

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)