

## 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

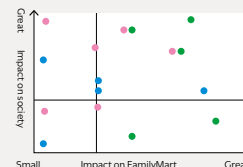
###### Analysis of internal environment

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

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#### 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

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#### 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

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#### 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

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#### 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