regular meetings every month as a place for members from all over the country to connect and gain knowledge from each other. By expanding the circle of ALLY, we are enhancing the psychological safety of the workplace and fostering a culture where people can speak up without hesitation.

*1 ALLY: A person who understands, supports, and encourages LGBTQ and other sexual minorities.

Placing LGBT support line information cards in stores in Okazaki City

Based on a comprehensive cooperation agreement with Okazaki City in Aichi Prefecture, from March 2021, approximately 70 of our stores have placed information cards for the LGBT support line, which Okazaki City has established as

part of its community-based initiatives. This is the first initiative of its kind by a private company.

Rolling out of Rainbow Famichiki Bags

To coincide with Pride Week*2 held in April 2021, and as a show of support for the LGBTQ community and a statement of support for the goal of creating a society in which all people can flourish in their own way, we changed our Famichiki bag with the image of our signature product, Famichiki to rainbow-colored and rolled them out in limited quantities at stores nationwide.

*2 From April 24, 2021 to May 5, 2021, Tokyo Rainbow Pride held LGBTQ-related events in Tokyo and throughout Japan.



Okazaki City LGBT support line information cards



*The image is for illustrative purposes only. *The original design is different in Okinawa Prefecture.

Executive Commitment

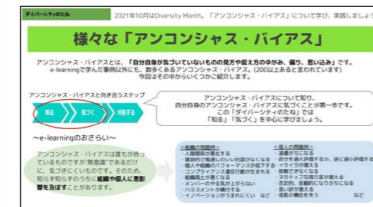
■ Diversity Promotion Committee

The Diversity Promotion Committee, chaired by the President, practices KPI management. We are working on the promoting active roles for women as one of its management issues to increase corporate value. From fiscal 2021, we have set KPIs to achieve a corporate culture that makes full use of diversity. We plan to measure these efforts in the form of an employee diversity penetration survey which will be performed three times a year to continuously promote diversity.

Appropriate Leaders

■ Unconscious Bias e-learning

Knowing and controlling unconscious bias is an essential skill for implementing diversity management, and all managers, including executives, took the course in 2018. Currently, the course is conducted for all newly appointed managers.



Published news about unconscious bias

Bottom-up Action

■ Diversity District Committee

Launched the Diversity District Committee in all divisions to create new value by utilizing the diversity of each individual.

■ Diversity Awards

We hold an award once a year for public participation in initiatives that channel diversity, create new value, and produce results. It is a place to present and praise each other's achievements, and a place to share knowledge.



Best Team of 2020

■ Diversity Penetration Survey (employee awareness survey)

Conducted three times a year. We make all the results public so that we can learn about the challenges of our own organization and the mindset of our team, and use them to improve our own department's challenges. The results of the survey to date have shown that while there has been a shift toward organizations that make the most of diversity at the district level, challenges remain for the company as a whole. Top-down approaches will continue to be strengthened and appropriate leaders ensured, in pursuit of workplaces that capitalize on diversity.

Horizontal connections

■ Feel the Diversity Program

One of our diversity promotion projects. We hold these programs under different themes, such as SDGs, LGBTQ, Disability, and Cross-cultural understanding, as a place for people to experience and feel diversity by making use of their diverse strengths through loose connections that transcend organizational boundaries. The goal is to foster a culture of discussion, intellectual combat, and innovation.



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.

Enterprises must therefore not only manage labor well but also maintain systems accommodating flexible working styles, to create workplace environments where it is easy to continue working and derive job satisfaction. We must also take on the issues of rectifying long working hours that undermine health and ways to improve productivity to produce solid results in a short time.

Management Approach

To create an organization and culture in which everyone can demonstrate their abilities and continue to work regardless of changes in their life stage, we aim to promote work-life balance by encouraging each employee to reevaluate their own work style.

Key Accomplishments and Performance in FY2020

■ Total actual annual work hours
FY2020: **1,951** hours (FY2019: 1,968 hours)

Targets and KPIs

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

Future Activities

- Implement work improvements through committee activities by each division

Work Style 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.



Systems and Initiatives	Overview
Labor management e-learning	<ul style="list-style-type: none"> • Understanding our company's work rules and the risks associated with working long hours • Understanding the proper operation of attendance • Acquire correct understanding and knowledge of harassment • Prevention and early detection of mental health problems
Paid leave in one-hour units	Paid leave can be taken on an hourly basis from annual paid leave days
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
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

Support for Balancing Work and Childcare

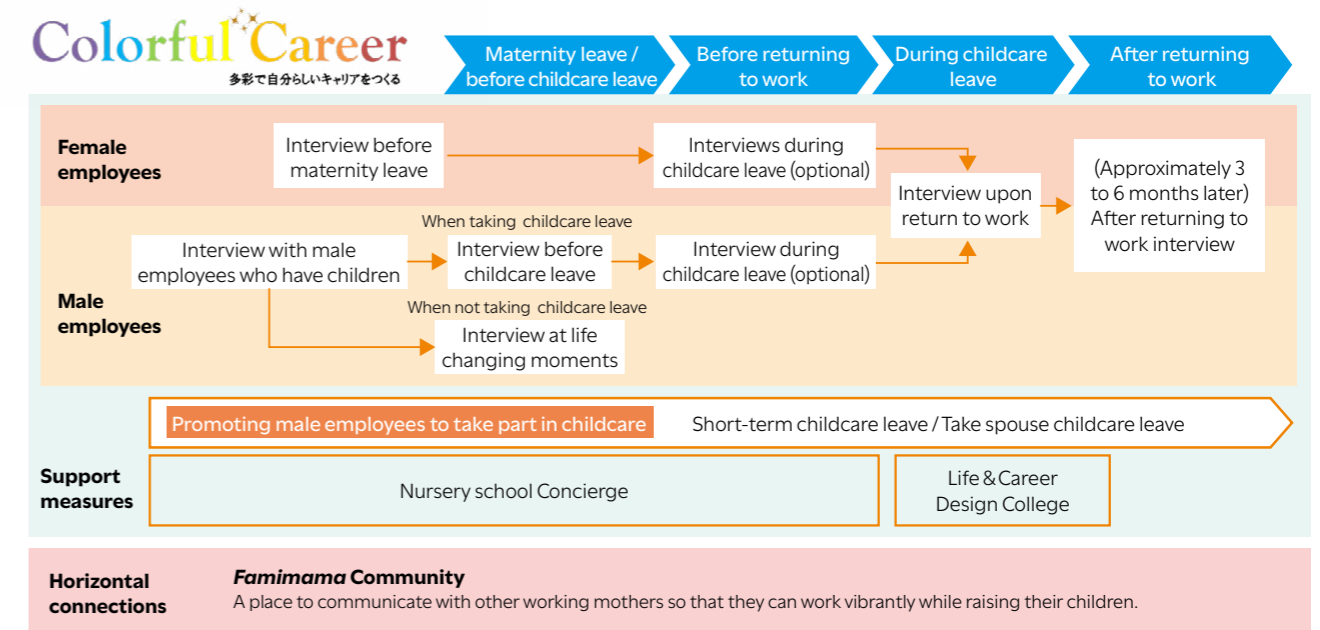
FamilyMart has been supporting employees who work while raising children by introducing childcare leave and shorter working hours for child care since 1992.

Currently, to help employees have a better maternity and childcare leave period and in their return to work, we provide uninterrupted support by offering interviews to the employees and their supervisors, nursery school consultations, and Life and Career Design College (training upon return to work) before returning from childcare leave. In particular, since there

are issues unique to women regarding childbirth, we have set up a community for female employees only so that they can easily communicate with those who with experience.

In addition, we believe that it is important for men to participate in childcare to enhance their own work-life balance and for the company as a whole to reform the way it works. We have established a childcare leave system where men can easily utilize and are working to promote participation in childcare.

Childcare Support Initiatives



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.

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



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 FY2020

- Reinforced career and skill development through an overhauled employee training system
- Promotion of digitalization (making training programs online, use of LMS)
- Promotion of leadership training

Targets and KPIs

- Training hours per employee: **18 hours**
- 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

Future Activities

- Strengthening expert training in each division
- Organizing human resource data
- Building a succession plan

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, in addition to company-wide training programs, such as education programs for different position and age groups and next generation leader development programs for selected employees, we have established departmental and job-specific training programs to acquire the necessary knowledge, skills, and expertise for each department. We are promoting the systematic development of human resources by effectively combining OJT and Off-JT.

We have also established a self-development support system for employees who are highly motivated to learn, and we support voluntary learning. In light of the recent intensification of competition in the retail industry and the diversification of social and consumer needs, we are fostering autonomous human resources with initiative and the ability to think independently.



Next generation leader development program using both real and online resources

FamilyMart (FM) Employee Training System

Job Ranking Position	Training for Position	Selection Training	FM Business Skills Training	FM Core Skills 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 Information management Sustainability Activities Compliance	Work knowledge and skills-learning Business skills-learning
Non-managers	S-rank promotion training M-position 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 System Divisions Education for accounting and finance division Education for those in Finance & Accounting Division	Labor Management Laws on subcontracting Franchise agreement Store accounting	
Pre-hiring	Orientation for prospective employees				

Strengthening the Next Generation Leader Development Program

We conduct selection training for the purpose of fostering the next generation of management personnel, future executive candidates, and developing a pool of human resources.

The Organization Theater (D-rank selection training) is a program that encourages individual challenges and awareness through case exercise assessments that test the ability to

respond to unforeseen circumstances and comprehensive management skills by engaging in experiential case studies.

The Business X Gates (L-rank selection training) is a program that assesses the knowledge and skills of individuals and their ability to motivate others through case exercises in various situations as a party to the solution.

TOPICS

Use of Virtual Reality (VR) Platforms

To cope with the labor shortage in stores, we have established a system for self-study of store operations using VR.

The use of VR will lead to a reduction in training time for those who teach and more efficient learning of operations. By incorporating digital technology into our training, we can aim to further improve its speed and quality.



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. 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. FamilyMart is also committed to the health and happiness of our customers, franchisees, business partners, and all other stakeholders.

Key Accomplishments and Performance in FY2020

- Recognized in the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program (White 500) *March 2021



Targets and KPIs

- 5% reduction target for each value
- Percentage of overweight employees with BMI ≥ 25
- Smoking rate
- Rate of skipping breakfast

Future Activities

- Recommending specific health guidance
- Holding health seminars
- Providing information in the health newsletter (monthly)
- Walking for fitness project (spring and autumn)
- Dementia supporter training course (twice a month)
- App based Health Management
- Mental health training

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.

TOPICS

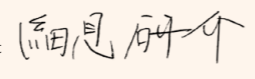
Receiving the Minister of Health, Labor and Welfare grand prize at the 9th Let's Extend Healthy Life Expectancy! Award

In November 2020, we received the Minister of Health, Labor and Welfare Award grand prize in the field of lifestyle-related disease prevention at the 9th Let's Extend Healthy Life Expectancy! Award sponsored by the Sports Agency of the Ministry of Health, Labor and Welfare.

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.

Representative Director and President 

Framework for Promoting Health and Productivity Management

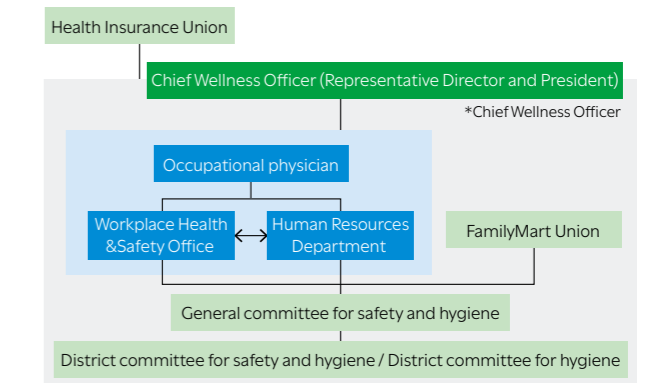
The health management system in place, with the President as chief wellness officer, ensures employee health and safety as a key management strategy. These strategic efforts in concert with occupational physician, public health nurses, the health insurance union, and labor union (FamilyMart Union) are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

The Workplace Health & Safety Office is staffed by supervising occupational physicians and public health nurses with a system in place to monitor each employee's health. In addition, we have introduced a health management system to centrally manage the health status of our employees, which is linked to the planning and improvement of health policies as well as legal compliance. Toward better offices and working environments in each district, at both mandated workplaces and sites with fewer than 50 employees we have introduced meetings of a committee for safety and hygiene.

In fiscal 2021, we set up committees at 20 business locations nationwide and conducted them via web conference

due to COVID-19. Web conferencing has made it possible for more employees to participate, regardless of their location. With labor and management working together more than ever before, we are engaged in lively exchanges of ideas to create a better working environment.

Health Management System



*District committee meeting are held at 20 sites nationwide.

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 at any time, as many times as needed for monitoring their stress.

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.

Initiatives to Strengthen FamilyMart Union

With the goal of employees themselves taking healthy actions and working in good health vigorously, we are implementing various health projects such as Famima's Health Senryu, Health Seminars, LIVE Seminar, and Publication of Health Care Book in cooperation with FamilyMart Union and Employee Mutual Aid Association.



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, to prevent recurrence of problems.

TOPICS

Women's Health Support

Women's Health Seminar

In December 2020, we held a Women's Health Seminar for employees. Both female and male employees participated in the seminar and shared information internally that can be utilized at work and at home.

Fertility Treatment Assistance

Our company provides partial subsidies for infertility treatment regardless of gender, as long as the public subsidies do not exceed the actual cost of the treatment for the employee.



Corporate Information

Company Overview

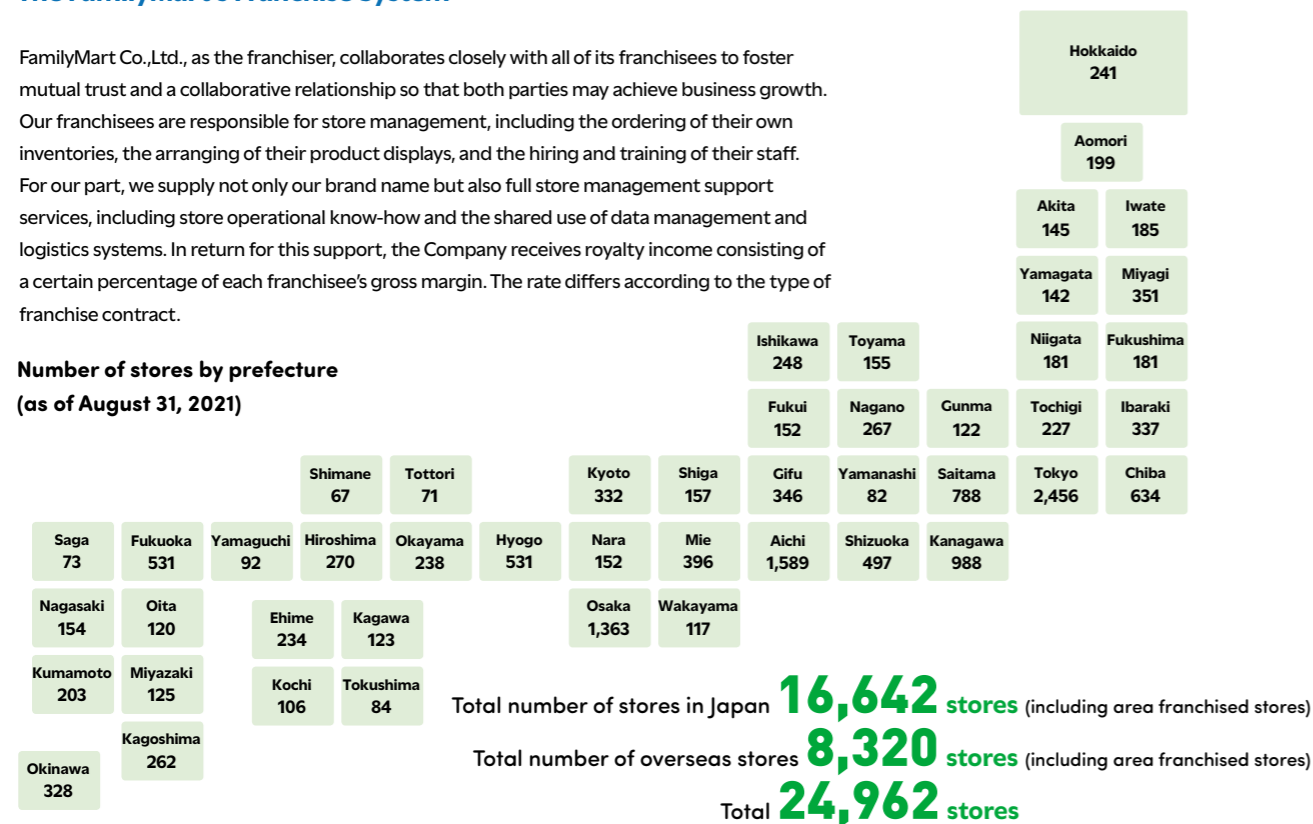
Corporate name	FamilyMart Co.,Ltd.		
Head office	3-1-21 Shibaura, Minato-ku, Tokyo		
Incorporated	September 1, 1981		
Capital	¥16,659 million		
Fiscal year	March 1 to the last day of February		
Objective of business	Convenience store operations under a franchise system		
Representative Director and President	Kensuke Hosomi		
Number of employees	13,070 (consolidated, as of the end of February 2021)		
Total chain store sale	2,764,356 million yen (fiscal 2020)		
Major group companies	<p>Domestic convenience stores</p> <p>Okinawa FamilyMart Co.,Ltd. Minami Kyushu FamilyMart Co.,Ltd.</p>	<p>Overseas convenience stores</p> <p>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.</p>	<p>Related business</p> <p>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. Data One Corp. Gate One Corp.</p>

(as of October 31, 2021)

The 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 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.

Number of stores by prefecture (as of August 31, 2021)



Editorial Policy

The FamilyMart Co., Ltd. Sustainability Report provides an overview of the sustainability initiatives promoted under our corporate message, *FamilyMart, Where You Are One of the Family*.

In FY2021, we are featuring initiatives aimed at achieving our SDGs (Sustainable Development Goals) targets. These include our medium- to long-term environmental goals, FamilyMart Environmental Vision 2050, and the *Famima Food Drive project*, which utilizes our stores in working toward solving social issues. The report includes the voices of many stakeholders involved in these initiatives and provides information to readers in an easily understandable manner.

We also introduced new businesses focused on digitalization and explained how our company is evolving to achieve sustainable growth.

This report was issued after being confirmed by the Chairperson of the Sustainability Committee, an advisory body to the Representative Director and President.

The contents of this report are being released together with the abridged version, *Sustainability Report 2021: Famima, moving ahead towards our SDGs*, and the *Sustainability Report 2021*, which provides an overview of our sustainability initiatives.

Reporting Period

February 2020 to February 2021 (some of the most recent activities after the target period are also included)

Scope of Coverage

Financial data: FamilyMart Group (overseas: 28 companies, domestic: 17 companies)

Environmental and social data: FamilyMart Co., Ltd. (Including some group companies)

Reference Guidelines

GRI (Global Reporting Initiative)

GRI Sustainability Reporting Standards

* This report has been prepared in accordance with the core options of the GRI Standards.

Ministry of the Environment, *Environmental Reporting Guidelines (2018 Edition)*

Japanese Standards Association, *ISO 26000:2010 Guidance on Social Responsibility*

Task Force on Climate-related Financial Disclosures (TCFD)

Final Report Recommendations of the Task Force on Climate-related Financial Disclosures

Publication

November 2021 (previous issue: October 2020/next issue scheduled for October 2022)

Contact us

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

Disclaimer

This report contains forward-looking statements. These statements are based on judgments made in accordance with information available at the time each document was prepared and are not guarantees of future performance.

Numerical Data

Environmental Aspects

(Period covered by each year: March of each year to February of the following year. Scope of coverage: Unless otherwise stated, FamilyMart Co., Ltd.)

Disclosures		Unit	FY2018	FY2019	FY2020	Notes
Environmental Aspects						
Environmental management / compliance	ISO 14001 certification acquisition ratio	%	100	100	100	
	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	7,294,327	7,002,535	6,381,921	Calculated based on the <i>Basic Guidelines for Calculating Greenhouse Gas Emissions through the Supply Chain Ver.2.4</i> by the Ministry of Economy, Trade and Industry, Ministry of the Environment.
	Scope 1	t-CO ₂	46,756	44,646	50,603	
	Scope 2	t-CO ₂	1,255,969	1,139,491	1,078,013	Calculated based on market standards
	Scope 3 emissions, by category	t-CO ₂	5,991,602	5,818,398	5,253,305	Numbers indicate categories
	1 Purchased goods and services		5,491,686	5,313,457	4,787,506	
	2 Capital goods		192,176	88,269	87,811	
	3 Fuel and energy related activities not included in Scope 1 or 2		92,085	89,202	87,868	
	4 Transportation and delivery (upstream)		111,449	107,790	103,044	
	5 Waste generated in operations		58,524	210,304	180,307	
	6 Business Travel		2,088	2,312	961	
	7 Employee commuting		931	1,242	1,122	
	11 Use of sold products		451	414	393	
	12 End-of-life treatment of sold products		42,212	5,408	4,293	
	GHG (CO ₂) emission basic unit	tons/million yen	0.4367	0.3994	0.4083	CO ₂ emissions per net sales for scope 1 and 2 combined
	Scope 1 GHG breakdown	CO ₂	8,206	7,237	5,519	
CFCs		38,550	37,409	45,084		
Waste, recycling	Waste liquids leaked/discharged	t	0	0	0	
	Biomass plastic used (for ready-to-eat, etc.)	t	1,630	2,669	5,682	
	Ratio of biomass plastic used (for ready-to-eat, etc.)	%	7.6	12.2	28.6	
	Hazardous waste discharged	t	0	0	0	
	Waste discharged from stores routinely	t	342,500	312,604	279,083	Total waste (calculation method changed from FY2019)
	Non-recyclable waste generated	t	146,802	127,226	109,991	Combustible materials, etc. (calculation method changed from FY2019)
	Food waste generated	t	71,135	66,139	61,966	Food residue (calculation method changed from FY2019)
	Stores engaged in food recycling	stores	3,563	3,170	3,139	
	Food recycling participation	%	56.3	59.4	60.8	
	Ratio of declined plastic bags	%	28.9	30.0	62.3	

Disclosures		Unit	FY2018	FY2019	FY2020	Notes
Water	Groundwater collected	KL	83,392	77,147	74,729	Scope of work: Clear Water Tsunan Co., Ltd.
	Amount of collected water sold as drinking water	KL	23,651	27,480	20,349	
	Amount discharged to river	KL	59,741	49,666	54,380	
Supply chain	Number of SAQ respondents regarding CSR procurement	companies	—	—	34	CSR Procurement: Social responsibility regarding the environment, human rights, labor, anti-corruption, etc.
	Number of Supplier plants receiving audits	companies	—	—	4	Company being audited for CSR procurement

Social Aspects

Disclosures		Unit	FY2018	FY2019	FY2020	Notes
Social Aspects						
Employees ¹	Number of employees (non-consolidated)	people	6,045	6,266	5,255	The number of employees includes full-time employees, contract employees, associates, and guest employees from outside the company. Does not include guest employees from outside the company, temporary employees, seasonal workers, or part-time workers.
		Men	5,081	5,210	4,216	
		Women	964	1,056	1,039	
		Ratio of women	%	15.9	16.9	
	Number of employees (consolidated)	people	15,139	13,955	13,070	Average age includes full-time employees, contract employees, associates, and guest employees from outside the company.
		Average age	years old	40.4	40.7	
	Men	years old	41.1	41.4	40.3	Does not include guest employees outside the company, temporary employees, seasonal workers, or part-time workers.
		Women	years old	37.1	36.9	
	Length of service	Year	11.2	12.0	11.3	
		Men	Year	12.6	13.0	
	Women	Year	6.1	6.6	6.5	
		Temporary employees (non-consolidated)	people	2,429	1,588	
	Men	people	915	575	814	
		Women	people	1,514	1,013	
	Ratio of temporary employees	%	28.7	20.2	28.0	

*1 Employee data is calculated at the end of each fiscal year.

Disclosures		Unit	FY2018	FY2019	FY2020	Notes
	Foreign national employees	people	126	156	142	
	Men	people	55	67	61	
	Women	people	71	89	81	
	Employees hired after retirement (age 60 or older)	people	83	122	83	
	Ratio	%	1.4	1.9	1.6	
	New graduates hired	people	291	286	92	
	Men	people	189	182	50	
	Women	people	102	104	42	
	Ratio of women	%	35.1	36.4	45.7	
	Mid-career employees	people	37	21	19	
	Men	people	25	16	11	
	Women	people	12	5	8	
	Ratio of women	%	32.4	23.8	42.1	
	Resignees/retirees	people	267	234	179	Including temporary and associate employees
	Men	people	212	185	137	
	Women	people	55	49	42	
	Turnover rate	%	4.4	3.9	3.6	
	Managers	people	861	630	513	Includes full-time employees, contract employees, associates, and guest employees from outside the company; does not include guest employees from outside the company.
	Men	people	835	600	487	
	Women	people	26	30	26	
Ratio of women	%	3.0	4.8	5.1		
Diversity, work style reform	Employees with disabilities	people	137	146	124	
	Rate of employees with disabilities	%	2.66	2.68	2.62	
	Employees taking a leave of absence for childcare	people	81	89	101	
	Men	people	7	8	12	
	Women	people	74	81	89	
	Rate of returning to work after childcare leave	%	94.5	95.5	100	
	Men	%	100	87.5	100	
	Women	%	85.7	97.1	100	
	Employees taking paid childcare leave ^{*2}	people	179	517	964	
	Men	people	141	430	866	
	Women	people	38	87	98	
	Employees taking nursing care leave	people	5	8	6	
	Men	people	3	3	2	
	Women	people	2	5	4	
	Rate of taking paid leave	%	53.7	69.4	67.3	
	Total hours worked per year	hours	2,041	1,969	1,951	
Average monthly overtime worked per person	hours	18.1	14.3	12.4		

*2 Childcare leave: The combined total of short-term childcare leave (male and female) and spousal maternity leave (male). The short-term childcare leave is a five-day paid childcare leave that can be taken every year until the child enters the first year of elementary school.

Disclosures		Unit	FY2018	FY2019	FY2020	Notes
Safety and hygiene	Occupational accident fatalities	people	0	0	0	
	Occupational accident mortality	%	0	0	0	
	Occupational accident severity rate	%	0.014	0.004	0.028	
	Occupational accidents	cases	10	3	11	
	Occupational accident frequency rate	%	0.68	0.43	0.7	
	Employees taking leave for mental health	people	73	83	79	
	Employees taking regular health exams	%	92.6	100	100	
	Smoking rate	%	33.0	34.3	30.8	
	Human resource development, compensation	Dementia Supporter training recipients	people	100	148	225
Average training per person		hours	17.8	8.7	8.3	
Average annual salary		yen	6,172,088	6,198,211	6,509,392	
Supply chain	Supplier plants receiving audits	companies	174	221	126	Total of factory audits and third-party audits by Japan Food Supply Co.,Ltd.
	Ready-to-eat product producers inspected	companies	92	88	88	
	Rate of ready-to-eat product producer inspections	%	100	100	100	
CSR activities	CSR expenditures	million yen	211	215	190	

Governance Aspects

Disclosures		Unit	FY2018	FY2019	FY2020	Notes
Governance Aspects						
Board of Directors	Number of times held	times	21	24	24	
	Directors ^{*3}	people	10	11	12	
	Female directors out of this total ^{*3}	people	0	2	2	
	Independent, outside directors out of this total ^{*3}	people	2	3	4	
	Average director attendance	%	98.1	98.9	99.6	Rounded to the first decimal place.
Board of Corporate Auditors	Number of times held	times	12	13	12	
	Corporate auditors ^{*3}	people	5	6	4	
	Female auditors out of this total ^{*3}	people	1	1	1	
	Independent, outside auditors out of this total ^{*3}	people	3	3	2	
	Average auditor attendance	%	98.5	98.7	100	Rounded to the first decimal place.
Executive compensation	Total compensation	million yen	328	244	288	
Executive Officer	Ratio of female executive officers	%	0	0	0	
Compliance	Whistleblowing/internal reporting	cases	55	61	44	
	Rate of compliance e-learning attendance	%	100	92.8	100	Rounded to the first decimal place. In FY2018, legal and information management training has been implemented.
	Rate of information security e-learning attendance	%	100	100	100	

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