

# 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.

### 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

### 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.

## 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

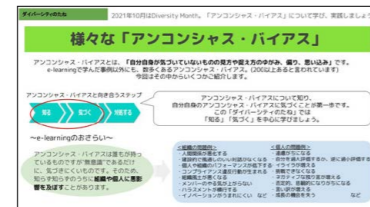
#### ■ Diversity Promotion Committee

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"> <li>• Understanding our company's work rules and the risks associated with working long hours</li> <li>• Understanding the proper operation of attendance</li> <li>• Acquire correct understanding and knowledge of harassment</li> <li>• Prevention and early detection of mental health problems</li> </ul>
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

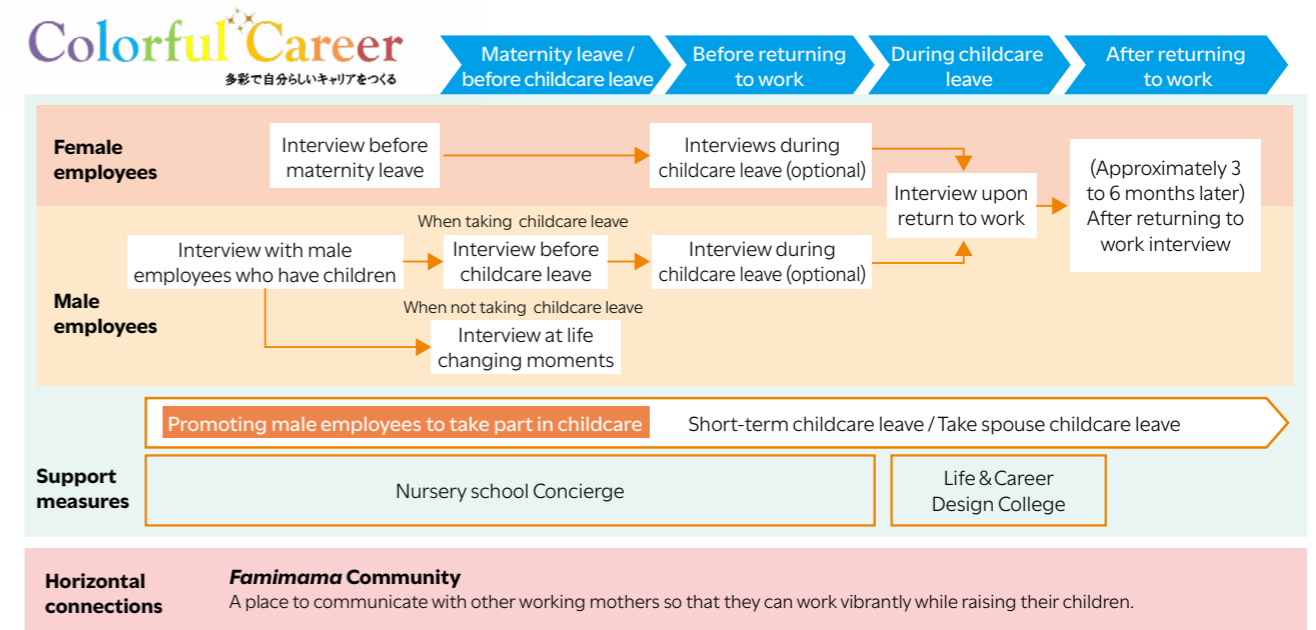
FamilyMart has been supporting employees who work while raising children by introducing childcare leave and shorter working hours for child care since 1992.

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

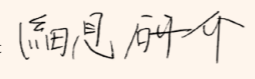
### Receiving the Minister of Health, Labor and Welfare grand prize at the 9th Let's Extend Healthy Life Expectancy! Award

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

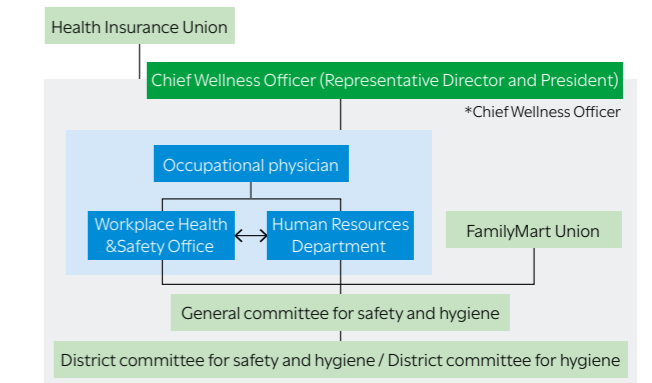
The health management system in place, with the President as chief wellness officer, ensures employee health and safety as a key management strategy. These strategic efforts in concert with occupational physician, public health nurses, the health insurance union, and labor union (FamilyMart Union) are 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

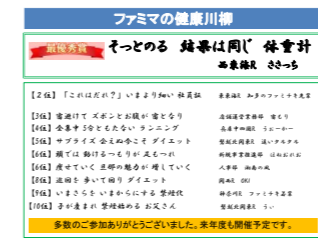
Stress checks are conducted for prevention and early detection of mental health issues. We encourage employees to take the exams at any time, as many times as needed for monitoring their stress.

### 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.

