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Becoming a Chain More Beloved by the Community Than Any Other

Greetings

On September 1, 2019, FamilyMart Co., Ltd. merged with FamilyMart UNY Holdings Co., Ltd. to begin a new era as FamilyMart.

Since its founding, FamilyMart has continually improved the products and services we provide and has kept working earnestly to enhance its business model of bringing convenience and richness to everyday life. Customer feedback and the community's needs have guided us all along the way. Our chain has grown to about 16,500 stores in Japan today. We could never have done this without the generous patronage of customers in our communities, the cooperation of our suppliers, the constant support of our shareholders, and not least of all the unwavering efforts of our franchised stores. We will continue our efforts to build up the FamilyMart brand and thereby increase our corporate value so that we can keep meeting the expectations of all concerned.

Takashi Sawada

Representative Director
President
FamilyMart Co., Ltd.



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FamilyMart's Corporate Message and Ideals

The FamilyMart Corporate Message is our promise to the community and a statement of unchanging values to support future growth

As we began our journey as the new FamilyMart, the first thing we did was [revise our Corporate Message 1](#) to state clearly the ideals we wish to attain.

I see our Corporate Message as a standard to guide our day-to-day work and decisions. As such, it is an extremely important way to express our purpose in the society. With the merging of our brands, we are now truly “One FamilyMart.” In this new era, I felt we needed to clearly state a new philosophy as a foundation for our work so our entire Group could work toward the same ends and push forward for sustained growth.

We spent more than a year listening to the comments and wisdom of people within FamilyMart and beyond to ensure that our revised statement would resonate with stakeholders and especially our franchised stores.

The new Corporate Message retains the wording we have long begun with: “FamilyMart, Where You Are One of the Family.” We then enriched the mission behind this unchanged message by adding “Our Three Values.”

This revision to our Corporate Message gave me a chance for a deep rethinking of the word “family.” The name “FamilyMart” is our departure point but also our goal. Our store staff, managers, and employees are connected “like a family” running a small local store. By meeting the needs of each customer and continuing to run a business that is an integral part of the community, we can be eternally indispensable to people in the community. This is the image we had in mind, a hope that is built into our company name.

The “family” in FamilyMart represents a precious bond with our stakeholders as well as our commitment. We contribute to local communities by staying closely rooted to each community, “like a family.” We will work whole-heartedly with our franchised stores to be that kind of appealing business.

Awareness of External Environment and Response to the Issues

Connecting to Local Communities Like a Family is Key to Future Growth

The business environment in the retail industry is changing faster with each passing year. In the past, convenience store chains grew by simply opening large numbers of new stores to expand their network. Society is undergoing structural changes, with falling populations and some areas becoming seriously underpopulated. The arrival of e-commerce has intensified competition. With developments like these, the old phase of business growth based on growing our store network is over, and we have to change our tactics.

Since becoming president in September 2016, I have made it my priority to go to our franchised stores often and talk with the people there, face to face. So far, I have visited nearly 1,000 stores around Japan. Besides those visits, we've held *Kansha no Tsudoi* (“Gratitude Gathering”) for our franchised stores and used everyday conversations, email, and social networking services to share our frank opinions with each other. [Initiatives like these show how much we value communication with our store owners, managers, and staff. 2](#) We do this because we believe that our management team cannot make important decisions unless they understand our stores.

Communicating with our people onsite has impressed upon me that stores that have roots in the community are the strongest ones. Stores whose staff really know their communities and whose day-to-day customers have strong bonds do extremely good business.

There is much we can learn from stores like this in times of great change. As for those of us who work in the corporate offices, I have learned that working and contributing with a

“
Corporate Message
FamilyMart,
Where You Are One of the Family
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[See page 2, Corporate Message](#)

Related information

1 Revision of Corporate Message
 → Page 2: Corporate Message

2 Valuing communication with our store owners, managers, and staff
 → Page 21: Sustaining Strong and Trusting Relationships with Franchised Stores

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sense of commitment to local communities will be essential going forward.

It was with this in mind that we started the “Awaji Island Project” in March 2019. There are 24 FamilyMart stores on Awaji Island in Hyogo Prefecture. Until recently, the supervisor overseeing these stores lived in Kobe and commuted each day to Awaji Island by expressway. The aim of the “Awaji Island Project” is to have a supervisor who actually lives on the island and gets to know the community better through close communication with the franchised stores and local customers. We have been expanding all sorts of initiatives while learning local needs and keeping up an active dialogue with franchised stores to solve them. Examples include events that use our store eat-in spaces and mobile food vendor vehicles that visit homes for the elderly. Many franchised stores have seen profit gains as a result. These are just a few examples, but we are working closely with our franchised stores to really understand the challenges faced by local communities around Japan. Together with our franchised stores, we are thinking about how to solve these challenges and then putting them into effect in ways suited to local characteristics. I believe that the key to sustained growth for FamilyMart is to expand our family to include local communities.



Visiting a store on Awaji Island

Revising Material Issues to Advance Pro-Sustainability Management

The Search for Solutions to Society's Problems: It's “Now or Never” to Be Proactive

Now we are seeing the emergence of social issues that connect to each other in complex ways: climate change, the plastic problem, economic disparity and poverty, human rights, and more. These problems have a great impact on both our day-to-day lives and FamilyMart's business. As such, we must not ignore them.

Increasingly, corporations are being judged by the principles of ESG (Environmental, Social, and Governance), which is to say, how they respond to social issues like these. So, the level of an enterprise's ESG initiatives has a greater impact on its corporate value every year. FamilyMart is stepping up ESG management because we recognize its importance too.

Understanding the value of monitoring and managing our business' impact on society as we operate, we identified a number of material issues (Materialities) related to sustainability in fiscal 2017 and have been interweaving CSR with our business.

In light of our convenience stores that have been reorganized to a business entity, the expectations and demands from society and stakeholders to us also needed adjustment based on the Sustainable Development Goals (SDGs), the Paris Agreement, and the like, [we revised our material issues in fiscal 2019.](#) ¹ FamilyMart has identified Five Material Issues, or ways in which our business affects society: “Evolving as a regional revitalization base close to people,” “Environmental awareness,” “Products and services,” “Supply chains,” and “Work culture with driven employees.” We also established the new Four Fundamental Keys to support these material issues: “Joint growth between



franchised stores and headquarters,” “Respect for human rights,” “Thorough risk management and compliance,” and “Enhancing corporate governance.” Hereafter, we will be establishing targets and action plans under this system to make our efforts more effective. Also, aware of our responsibility as a corporate participant in the United Nations Global Compact, we are actively working to contribute to the SDGs, recognizing this as a “now or never” moment.

In fiscal 2019, problems came to the fore with the conventional convenience store business model and its 24-hour store operation. FamilyMart became aware of this issue and started changing our 24-hour operations system early on. We have been [actively supporting our franchised stores](#) ² by investing in store equipment to alleviate the burden on workers and make operations more efficient. We also [reduced food wastage by making greater use of advance-order sales of seasonal products like unagi \(eel\) bento and Christmas cake](#) ³ and helped our franchised stores become more profitable by cutting the amount of waste. Such measures send a powerful signal that, without franchised stores, there is no FamilyMart. We intend to continue supporting our franchised stores so we

Related information

¹ Revising material issues in fiscal 2019
 →Page 10: Material Issues (Materialities) Related to Sustainability

² Active support for franchised stores
 →Page 20-21: Joint Growth between Franchised Stores and Headquarters

³ Reducing of food wastage by making greater use of advance-order sales of seasonal products like unagi (eel) bento and Christmas cake
 →Page 28: Reduction of Food Wastage

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can rebuild our business model into one that is sustainable over the long term.

Having adopted the ideal of being regionally rooted, FamilyMart sees it as our mission to deepen the connection to our communities and franchised stores and thereby reinvigorate sustainable local communities. As part of this, we scaled up the **Famima Kodomo Shokudo 1** in 2019. Groups of neighborhood children and parents gather around the tables in stores' eat-in spaces to enjoy a good meal and conversation with each other. So far, more than 3,000 individuals around Japan have taken part. Another event started from December 2019 that took place in eat-in spaces is the **Famima Circle 2**. Crime prevention and traffic safety advisors from the local police or government lead classes to counter social problems that have plagued Japan and its large population of senior citizens. Examples include lessons on protecting oneself against phone fraud and encouraging seniors to voluntarily give up their driving licenses if they are worried they can no longer drive safely. These initiatives to encourage mingling among participants, contribute to safe and secure towns, and revitalize communities take place at those franchised stores that consent to host them. They embody FamilyMart's wish to be the most beloved convenience store chain, one that is open to the community.

With the times changing as much as they are now, it is the power of people that FamilyMart needs most of all to steadily address our management issues and progress further. Our strength is the diverse personnel we have brought together through the process of reorganizing our Group heretofore. Now our task is to use this strength and take our business strategy of being regionally rooted to a higher level. To that end, we will speed up the decision-making process by boldly transferring more authority to local sites and implementing structural reform

to trim our headquarters organization. We will also put systems in place where personnel with the necessary expertise can fully manifest their capabilities.

Other priorities are promotion of diversity and inclusion so that all people can take active roles in our organization and to protect employees safety and health by practicing Health and Productivity Management as well as building Safe, Healthy and Comfortable Work Environment.

I believe that the abilities of people are unlimited.

To maximize its value, FamilyMart will be building a motivating work culture with driven employees. 3

To Our Stakeholders

Aiming to Evolve and Achieve Sustained Growth with Our Communities

Some 200,000 franchisees and store staff at 16,500 FamilyMart stores in Japan welcome an average of approximately 15 million customers on a day. When I think about our regional communities, business partners, shareholders, and employees, I cannot help but feel gratitude for the fact that FamilyMart gets so much support from our vast number of stakeholders, whom I consider family.

With this feeling in my mind, I feel driven to keep FamilyMart and its franchised stores moving forward.

I intend to build a chain that is rooted in each of its communities and loved "like a family." Moreover, our mission going forward will be to contribute to and work to revitalize local areas.

FamilyMart is always there for the role of the family of each local community to provide convenient products and services as well as creating new value for people live there.

We continue to expand our "family" and work toward sustained growth with the communities to ensure a happy future for our stakeholders.

The new FamilyMart will ceaselessly push forward.

