

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.

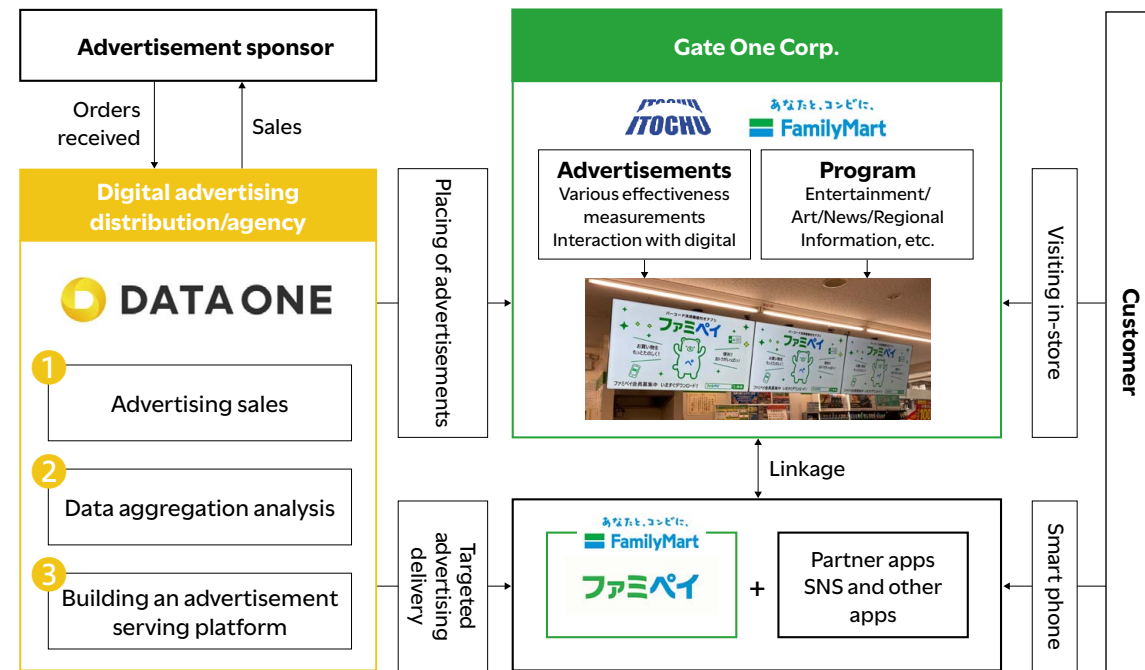


## Promotion of Digitalization

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.

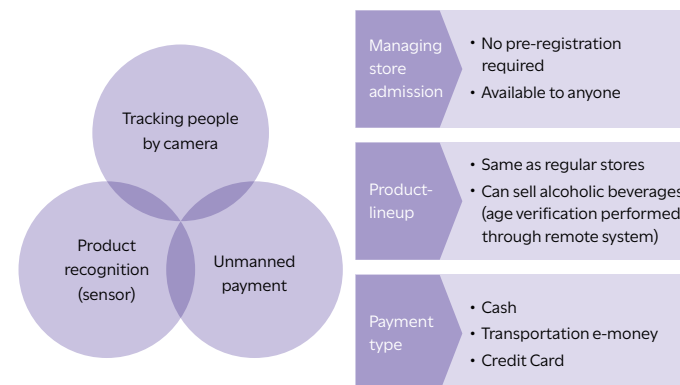


## Unmanned Payment Stores Using Technology

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.