

FamilyMart,
Where You Are One of the Family



Sustainability Report 2019

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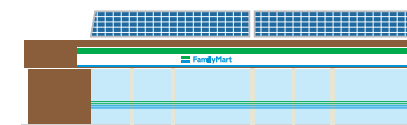
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Editorial Policy

About this Report

This is the Sustainability Report of FamilyMart Co., Ltd.

In this publication, we report on the entire range of sustainability initiatives that FamilyMart pursues to ensure we continue growing sustainably with society. Before issuing this report, we ask the head of our Society & Environment Committee, an advisory body to our Representative Director and President, to review it.

Readers should note that the subject of our reporting is different than in earlier years. This is because in September 2019, we effected organizational changes to an operating company that runs convenience store business as our sole business.

Overview of the Report

Reporting Period

March 2018 - February 2019 (with some information about recent activities after this period)

Scope

- Financial data: FamilyMart Group (17 companies in Japan, 29 outside Japan)
- Environmental and social data: FamilyMart Co., Ltd. (Group companies included in places)

Reference Guidelines

- GRI Sustainability Reporting Standard, Global Reporting Initiative (GRI)
* This report was prepared in accordance with the GRI Standards Core option.
- Environmental Reporting Guidelines (2018), Ministry of the Environment
- ISO 26000:2010 Guidance on social responsibility, Japan Standards Association

Publication

January 2020 (previous publication February 2019, next scheduled publication November 2020)

Contact for Inquiries

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Disclaimers

This report includes information that concerns future projections, which we determined to be suitable based on information available at the time these materials were prepared. Future business results are not guaranteed.

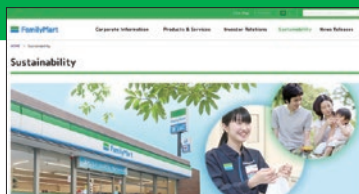
The Latest FamilyMart Sustainability Information

The FamilyMart corporate website posts our latest sustainability information as it becomes available.



Sustainability Information

<https://www.family.co.jp/english/sustainability.html>



Corporate Message

On September 1, 2019, FamilyMart Co., Ltd. merged with FamilyMart UNY Holdings Co., Ltd. to form the “new” FamilyMart.

We revised our Corporate Message to mark this next stage in our history. We added the new “Our Three Values” to the existing Corporate Message, “FamilyMart, Where You Are One of the Family.” FamilyMart spent more than a year discussing the wording of this message, drawing upon comments from franchised stores and employees and knowledge of outside experts.

Presented as our “sense of values for ensuring FamilyMart’s growth going forward,” it reflects our commitment to making stores loved by their communities with our franchised stores.

Corporate Message

FamilyMart, Where You Are One of the Family

Our Three Values

1. FamilyMart is a network of small local stores. Each store lives with and owes its existence to the people who live in the neighborhood. We will work earnestly to **become a store that is rooted closely** and evolves as an integral part of the local community.
2. We will do our best to **meet the needs of each customer** who visits our stores. Our stores will provide what the customers want, furthermore, discovery of exciting and high quality products. By doing so, the stores will be a place where people will stop by anytime.
3. We will foster close ties with business partners **like a family** running a small local store. We want customers to feel part of the neighborhood family. We will continue innovating towards comfortable lifestyle which will contribute not only to convenience but also to the wellness of everyone. We will commit to the pursuit of happiness of the “Family.”

Top Message

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.



Top Message

■ 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.

“ **Corporate Message**
FamilyMart,
Where You Are One of the Family ”

 [See page 2, Corporate Message](#)

■ 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

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

Top Message

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

Top Message

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.



Value Creation Model

Through business activities that take advantage of assets and strengths we have cultivated over time, FamilyMart aims for sustainable growth by maximizing the value of its brick-and-mortar stores, personnel and knowledge, and products and information infrastructure. We will also contribute to solutions to social issues and achievement of the SDGs by conducting initiatives based on the material issues (Materialities) that we have decided to prioritize through our business.

External environment

Changes in society

- Changes in demographics
- Changes in social structure
- Changes in consumer behavior

Social issues

- Social issues that affect revenue growth
- Social issues that should be addressed as a regionally rooted entity

Changes in the competitive environment

- Intensification of competition across industry boundaries
- Technological innovation or business model reform

Inputs

Financial capital

- Total capitalization: about ¥590 billion
- Amount spent to support franchised stores: about ¥10 billion annually (Announced in November 2019)

Production capital

Brick-and-Mortar Stores

- Innovations in store operations
- Store functions reflecting society's needs
- Stores: about 16,500

Human capital / intellectual capital

Personnel and Knowledge

- Accumulation of business know-how
- Diverse personnel (ratio of male to female employees: 21:4, percentage of foreign employees: 2.1%)
- Diverse data from brick-and-mortar stores
- FamilyMart Health Charter

Social capital

Products and Information Infrastructure

- Upgrading of supply chains (Business partners receiving questionnaires: 266)
- Downloads of FamiPay app: about 4 million
- Participants in Famima Kodomo Shokudo: about 3,300

Natural capital

- Energy consumption (within organization): 2,580,209 MWh
- Food product recycling loops: 7

Business activities and initiatives on material issues

Corporate Message

FamilyMart, Where You Are One of the Family

Contributing to the future of the earth and its regions through environmental awareness

Evolving as a regional revitalization base close to people

Creating safe and reliable products and services to bring convenience and richness to everyday life



Working with suppliers to pursue a sustainable supply chain

Building a motivating work culture with driven employees

Outputs

Maximize the value of stores

- Increase quality and efficiency of store operations
- Shortened work time of franchised store: 5.5 hours
- Optimize the store network
- Enhance store functions
- Create high-value-added products and services
- Target percentage of healthy ready-to-eat products: 15%
- Expand product line-up using biomass plastic

Maximize value to support local consumers

- Optimize supply chains
- CO₂ reduced by logistics innovation: 7,000 tons
- Increase product value through structural reform in ready-to-eat items
- Develop products with longer shelf life
- Leverage information acquired in stores
- Create new businesses utilizing information infrastructure
- Donations to stores for disaster victims: about ¥100 million

Maximize the value of personnel and knowledge

- Gather and share know-how on store operations
- Strengthen relationships with franchised stores and local communities
- Secure and develop human resources of the next generation
- Reform workplaces to allow diverse human resources participate activity
- YoY Monthly average overtime hours per person: 89.2%

Outcomes

Increase our value as a base for regional revitalization

Increase corporate value

Bring convenience and richness to everyday life

SUSTAINABLE DEVELOPMENT GOALS

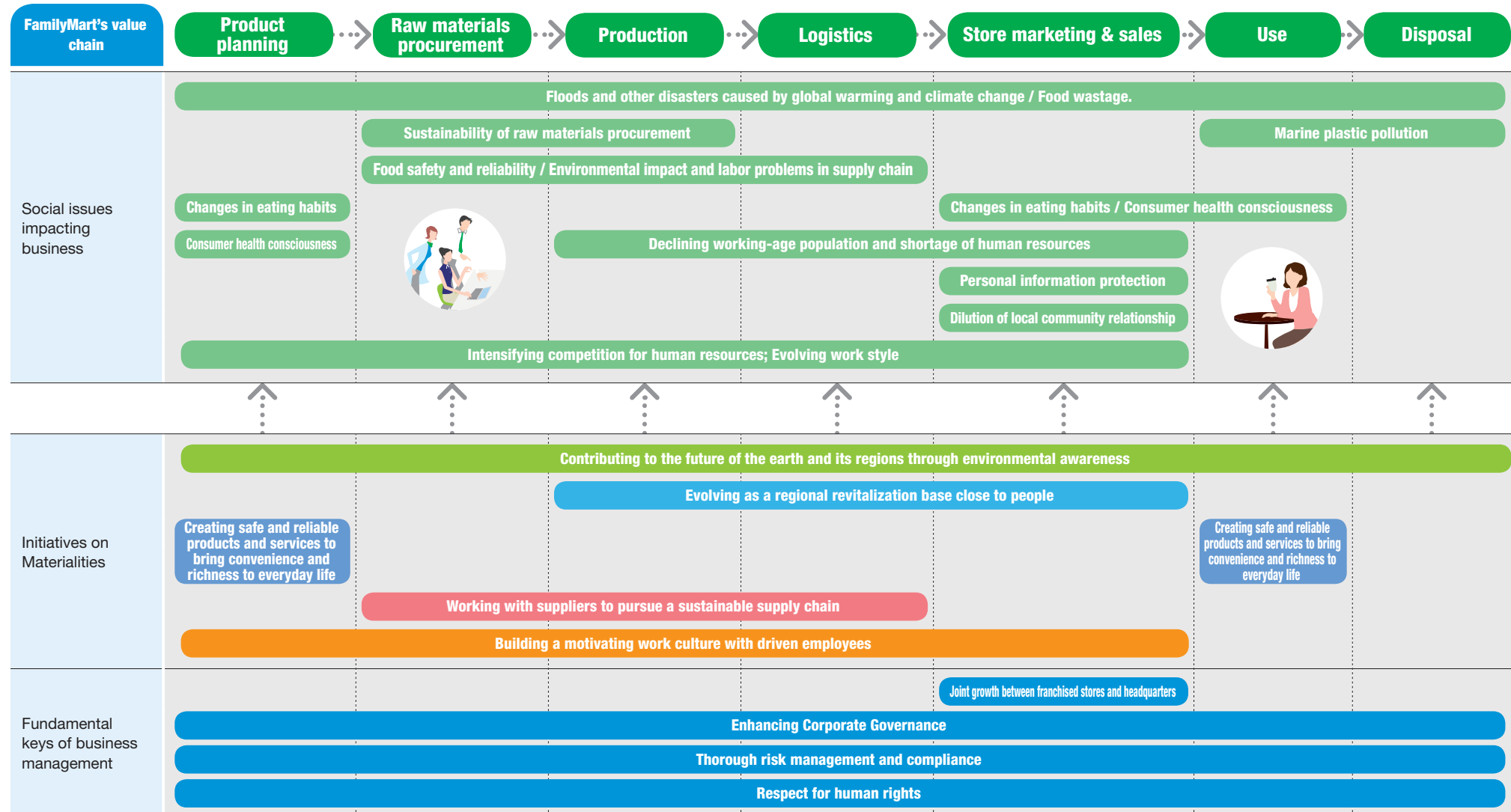


Fundamental keys of business management

- Enhancing corporate governance
- Thorough risk management and compliance
- Respect for human rights
- Joint growth between franchised stores and headquarters

FamilyMart Business Activities and Sustainability Initiatives

FamilyMart's business activities deal with a variety of social issues at each stage in the value chain. We work with various stakeholders on material issues (Materialities) in order to respond to a range of social issues. By doing so, we aim to minimize negative impacts and create new value we can provide.



Sustainability at FamilyMart

The Corporate Message, “FamilyMart, Where You Are One of the Family,” contains within it our wish to build a relationship of trust with every stakeholder so that we can grow together. It is our mission and responsibility in every region to meet our customers’ expectations and help solve local social issues.

Basic Approach on Sustainability

As an operator of convenience stores, FamilyMart sees it as our social purpose to provide our customers and local communities with safe and reliable products and services to bring convenience and richness to everyday life. In addition, by actively promoting community-based management, we participate in solving regional/social issues and contribute to the formation of a sustainable society, furthermore, we consider that sustained growth together with society is the basic idea of our sustainability.

In order to commit these ideas internally and externally, we established the Sustainability Policy in 2017 and signed the United Nations Global Compact to promote initiatives in collaboration with the international community. Moreover, in order to operate our business after examining and managing its impact on society, we identified material issues (Materialities) in fiscal 2017 and have been promoted CSR linked with our business.

In 2018, we also established our Sustainability Procurement Principles and the Supply Chain CSR Code of Conduct to promote business activities favorable to the environment and communities throughout our supply chains. In 2019, moreover, we revised our material issues in light of our Group reorganization and began setting environmental targets for 2030.

FamilyMart understands that we are a corporate entity playing a part in the development of society and regional economies. We contribute to the formation of a sustainable society including the achievement of SDGs by pursuing advanced sustainability management.

Sustainability Policy

We at FamilyMart always aim to continue to provide new value in the world and to be a presence trusted by our customers. In order to realize these aims, we work together with all of our stakeholders to aim for the formation of a sustainable society and we advocate the following policies.

1. We get involved in activities that lead to the development of local communities and contribute to better lives for everyone.
2. We provide products and services with consideration for safety, reliability, and health and construct the supply chain in accordance with fair business practices with our business partners.
3. We endeavor to give consideration to the global environment, nature, and biodiversity, prevent global warming, and form a recycling-oriented society.
4. We endeavor to support the development of the next generation together with local communities so that the children who will be responsible for the future can grow up healthily and happily.
5. We respect people and their rights regardless of their race, nationality, religion, gender, etc. and promote business activities which offer job satisfaction and enable all of the people involved in the business to be successful.
6. We comply with international norms and the laws and norms in the countries and regions in which we develop our businesses, and carry out our business activities faithfully.



Major sustainability policies:

Sustainability Procurement Principles, Supply Chain CSR Code of Conduct, Environmental Policy, and Social Contribution Policy

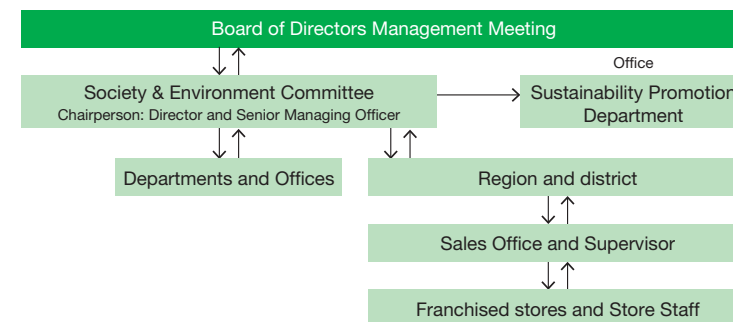
<https://www.family.co.jp/english/sustainability/management/policy.html>

Sustainability Promotion Framework

FamilyMart’s Society & Environment Committee, an advisory body to the President, oversees sustainability initiatives throughout the Group. Chaired by the Director and Senior Managing Officer and administered by the Sustainability Promotion Department, it approves initiative plans and manages progress.

To promote sustainability, each department and office and each region and district are conducting concrete CSR activities based on the Group’s basic policies and mid- to long-range plans, decisions made by the Society & Environment Committee, and the like. For the issues resulting from the activities are shared and deliberated to improve by the Society & Environment Committee as needed basis. We regularly engage with stakeholders and external experts to find expectations/demands from society and recognize gaps between them and our current performance, to promote sustainability.

Sustainability Promotion Framework



Major Items Considered by the Society & Environment Committee

- | | |
|--|--|
| Fiscal 2018
Fiscal 2019 | <ul style="list-style-type: none"> ▪ Respond to ISO 14001 update inspection ▪ Revise material issues ▪ Consider long-range environmental targets for 2030 |
|--|--|

Material Issues (Materialities) Related to Sustainability

We identified material issues (Materialities) among many different issues submitted by society and stake holders that can be resolved through our business on a priority basis. We are actively and continuously working on them for advanced sustainability management.

Revision of Material Issues (Materialities)

There are issues about climate change, various resources and the plastic problem, as well as social issues such as economic disparity, poverty and human rights are all tangled up and came up to the surface as significant issues. In 2015, the SDGs and Paris Agreement were adopted to resolve these issues. Companies are also expected to take advantage of their strengths and to be proactive in working on a common perception that the international community work together to resolve those issues.

Because we operate convenience stores with a close connection to people's lives, we believe it is important to adapt

to social changes and respond closely to the demands and expectations of our stakeholders. For that reason, we identified material issues (Materialities) in fiscal 2017 and have been promoted CSR linked with our business to monitor and manage our business' impact on our communities.

In fiscal 2019, our convenience stores have been reorganized to a business entity, we have reviewed our external environment, social issues and stakeholders' expectations and demands of us, and re-examined the material issues. The revision focuses more on realizing the basic philosophy through resolving issues and contributing to the SDGs. In other words, we stated clearly

that by contributing to solve social issues through our business, we are contributing to the achievement of the SDGs and thereby getting closer to realizing our Corporate Message.

After the revision process, the five material issues and the four fundamental keys to support their resolution will be cared by the departments in charge working with the Sustainability Promotion Department to formulate action plans such as medium- to long-term targets and KPIs. The Society & Environment Committee will oversee the PDCA cycle to continuously enhance our activity.

Material Issues (Materialities) Revision and Identification Process

STEP 1 Figure out, 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 demands, activity indicators of benchmark companies, etc.

- Major analysis indicators: SDGs, Paris Agreement, United Nations Global Compact, ISO 26000, GRI Standards, SRI/ESG evaluations, SASB, industry targets, etc.

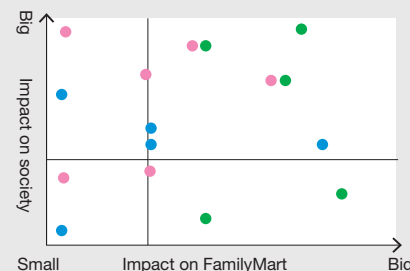
Analysis of internal environment

Analyze FamilyMart's Corporate Message, norms, business strategy, etc.

- Corporate Message, business plan, policies, etc.

STEP 2 Evaluate Materiality

Evaluate and verify the Materiality of the extracted issues' impact on society and on FamilyMart and identify material issues (in draft form).



STEP 3 Evaluate appropriateness



























Discuss views with departments confer on each issue, ask for advices from external experts, and evaluate appropriateness as well as consistency of resolution to create final draft of Material Issues Matrix.

STEP 4 Identify material issues

The "final draft of Material Issues Matrix" created in STEP 3 was classified into five major themes and four basic themes that support each resolution, considering the relationship with the basic philosophy, contribution to the SDGs, penetration into internal and external of the company, explicitness, etc. They were approved by the Management Meeting and identified after confirmation by the Board of Directors.

Material issues (Materialities) related to sustainability

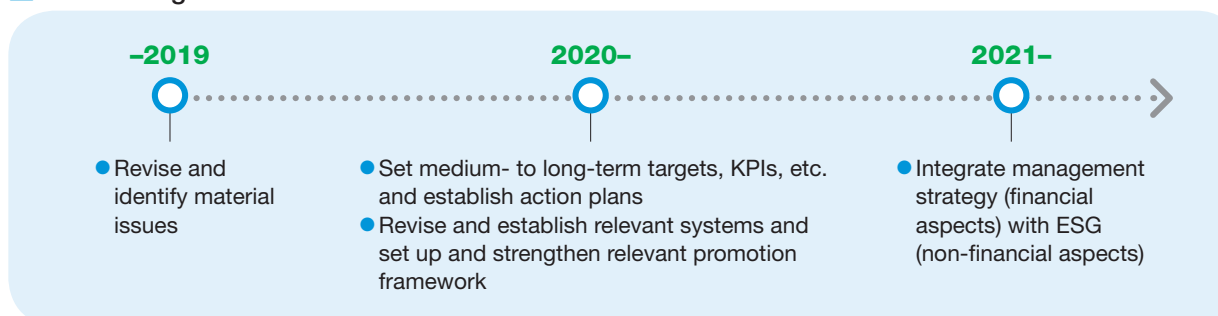
Connections between Material Issues (Materialities) and SDGs

Material Issues	Important themes * indicates connection to Corporate Message	Measures Taken	Related SDGs	Related pages
Materiality 1	Contributing to the future of the earth and its regions through environmental awareness **"An integral part of the community"	<ul style="list-style-type: none"> Continuous improvement of environmental management system Climate change mitigation and adaptation Reduction of food wastage Use of sustainable resources Prevention of environmental pollution 	    	Page 22
Materiality 2	Evolving as a regional revitalization base close to people **"An integral part of the community"	<ul style="list-style-type: none"> Contributing to create safe, secure neighborhoods Supporting the development of the next generation Responding to an aging society 	    	Page 34
Materiality 3	Creating safe and reliable products and services to bring convenience and richness to everyday life **"Meet the needs of each customer"	<ul style="list-style-type: none"> Improvement of customer satisfaction Promotion of digitalization to improve convenience Provision of products and services that improve health and well-being 	  	Page 42
Materiality 4	Working with suppliers to pursue a sustainable supply chain **"Meet the needs of each customer"	<ul style="list-style-type: none"> Fair and transparent business Building good relationships with our partners Building responsible supply chain management Promoting sustainable raw material sourcing Our responsibility to provide safe and reliable products 	        	Page 48
Materiality 5	Building a motivating work culture with driven employees **"Like a family"	<ul style="list-style-type: none"> Promotion of diversity and inclusion Work-life balance and workstyle reform Human resource development and training Creating a safe, healthy and comfortable workplace environment 	   	Page 56

Four Fundamental Keys for Supporting Solutions to Material Issues (Materialities)

Fundamental Keys	Related pages
Enhancing corporate governance	Page 14
Thorough risk management and compliance	Page 16
Respect for human rights	Page 19
Joint growth between franchised stores and headquarters	Page 20

Plans Going Forward







Stakeholder Engagement





We provide communication opportunities with key stakeholders with us so that we can understand the social responsibilities and expectations of FamilyMart through our business.

Based on the valuable opinions and requests received, our material issues (Materialities) have been reviewed in 2019. Our business activities, the quality of our products and services are also making a great progress.

Following is an overview of major stakeholder engagement initiatives.

	Method / Content	Achievement and Evaluation	Response / Plan
Customers 	<ul style="list-style-type: none"> Sales channels including stores, online shopping, and Automatic Super Delice (ASD) Responding to customer inquiries at Customer Service Office Holding in-store events with customers Responsible advertising, product displays, and marketing Dispatching user-specific information through FamiPay app 	<ul style="list-style-type: none"> Reflection in sales and number of customers visiting stores Improvement of the evaluation of products and services Voices to the Customer Service Office: 91,053 Downloads of FamiPay app: 4 million (as of November 30, 2019) 	<ul style="list-style-type: none"> Improve the quality of products and services that meet consumer needs Improve store management quality, including product lineup, customer interactions, cleanliness, etc. Increase communication opportunities using in-store equipment and apps Pursuit of easy to understand and ensuring accuracy of product displays
Local communities / NGO 	<ul style="list-style-type: none"> Dialog through Customer Service Office Support for development of the next generation, prevention of crime and disaster, dialogue with communities through customer-participation events Collaboration with the local government Direct dialog with elementary schools through the development of the next generation Donations collected at stores and from FamilyMart employees Cooperating to hold local events and community activities Human support for the operation of organizations 	<ul style="list-style-type: none"> Strengthening of the environment awareness of the children in the local community Contribution to local crime and disaster prevention systems Food and supplies distributed in natural disaster: about 5,000 bottles of drinks including 600 ml bottles of water; about 4,000 bottles of vegetable juice Relief donations to disaster-affected areas: ¥99 million Fiscal 2018 donations (except relief to disaster-affected areas): ¥444 million 	<ul style="list-style-type: none"> Proposal and implementation of the development of the next generation and local community activities through stores Expand community contribution activities based on comprehensive partnership agreements, disaster relief agreements, and watch over agreements Effective use of donations collected at stores, from FamilyMart employees and from corporation. Aware of resolving social issues of customers, franchised stores, and employees
Franchised stores 	<ul style="list-style-type: none"> Establish and implement action plans to support franchised stores On-site visits by the president and have conversations with franchised stores Direct meetings with the President Regular store visits by the supervisor <i>Kansha no Tsudoi</i> (Gratitude Gathering; a meeting to announce fiscal year policies/ product seminars) Operation of Staff Hiring Center and "FamiJOB", a system for recruiting store staff Distribution of internal on-line monthly magazines for franchised stores Operation of Franchised Store Relations Office 	<ul style="list-style-type: none"> Stores inspected by President: more than 700 (since assuming office in September 2016) <i>Kansha no Tsudoi</i>: held 16 times at 11 venues nationwide (fiscal 2018) Satisfaction with product seminars: more than 90% (autumn-winter 2018) Strengthening holding of region/district-hosted store manager meetings Strengthening/enhancing of: support for free health examination services, seminars for improving store management skills, support system for managers to take leave, support for dispatching staff to stores (since June 2019) Study of store earnings with trial of shorter store business hours (continuing as of November 2019) 	<ul style="list-style-type: none"> Promote store management efficiency Increase store's profit Expand store operation support Establish of deep trust relationship Create community-based stores that understand and contribute to the local communities
Store staff 	<ul style="list-style-type: none"> Store staff awards program Full-time employee promotion system for excellent staff Periodic training for store staff SST (Store Staff Total System) Workshop Training support by Famima School Workshops for foreign staff 	<ul style="list-style-type: none"> Number of awarded staff: 59,974, 253 staff won the Top prize/the Excellent Staff prize Excellent staff promoted to full-time employees: 10 (accumulated since 2017) Famima School: run 329 times; participants: 8,816 Workshops for foreign staff: 286 participants Started of free health examinations support service (June 2019) 	<ul style="list-style-type: none"> Reduce store workload and optimize manpower Enhancement and expansion of the system for store staff to get more motivated Enhance contents of workshops for store staff and trainings for foreign staff

Stakeholder engagement

	Method / Content	Achievement and Evaluation	Response / Plan
Shareholders and investors 	<ul style="list-style-type: none"> General Meeting of Shareholders Financial results briefing (including overseas) Meeting to exchange views with investors Explanatory meeting on sustainability Information disclosure in the official website and in various reports 	<ul style="list-style-type: none"> Number of shareholders: 10,444 (as of the end of February 2019) Attendees at 38th Ordinary General Meeting of Shareholders: 152 Individual meetings with investors: approx. 300 times Domestic and overseas conferences (sponsored by securities companies): 10 times 	<ul style="list-style-type: none"> Improve shareholder value Simple and sincere information disclosure focused on accuracy, swiftness, and fairness Construction of a sound and highly transparent management system Enhance information disclosures with a focus on response to ESG investment
Future generations 	<ul style="list-style-type: none"> Cooperation and support for educational programs for high school/university students Hosting contests for elementary school children Provision of learning opportunities of work experience, etc. Supporting hands-on learning programs held by NGOs/NPOs through donations 	<ul style="list-style-type: none"> Participants in Fiscal 2018 internship: 1,355 Support for <i>Kikigaki Koshien</i> (sponsored by a non-profit) Support for data utilization competition (sponsored by Wakayama Prefecture) Thank You Letter Contest (supported by the Ministry of Education, Culture, Sports, Science and Technology) Cumulative letters entered: more than 320,000 Forest Classes (sponsored by the National Land Afforestation Promotion Organization) Kindergarten children participated: more than 20,000 	<ul style="list-style-type: none"> Expansion of programs offered Increasing store and employee participation rate in program
Suppliers 	<ul style="list-style-type: none"> Product policy briefing Information sharing with other companies Establishment of consultation service for business partners Conduct surveys for business partners Conduct factory audits with Japan Food Supply (JFS) from the perspective of CSR procurement Information sharing and capacity improvement on quality and hygiene management with outsourcing manufacturing contractors of ready-to-eat products 	<ul style="list-style-type: none"> 118 business partner surveys have been answered out of 266 sent, of which 8 free-answers, 11 complaints, 1 praise JFS ingredients claims: 95.6% YoY Claims for producers of ready-to-eat products: 85.0% YoY 	<ul style="list-style-type: none"> Strengthening of governance in the entire supply chains and consideration of human rights and the environment Educating suppliers about FamilyMart Sustainability Procurement Principles and Supply Chain CSR Code of Conduct
Employees 	<ul style="list-style-type: none"> Conducting employee awareness survey Rally seminars by President Employee training/self-development support system Supervisor award system Self-evaluations (stress checks) / personal interviews with supervisor Internal portal site / company magazine Labor-management dialogue 	<ul style="list-style-type: none"> Dialogues and discussions held with top managements (11 locations in Japan) Brainstorming: more than 2,000 sessions (accumulated) Participation rate of stress check: 82.4% Participants of employees training supervised by the Human Resource Department: 6,169 Collection rate of employee satisfaction survey conducted by labor union: 97.1% Securing and developing diverse human resources 	<ul style="list-style-type: none"> Improve business as well as ability of planning proposal. Improve support for work-life balance Expand education and training system Promote good maintenance of both mental and physical health

Enhancing Corporate Governance

FamilyMart is enhancing corporate governance throughout the Group and working to ensure management transparency and soundness in order to achieve sustainable business development and further increase corporate value.

Basic Approach on Corporate Governance

Based on our belief that enhanced corporate governance builds enterprise value, we are working to construct a transparent and effective management system. To this end, we are working to establish a system to ensure legal compliance and the accurate performance of administrative work. In addition, to ensure proper corporate governance, it is essential to fulfill our duty of accountability through regular disclosure of corporate information.

Overview of the Company's Corporate Governance (as of August 1, 2019)

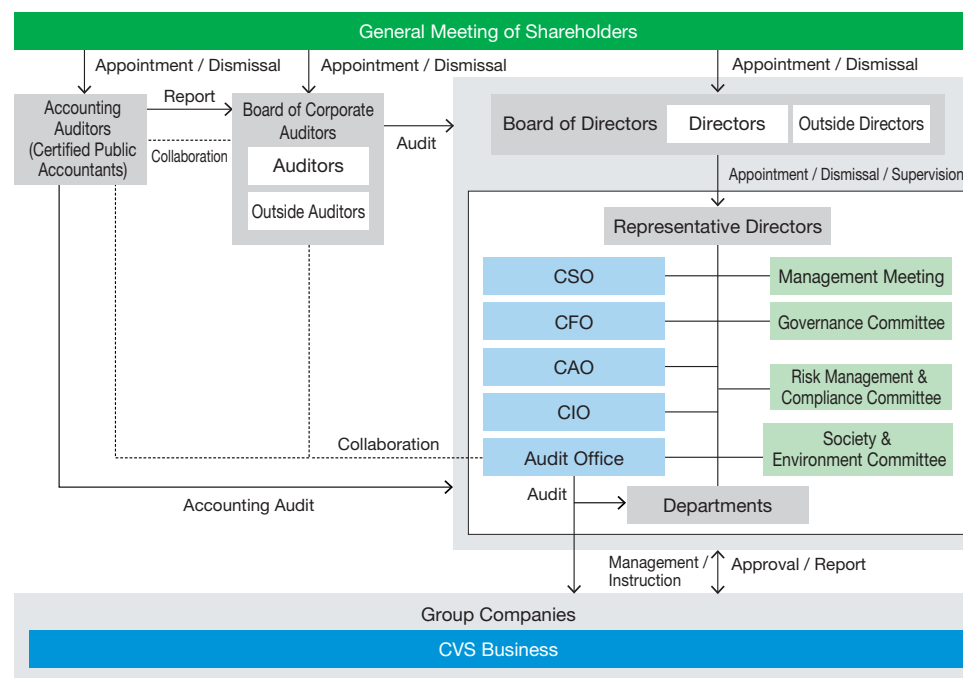
Type of system	Company with a Board of Corporate Auditors
Adoption of an executive officer system	Yes
Chairman of the Board of Directors	Representative Director and Chairman
Number of directors	12 (Of whom, outside directors: 3)
Term of office	1 year (the same for outside directors)
Report on Board of Directors meetings*	Meetings held: 21 Attendance: 98.1%
Number of corporate auditors	6 (Of whom, outside directors: 4)
Term of office	4 years (the same for outside corporate auditors)
Report on Board of Corporate Auditors meetings*	Meetings held: 12 Attendance: 98.5%
Number of independent officers	6

* indicates fiscal 2018 results

Corporate Governance System

As a company with corporate auditors (Board of Corporate Auditors), management oversight by our corporate auditors, including outside corporate auditors, functions adequately to ensure the enhancement of the monitoring and supervisory functions and the transparency of decision making. In addition to our corporate governance system centering on management monitoring by corporate auditors, we also appoint outside directors with a high degree of independence in order to strengthen and improve the effectiveness of management supervision and the transparency of decision-making by the Board of Directors. We believe that our current corporate governance system, based on a Board of Directors including Outside Directors and a Board of Corporate Auditors with the majority being outside corporate auditors, is consistent with the highly transparent management system that we must build.

Corporate Governance System (as of August 1, 2019)



Overview of major committees (advisory bodies to the Representative Director and President)

Governance Committee

- Chairperson: Director, Senior Managing Executive Officer
- Committee members: 4
- Overview/purpose: Reviews the establishment and operation of internal control systems throughout the Group
- Times held in fiscal 2018: 2

Risk Management & Compliance Committee

- Chairperson: Director, Senior Managing Executive Officer
- Committee members: 12
- Overview/purpose: Exercises Group-wide control of risk management and compliance activities
- Times held in fiscal 2018: 4

Society & Environment Committee

- Chairperson: Director, Senior Managing Executive Officer
- Committee members: 6
- Overview/purpose: Exercises Group-wide control of corporate social responsibility and sustainability activities
- Times held in fiscal 2018: 1

CSO: Chief Strategy Officer
CFO: Chief Financial Officer
CAO: Chief Administrative Officer
CIO: Chief Information Officer

Enhancing corporate governance

Board of Directors

The Board of Directors, consisting of twelve directors (including three outside directors) and six corporate auditors (including four outside corporate auditors), meets once a month in principle to make decisions regarding the execution of important company business and supervise work duties. To accelerate decision-making and strengthen business execution, FamilyMart also uses an executive officer system in which executive officers are appointed and carry out duties assigned by decision of the Board of Directors. (As of August 1, 2019)

Major Agenda Items of the Board of Directors in Fiscal 2018

- Statement of opinion on tender offer for FamilyMart shares by a wholly-owned subsidiary of ITOCHU Corporation
- Evaluation of Board of Directors' effectiveness
- Policy on responding to revision of the Corporate Governance Code
- Verification of the significance of cross-shareholdings
- Sale of shares related to UNY CO., LTD.
- Enhancement of disaster response

Evaluation of Board of Directors' Effectiveness

FamilyMart evaluates the effectiveness of the Board of Directors in order to further enhance corporate governance. Based on evaluation indicating that the Board of Directors generally functions appropriately, with its actions deemed "appropriate" or "mostly appropriate" on the majority of items, we have determined the Board of Directors to be effective.

The previous year's evaluation noted issues with the Board of Directors' meeting schedule and the content of documents provided at meetings. With regard to these issues, we have made progress in enhancing and revising the management of the Board of Directors, and confirmed that improvements have been made since the previous year's survey. At the same time,

the evaluation found problems with the structure of the Board of Directors (number of directors and ratio of outside directors) and the content of topics discussed at Board of Directors meetings (Representative Director's successor plan, appointments and dismissals of members of management team, etc.), so we will be examining ways to improve and revise these areas. The results of the latest evaluation will help the FamilyMart Board of Directors to enhance its effectiveness.

Summary of Evaluation of Board of Directors' Effectiveness

Subjects	All directors and corporate auditors at March 1 each year	
Method	Questionnaire of all subjects (answers anonymous)	
Questions	1. Composition of the Board of Directors 2. Management of the Board of Directors 3. Agenda items of the Board of Directors 4. Support systems of the Board of Directors	The Board is evaluated at four ranks, for each category shown at left.
Evaluation method	All directors and corporate auditors answer a questionnaire about the effectiveness of the Board of Directors. Based on the aggregated results of these answers, analysis and evaluation are conducted at meetings of the Board of Directors.	

Board of Corporate Auditors

The Board of Corporate Auditors consists of six corporate auditors (including four outside corporate auditors). In fiscal 2018, it met thirteen times. The Board takes reports on important auditing matters to discuss and make decisions on. Two employees are appointed to full-time service in the Board of Corporate Auditors Secretariat to assist with corporate auditors' duties. (As of August 1, 2019)

Following an audit plan established by the Board of Corporate Auditors, all corporate auditors attend meetings of the Board of Directors, while standing corporate auditors attend the Management Meeting, meetings of the Risk Management & Compliance Committee, and other important meetings, along with viewing documents on important decisions and holding regular meetings (once a month) with the Representative Director

in an effort to increase the effectiveness of auditing. Corporate auditors also take reports on the state of internal systems for providing information, among other matters, and set up periodic meetings (once a month) with the Audit Office to exchange information and take reports on audit results. In addition, they create opportunities to meet with accounting auditors in order to receive updates on accounting audits and reports on audits of subsidiaries, as well as trade views on material issues.

Group corporate auditor liaison councils are periodically held with corporate auditors from Group companies in order to share information about matters such as auditing policies and enhance internal control within the Group through training and discussion.

Group Companies Management System

The Company dispatches directors and/or corporate auditors and provides the respective Group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies.

In addition, we determine matters that require the Company's prior approval and matters that need to be reported to the Company under the Management Rules regarding Associated Companies, and conduct deliberations on significant matters pertaining to the subsidiaries at the Company's Board of Directors meetings and in the Management Meeting, etc.

Furthermore, with respect to risk management, we have taken actions such as the establishment of the Risk Management & Compliance Committee and compliance education at each Group company. Based on the status of such actions, the Company conducts education and training regarding compliance and risk management, etc., at Group companies and provides training materials to the Group companies, and further provides advice and guidance on the improvement of relevant rules and the streamlining of systems. With these measures, the Company promotes the internal control systems including those at Group companies.

Thorough Risk Management and Compliance / Respect for Human Rights

FamilyMart works to thoroughly implement compliance and continually strengthen risk management in order to practice community-based management founded on the trust of stakeholders.

Basic Approach on Risk Management

As risks with potentially serious impacts on business activities increase and become more complex, enterprises need to prepare systems to respond appropriately to those risks.

Recognizing risk management as a material issue for management, we have established risk management regulations and prepared a risk management system using the ISO 31000 approach as a reference. Specifically, we periodically analyze and evaluate risks potentially confronting FamilyMart, our Group companies, and our departments, such as food safety and reliability, natural disasters, preventing corruption like fraud, law-breaking, and bribery, human rights problems, environmental problems, and information security concerns. We then identify risks to address as priorities, and appropriately manage them by establishing regulations on systems to prevent major risks and minimize their impact as well as initial responses.

Since food safety and reliability, natural disasters, incidents and accidents, and fraud and law-breaking are risks that can have a particularly significant impact on communities and FamilyMart, we are stepping up our risk management response by creating a prioritized escalation system. When entering new businesses, we perform appropriate risk assessment and inquiry in order to avoid labor problems. Aware of our social responsibility as an enterprise that is part of the social infrastructure, we will continue to strengthen our mechanisms for risk management.

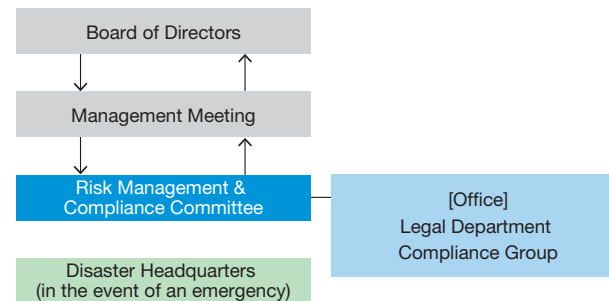
Risk Management & Compliance Promotion System

FamilyMart has established the Risk Management & Compliance Committee as an advisory body to help the Representative Director and President supervise risk management and compliance-related activities in a cross-sectional manner. Using periodic reports from FamilyMart and its Group companies, the committee reviews the design and operating effectiveness of the risk management and compliance system of the Group as a whole and deliberates relevant policies and plans.

Additionally, we have established the Compliance Group within our Legal Department to focus on promoting and ensuring risk management, and individuals responsible for promoting risk management are appointed in each department. The Risk Management & Compliance Committee seeks to ensure compliance and strengthen risk management Group-wide by sharing information on compliance risks, which differ by company and department.

It also conducts periodic reviews of the effectiveness of the risk management system along with risk assessments including annual risk reevaluation and identification.

**Risk Management & Compliance Promotion System
(as of August 1, 2019)**



Structure and Main Roles of Risk Management & Compliance Committee

Chairperson	Director and Senior Managing Officer
Committee member	<ul style="list-style-type: none"> Chairperson General manager of Group Company Management Department General manager of Finance & Accounting Division General manager of Legal Department General manager of IT Planning Department Members responsible for compliance at Group companies General manager of Audit Office Corporate auditors
Office	Compliance Group in Legal Department
Main roles	<ol style="list-style-type: none"> ① Organizing and categorizing incidents, accidents, etc. ② Deliberating compliance issues ③ Reporting critical cases to management team, and instructing initial response and investigation to responsible departments ④ Deliberating investigation results and proposed response by responsible departments, and reporting to President

Thorough risk management and compliance / Respect for human rights

Major Risks

FamilyMart uses a workshop-style process to identify business risks. In this process, the responsible department identifies potential risks based on social conditions, trends, and recent cases and each department considers risk management methods.

Below is a list of the main risks with potential to substantively impact decisions by investors and other stakeholders relating to FamilyMart's business. We are positioning these as key items in risk management, and promoting Group-wide countermeasures in collaboration with franchised stores and business partners.

Major Risks

(1) Economic conditions, etc.	(6) Handling of personal information
(2) Natural disasters, etc.	(7) Information systems
(3) Franchising system	(8) Human resources
(4) Safety of food products, etc.	(9) Credit control
(5) Impacts of legislation, etc. (including ESG-related laws and regulations)	(10) Asset impairment

* The above contains items that refer to matters in the future but have been determined to the best of our knowledge as of the end of the consolidated fiscal year.

Emerging Risks

We believe that responding appropriately to new risks from a medium- and long-term perspective is important in order to ensure our sustained growth together with society. The development of further countermeasures may be required in the future for the items described below. We are continually examining appropriate measures to reduce the risks associated with these items, while also reviewing actions we can take to create new business opportunities and value.

Major Emerging Risks and FamilyMart's Response

Tightening of environment-related laws and regulations

Growing awareness of environmental problems like climate change, water shortages, and plastic trash in the oceans has led to the tightening of environment-related laws and regulations. In response, FamilyMart is considering further efforts to mitigate our environmental impact while collaborating with industry groups.

Issues of human rights and animal welfare involving supply chains; genetically modified food products

We will be examining and strengthening our initiatives going forward with an eye on the introduction of relevant laws and regulations, changes in consumer trends, and the like.

Enhancement of the Business Continuity Plan (BCP)

The FamilyMart Group has a Business Continuity Plan (BCP) in place so that we can minimize negative impacts on customers, local communities, and other stakeholders in the event of an emergency such as a large-scale disaster. Our BCP considers how to maintain headquarters functions, secure production plants and distribution networks, and manage store operations across entire disaster-affected areas.

Regular BCP meetings take place four times a year to enable periodic consultation on emergency responses. In addition, we hold an annual simulation-based drill including the establishment of disaster headquarters. This training simulates an earthquake, looking at multiple scenarios with different hypocenters and seismic intensities, while also incorporating factors validated by real-life experience of past earthquakes. Through such training, we can verify how procurement, production, logistics, headquarters functions, and store operations will perform under stress. This type of training incorporating real-life experience will be extremely useful in the initial response to future earthquakes, so building up experience at the local level is an important element of risk management. As concentrated heavy rainstorms become more frequent in recent years, we have also reflected this risk in the BCP, taking local conditions into account.

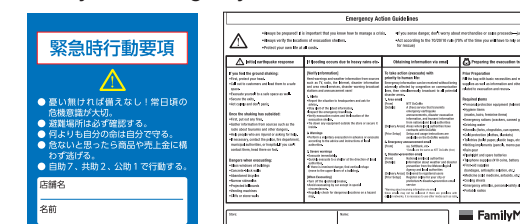
FamilyMart will continue to enhance its BCP to ensure that we can fulfill our social mission as an enterprise supporting local communities.

TOPICS

Franchised Stores Included in Safety Confirmation Drills

FamilyMart has long conducted safety confirmation drills for its head office employees four times a year as a way to foster awareness of risks from natural disasters and accidents. Since 2018, we have included our approximately 16,500 stores throughout Japan in safety drills in an effort to raise risk awareness at franchised stores and throughout the Group as a whole. In addition, we distribute FamilyMart Emergency Action Cards to store managers and staff and instruct them to keep the cards handy. We supply both a Japanese language version and one in English for non-Japanese staff. The cards provide instruction on what to do in the event of a disaster such as a major earthquake and how to remain prepared in advance. Stores can use cards to determine the best evacuation area and contact information in critical moments.

FamilyMart Emergency Action Cards



(Front of Japanese card)

(English version)

Thorough risk management and compliance / Respect for human rights

Basic Approach to Compliance

For FamilyMart, compliance means not only observing all the laws, regulations, and social norms of the countries and regions where we do business, but also for each employee to act sincerely with high ethical standards and moral awareness in accordance with our Basic Policy on Ethics and Legal Compliance and our mission of embodying the FamilyMart Corporate Message, a statement of the values that support our growth. This philosophy guided the establishment of our Compliance Action Guidelines and Code of Conduct as well as our Compliance Regulation. We expect all employees to comply with these rules, and post them on an intranet site so they are always viewable.

We also promote compliance in terms of internal control in conjunction with audits of operational processes under the internal control and reporting system following the Financial Instruments and Exchange Act.

Compliance Promotion Structure

We have established a Risk Management & Compliance Committee to oversee both compliance and risk management, which periodically reports on improvements to the Group-wide compliance system and the status of its operations to the Board of Directors.

In the unlikely event that a violation of the Basic Policy on Ethics and Legal Compliance or Compliance Regulation is discovered, the committee investigates the cause of the violation and then takes corrective action. Our attitude to bribery and other legal violations is that we will consider disciplinary action for any executive or employee involved in such violations and hand out more severe punishment depending on the results of internal investigation.

 See page 16, Risk Management & Compliance Promotion System

Compliance Training and Awareness Survey

To ensure thorough compliance, we provide compliance training to all employees once a year via e-learning as well as compliance training in the workplace every other month. After the training, employees sign a pledge that they understand and will comply with the Basic Policy on Ethics and Legal Compliance. We conduct a compliance awareness survey each year, using the results to confirm the degree to which awareness of compliance has been instilled in the workplace and to examine strategies for improvement.

We have also created an intranet site listing our policies, regulations, what to do in case of an incident or accident, and internal reporting systems (hotlines) so that employees can access compliance-related information easily whenever they need it.

In addition, each department conducts periodic compliance training on topics tailored to its responsibilities and operations, such as the environment, food product safety, or the Subcontract Act.

Major Themes Addressed in Fiscal 2018 Compliance Training

- Ethical and legal compliance (including bribery, insider trading, money laundering, and other corruption)
- Labor management (harassment prevention)
- Information management (personal information)
- ISO 14001 (environmental management system)
- Quality control
- Hotlines

Internal Reporting Systems (Hotlines)

We have set up internal reporting systems (hotlines) both within and outside our offices in order to provide advice and take reports on legal violations or any action that violates the Group's norms and regulations, including bribery and other corruption, harassment, and human rights violations. Hotlines are accessible at all times and operated under a slogan encouraging everyone not to commit, allow, or overlook violations. We periodically remind all employees that the hotlines are available and encourage them to use this service. Having hotlines available within and outside FamilyMart helps to us establish ways of preventing compliance violations and correcting them if they do occur.

Hotlines take information by phone, email, or letter. We protect whistleblowers by securing their anonymity and the confidentiality of their reports, and banning retaliatory or adverse treatment of the whistleblower. Group companies outside Japan also work to ensure compliance by setting up appropriate systems of their own, giving consideration to the laws and unique aspects of their own countries.

In fiscal 2018 (March 2018–February 2019), our hotlines received 55 reports. Confirmed violations were addressed with measures to prevent violations or keep them from recurring.

Hotline Usage (Fiscal 2018)

Suspected fraud, law breaking, or rule violation	6 cases
Inquiry about labor contracts, employment, or working hours	4 cases
Inquiry about workplace conditions, language and behavior; suspected harassment	45 cases
Total	55 cases

Thorough risk management and compliance / Respect for human rights

Initiatives to Prevent Corruption

As a corporate participant in the United Nations Global Compact, we have made a clear statement that we are working to prevent corruption in all forms, including coercion and bribery, in line with the basic policy, action guidelines, and code of conduct that we established to comprehensively regulate ethics and legal compliance.

Specifically, we take thorough steps to ensure that we never commit acts deviating from ordinary business customs (e.g., we do not engage in bribery related to the giving and receiving of gifts and entertainment); we comply with relevant laws and ordinances relating to doing business with public agencies and making political donations; and we do not give money, entertainment, accommodations, or other benefits to public employees or private-sector officers and employees, in Japan or overseas, with the intention of receiving improper benefits.

Respect for Human Rights

As a corporate participant in the United Nations Global Compact, we support international norms on human rights, including the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights (the Ruggie Principles), and OECD Guidelines for Multinational Enterprises, and promote initiatives for respecting human rights. Our Sustainability Policy, likewise, clearly states our corporate commitment to respecting people and their rights regardless of race, nationality, religion, gender, etc.; promoting business activities that provide job satisfaction and enable all of the people involved in the business to be successful; and working against inhumane labor practices, including through compliance with laws and ordinances concerning child labor, forced labor, excess labor, and minimum wage. Specifically, we confirm employees' ages at the time of hiring, follow the Guide for Hiring Non-Japanese Staff when hiring foreign employees, and educate everyone in the Group concerning consideration for human rights.

In an effort to promote respect for human rights throughout our supply chains, we have established our Sustainability

Procurement Principles and Supply Chain CSR Code of Conduct, and demand that suppliers respect human rights and not be complicit in human rights violations.

We also plan to establish a policy on human rights, identify human rights risks in our business activities, and perform due diligence in order to increase the effectiveness of our human-rights initiatives.

Break Off Relations with Antisocial Forces

To further the aim of eliminating antisocial forces and severing their ties to the community, we have declared, internally and externally, that we will not associate with antisocial forces, and are acting accordingly. We are also stepping up our cooperation with the police, attorneys, and other external organizations as well as industry groups and local communities to respond as an organization.

Information Security

We have developed information systems with our franchised stores, business partners, and Group companies in the course of doing business. We also collect and retain customers' personal information during business processes. Recognizing all of the information that we handle as an important management resource for us, as well as a valuable information resource for our customers and society, we position information system resource risk management as a key part of our management strategy.

In order to avoid the risks associated with unauthorized access or use of information system resources and leaks, losses, or damages to the information system, and to prevent company harm resulting from unauthorized activity with information system resources, we have established an Information Security Management Regulation and Information System Handling Regulation and are continually improving and strengthening information security management operations.

We also periodically provide e-learning to all employees in order to increase their literacy on information asset management, and internally share case studies on information security violations in an effort to raise awareness.

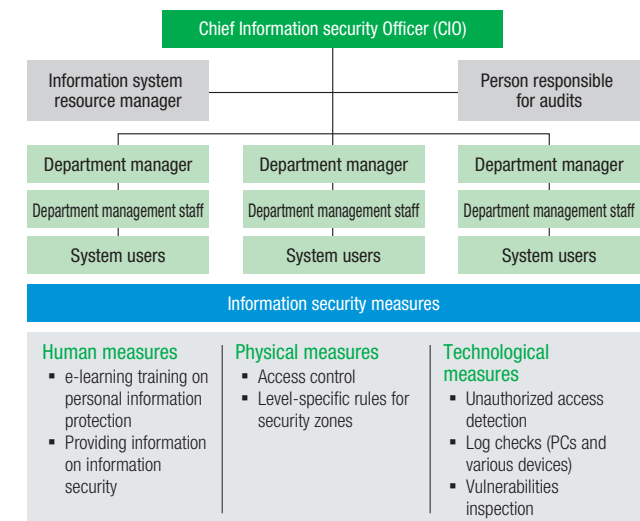
Our offices are only accessible to employees of FamilyMart and its Group companies who are authorized to handle confidential and personal information, and office access is rigidly controlled. Companies to which we outsource also undergo site audits once every two years. These efforts have helped us build a more solid security system.

Information Security Promotion System

Any leaks of personal information, information system failures, or malicious use of systems could interfere with the conduct of business, potentially impacting the Group's business, earnings, and financial standing.

Under the direction of our chief information security officer, the CIO, we have built a strong information security management system and established organizational, human, physical, and technological safety management measures that are generally considered very reliable.

Information Security Promotion System



Joint Growth between Franchised Stores and Headquarters

We aim to maintain a relationship of prosperous coexistence with our franchised stores, growing and developing with them, while providing customers with day-to-day convenience and contributing to the development of local communities.

Following the action plan we established in April 2019 to support our franchised stores, we are taking steps to strengthen support for franchised stores, in part by increasing the efficiency of store operations, and actively trying new experiments to build an appropriate store management system suited to the times.

Shorter Store Opening Hours

(Starting March 2020)

We started a trial of shorter store opening hours in some regions in June 2019 with the goal of building a store management system suited to the times. We also sent out a survey to all franchised stores in Japan on the topic of shorter opening hours. In October 2019, we expanded the shorter-hours experiment to about 620 stores across Japan in search of an appropriate balance between customer convenience and stable store management.

In light of the franchised store survey and result of trials so far, we decided to revise our franchise contract to enable store management flexible enough to meet franchised store needs and local circumstances. Specifically, franchised stores have the discretion to switch to shorter hours after consulting with headquarters and also have a choice between shorter hours every day or just once a week (on Sundays).

Increasing the Efficiency of Store Operations

Since fiscal 2016, we have been analyzing, reorganizing, and drastically reducing store workload in order to increase the efficiency of store operations. In fiscal 2018, we reduced workload by about 5.5 hours per store per day as a result of simplifying our store operations manual and introducing new store equipment or improving existing equipment. For example, we introduced self-checkout registers as well as larger fryers for *FAMICHIKI* fried chicken and other fried items. In fiscal 2019, we aim to reduce workload by a further five hours per store per day through the continued introduction and improvement of equipment such as the introduction of new tablet devices for placing orders, promotion of cashless payment services, and introduction of new pullout shelves.

Reduced workload per store

FY2018

5.5 hours



Further reduction in FY2019

Target: reduce by **5** hours

TOPICS

Incorporating IoT to Realize Next-Generation Convenience Stores

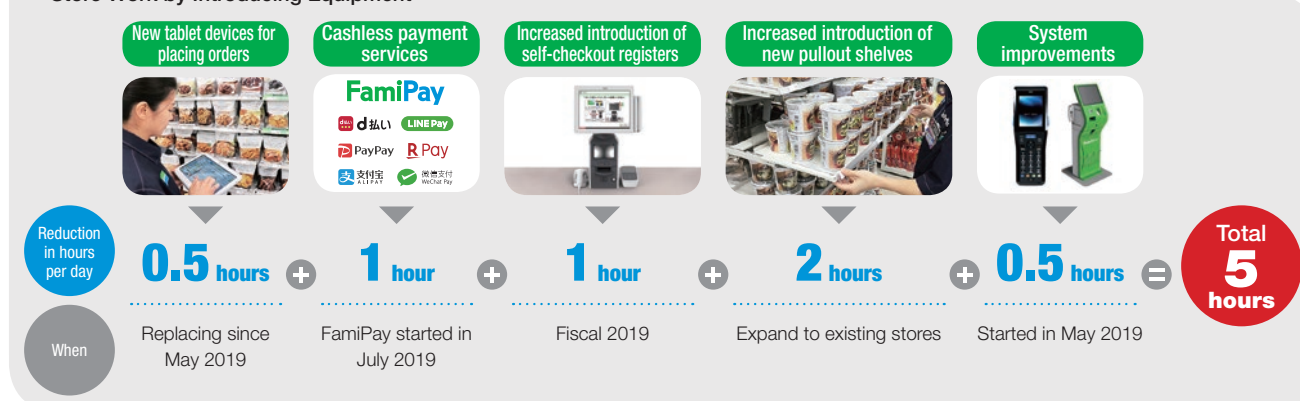
FamilyMart has joined forces with Panasonic Corporation in joint proving tests to realize next-generation convenience stores. The experimental technologies being demonstrated and tested at the newly opened FamilyMart Saedo Store in Yokohama, Kanagawa Prefecture as a prototype convenience store in April 2019, include object detection based on image processing technology, payment through authentication by facial recognition, and point-of-purchase displays and digital shelf labels that automatically change their displays of product prices and other information.

We will continue to test these technologies in order to realize the new concept of a next-generation convenience store that not only addresses challenges for store management, but also helps solve problems for society and customers.



Inside the FamilyMart Saedo Store

FY2019 Targets for Increasing the Efficiency of Store Work by Introducing Equipment



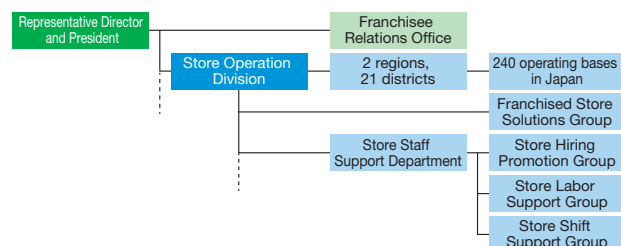
Joint growth between franchised stores and headquarters

Establishment of System to Strengthen Support for Franchised Stores

In line with our action plan to support franchised stores established in April 2019, we have revised our organization and system concerning store support. Within our Store Operation Division, we set up a new Franchised Store Solutions Group to respond to the opinions and needs from franchised stores. One of the most pressing challenges in the retail industry is the shortage of manpower. To address this, we put groups in place in the Store Staff Support Department to focus on hiring, labor management, and shift structure, respectively. Along with this, we prepared a system to support the recruitment, hiring, and retention of store staff.

We will continue to strengthen our support for franchised stores in cooperation with two regions, 21 districts, and 240 operating bases across Japan.

Main Franchised Store Support Systems (Excerpt)



Enhancing Support Systems for Franchised Stores

We continually work to enhance our systems and measures for supporting franchised store operations to ensure that they grow and develop with us. Measures enhanced starting in fiscal 2019 include raising incentive payments for 24-hour stores, promoting health management by making health checkup support services free of charge, and encouraging franchised stores to take more vacations by enhancing our support system for store managers. We will continue not only to provide economic support, but also to help create environments where people can work with confidence by facilitating health management for franchised store owners and staff and encouraging work-life balance.

Sustaining Strong and Trusting Relationships with Franchised Stores

Trusting relationships with our franchised stores are the foundation of our franchise business. Our top management values its opportunities to interact with franchised stores, including events like *Kansha no Tsudoi*, where we announce our strategies for each fiscal year, and visits to the stores. We also hold seminars to enhance store management and expand the functions and scale of the Franchisee Relations Office as part of efforts to build strong and trusting relationships with the stores.

To ensure that franchised stores operate with aims and values fully aligned with ours, we will continue increasing opportunities for dialogue, providing attractive products and services, and devising new store functions that incentivize customers to visit franchised stores and help grow their business. We will maintain our efforts to be a chain where the stores can operate with pride.



Visit to a franchised store by the President

Main Support Systems for Franchised Stores / Main Opportunities for Dialogue with Franchised Stores

Measure	Implementation commencement	Summary and aim
Main Support Systems for Franchised Stores		
Promotion of health management	July 2019–	Health checkup support services for the store staff of franchised stores Paid for by the head office, thereby dispensing with fees
Enhancement of support system for store managers (encouragement to take more vacations)	June 2019–	Significantly eased the conditions for using the system. Provided gratis during disasters or bereavement leave, and one day per year provided gratis mainly to individually managed stores, etc.
Enhancement of store staff support	June 2019–	Strengthened system for dispatching personnel from partner staffing agencies. The system is only used in Kanto and Kansai regions presently, but we plan to extend it nationwide during FY2020
Cost-sharing for 24-hour operation (formerly known as incentives for opening 24 hours a day)	June 2019–	Increased based on the percentage increase in the minimum wage. Increase base amount from ¥100,000 to ¥120,000 per month in fiscal 2020. In addition, cost-sharing for 24-hour operation, which is currently paid uniformly to all shops open 24 hours a day, will also be paid to stores that keep shorter hours one day a week, with the amount to be calculated on a daily basis
Strengthen countermeasures to losses from food wastage	Start rolling out in March 2020	Raise the percentage of costs borne by headquarters for losses from food wastage (headquarters and franchised stores share these costs). Also start support system for franchised stores to lower percentage of food discarded as a response to the food loss problem
Increase incentives for operating multiple stores, renewing contracts	Start rolling out in March 2020	Support efforts to stabilize and strengthen business foundation for franchised stores by letting them run multiple stores, and increase incentives to renew contracts to support long-term stable management by franchised stores
Main Opportunities for Dialogue with Franchised Stores		
<i>Kansha no Tsudoi</i> ("Gratitude Gathering") (held 16 times at 11 venues nationwide)	Held continuously	Intended to show gratitude to owners for operating franchised stores and enable the senior management team to explain the fiscal year's strategies
Increase in holding of store manager assemblies (organized by district managers)	Held as needed	Study groups comprising store managers and with themes set by region district
Establishment of store business management enhancement seminars	June 2019–	Holding seminars for the owners and managers of franchised stores with themes selected to help with the business management of stores
Increase in the functions and scale of the Franchisee Relations Office	September 2019–	A dedicated head office organization that not only provides consultations on store management but also seeks solutions to all kinds of inquiries received from the owners and managers of franchised stores

Materiality 1

Contributing to the Future of the Earth and Its Regions through Environmental Awareness



Social Background and Issues to Recognize: Significance

World population growth and economic development have confronted us with a global environmental crisis from worsening pollution and destruction of the environment and overuse of resources. Due to the progress of global warming is considered to be a cause of the increase in CO₂ emissions, extreme weather has become frequent and severe around the world, is threatening people's daily lives.

Under these conditions, international consensus on Sustainable Development Goals (SDGs) has accelerated adoption of targets and frameworks aimed at mitigating or adapting to climate change and encouraging a recycling-oriented society. People are calling on companies to do more, and their expectations are higher.

These environmental issues, which also greatly affect our business, cannot be overlooked. By actively working toward solutions to these issues, we will contribute to a sustainable society.

Vision: Approach to Our Initiatives

Environmental Policy (Introduction)

FamilyMart will work earnestly to become a store that is rooted closely and evolves as an integral part of the local community. We will foster close ties with business partners like a family, and want customers to feel part of the neighborhood family.

We will contribute to the sustainable development of local communities through environmentally conscious initiatives that are based on our principles. To promote this, we periodically evaluate the environmental impact of our business activities and set environmental goals, and improve our environmental performance.

Moreover, we have set the following policy to continuously remedy of the environmental management system, and also work on preventing pollution and protecting the environment.

Measures Taken

- Continuous improvement of environmental management system
- Climate change mitigation and adaptation
- Reduction of food waste
- Use of sustainable resources
- Prevention of environmental pollution

FamilyMart Environmental Vision 2050

For details, visit the corporate website.

<https://www.family.co.jp/english/sustainability/ecovision.html>

Reduce Greenhouse Gases

CO₂ emissions from store operations

2030 → 2050
reduce 40% → reduce 100%

(compared to FY2013)

Plastic Countermeasures

Proportion of environmentally friendly materials

2030 → 2050
60% → 100%

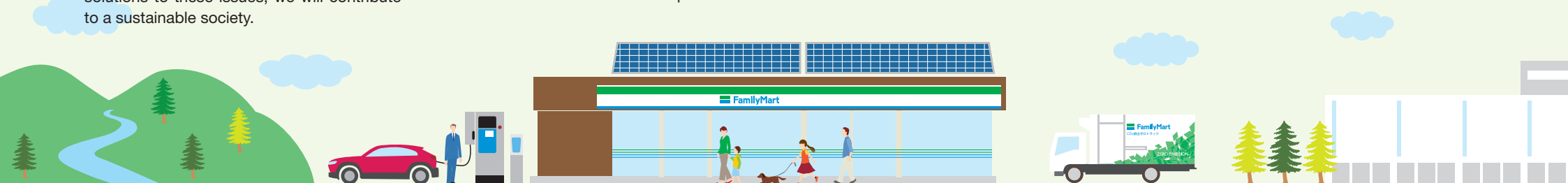
Reduce Food Waste

Food waste from stores

2030 → 2050
reduce 50% → reduce 80%

(compared to FY2018)

FamilyMart Environmental Vision 2050, with mid- to long-term environmental targets, was announced in February 2020. This information was formulated based on Society & Environment Committee discussions and Board of Directors reports and reviews.



Continuous Improvement of Environmental Management System

Environmental Management System

To promote environmental management in line with our basic principles and sustainability/environmental policies, we have established an environmental management system (EMS) at all workplaces based on international ISO 14001 standards that is constantly improved through collaboration between the head office and all stores in a company-wide framework supervised by the president.

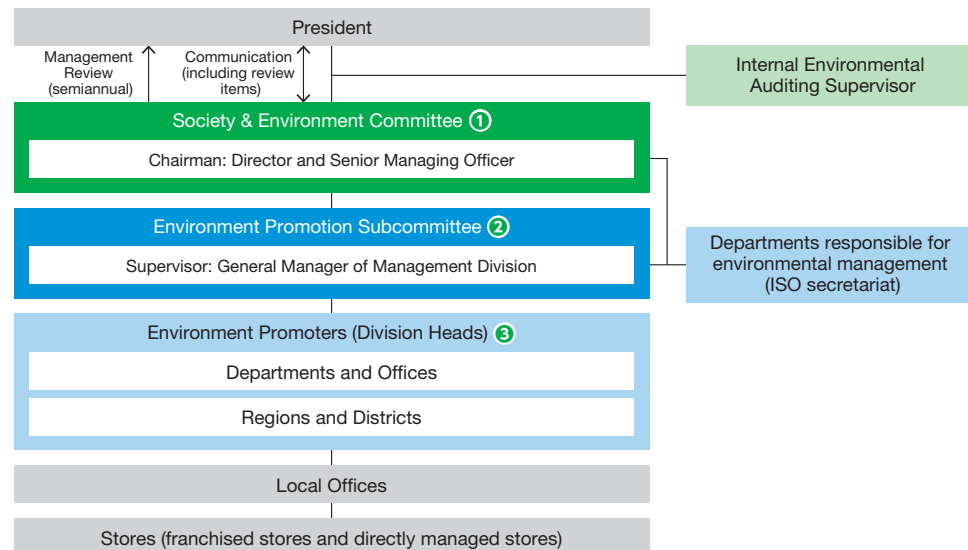
This framework consists of two organizations: the Society & Environment Committee (chaired by the chief administrative officer in charge of environmental matters) and the Environment Promotion Subcommittee (composed of Environment Promoters, who are division heads).

General matters of environmental protection are discussed at semiannual Society & Environment Committee ❶ meetings. In recent years, the Committee has been making decisions by understanding the impacts of environmental problems such as climate change, food wastage, plastic waste, and water resources on society and our business, and analyzing/recognizing from the perspective of risks and opportunities.

Additionally, progress in achieving environmental targets is verified and evaluated at quarterly meetings by the Environment Promotion Subcommittee ❷, where new measures are also planned.

Through every process from procurement/planning of products and services to logistics and sales, the heads of each department are appointed as Environment Promoters ❸ so that they can lead work on the environment.

Environmental Management Promotion System



Internal Environmental Audits

To ensure appropriate and efficient operation of the EMS, each year, we conduct internal environmental audits of all offices and stores. Store supervisors oversee the audits and report the results to the Sustainability Promotion Department. The Department analyzes the report results, and an improvement guidance is given to the required stores through supervisors.

Items raised in the audits are also reported to managers, who apply this information to refine the EMS for the subsequent fiscal years. Succeeded cases are shared to other stores and sites as case studies. In this way, auditing supports group-wide environmental improvements.

In fiscal 2018, internal environmental audits revealed nothing that suggested any breach against environmental law or serious environmental issues.

External Environmental Audits

Since obtaining ISO 14001 certification in March 1999, we have received regular audits from an external auditing organization. More recently in November 2019, the certification was maintained for renewal audit of stores, regional headquarters, and head office divisions.

Environmental Training

We are committed to environmental education and enlightenment so that all employees is aware of green in their work. In addition to basic knowledge about the environment, we conduct e-learning once a year on environmental laws and regulations relevant to store operations. As each participant needs different environmental knowledge, such as supervisors who support store operations, procurement members who promote business with partners, training programs are customized and provided according to the requirements of each divisions.

TOPICS

Store Environmental Education

The environmental education publication *Eco and Social Partner* is issued three times a year for all FamilyMart store managers and staff members. From fiscal 2019 on, it has been distributed in digital format that is accessible for store staff and others improves environmental awareness and encourages thorough implementation of the activities. Self-assessment checklists are also distributed to stores, which helps us to keep improving environmental activities.



Eco and Social Partner educates stores on environmental matters

Climate Change Mitigation and Adaptation

Issues to Recognize

Global warming attributed to higher human emissions of carbon dioxide and other greenhouse gases (GHGs) has been linked to more frequent and intense extreme weather conditions around the world. These climate change has a serious impact not only on natural disasters but also on food, water, and ecosystems, so it is a possible crisis that can seriously affect not only our daily lives/ corporate activities but also future generations.

Under these conditions, international consensus on SDGs, the Paris Agreement, and other arrangements have accelerated adoption of targets and frameworks for climate change mitigation or adaptation, as people call on companies to do more.

Achievements and Performances

- Joined an MOE* program to enhance corporate value through decarbonization management (Aug. 2019)
- Total GHG (CO₂) emissions: 89.4% YoY
- Energy consumption (internal): 93.7% YoY

* MOE: Ministry of Environment

Management Approach

In order to contribute to the realization of a decarbonized society, we promote careful energy conservation at stores (which account for 90% of the Company's GHG emissions), seek renewable energy sources, and develop environmentally friendly stores. We also strive to take effective steps in consideration of how climate change may affect our business activities – in areas from raw material sourcing to product demand to store management – treating this impact as both a risk and an opportunity while remaining committed to information disclosure.

Carbon Management

The Company engages in a variety of initiatives across business processes to reduce GHGs, viewed as a primary factor of climate change and global warming.

Store energy consumption accounts for 90% of the Company's GHG emissions. Accordingly, our target is to reduce by 2030, per-store energy consumption (electricity usage) by 40% compared to fiscal 2013. Toward this end, we have stepped up efforts to switch to more energy-efficient equipment, and we aggressively introduce advanced technologies in the environmentally conscious model stores we develop.

After setting targets in line with the Paris Agreement, our measures toward steady reduction of GHGs have included joining an MOE program in 2019 aimed at enhancing corporate value through decarbonization management, and as a member of this decarbonization network, we are studying science-based targets (SBTs). We have also joined the Japan Climate Initiative, a platform supporting exchanges of information and opinions among a mix of domestic participants other than the national government such as enterprises, municipalities, professional organizations, and NGOs that are tackling climate change.

Looking ahead, we will continue to work with stakeholders in pursuing measures to prevent climate change.

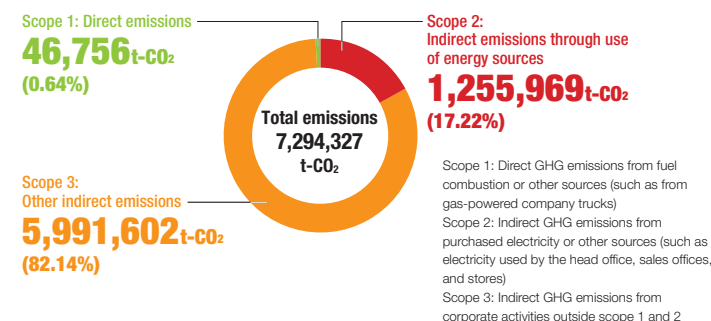
Controlling CO₂ Emissions in the Supply Chain

In Japan, although progress has been made in large companies' efforts to prevent global warming, some say efforts by Small and Medium-sized Enterprises and consumers remains inadequate and challenging.

To reduce CO₂ emissions in the supply chain*, we begin by calculating emissions for the entire supply chain based on the MOE publication *Explanations by Industry (Retail Industry) for the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 1.0* to appropriately assess the environmental impact. We will be working to improve data collection precision and expand the scope of calculations, as we analyze these calculations and seek to reduce CO₂ emissions across the supply chain.

* Supply chain CO₂ emissions: Total emissions, including not only a business' own emissions but also those of all supporting processes from materials procurement to product manufacturing, logistics, sales, and disposal/recycling.

Breakdown of Supply Chain CO₂ Emissions



View data: Fiscal 2018 GHG emissions, by category

Climate change mitigation and adaptation

Store Initiatives

Efforts to reduce store CO₂ emissions include environmentally conscious store design and formulation and refinement of store operation rules.

To meet our target of 40% lower by 2030, per-store energy consumption (electricity usage) compared to fiscal 2013, we have made an aggressive effort to develop environmentally conscious model stores.

Environmentally Conscious Store Design

In order to reduce store energy consumption, we have been switching to LED lighting—not only for in-store lighting but also for façades, signage, and parking lot lights. Brightness is controlled by a system that adjusts lighting by time of day or store zone. We also promote refrigerators and freezers that use CO₂ as a refrigerant, which can reduce emissions of both chlorofluorocarbons and energy-derived CO₂.

Installation of
refrigerators and freezers
with CO₂ as a refrigerant

180 units at **90 stores**
(as of the end of February 2019)



Progress in energy-saving facilities

https://www.family.co.jp/english/sustainability/material_issues/environment/carbon.html

Store Operation Initiatives

Store staff are careful about turning lights on and off as needed and cleaning filters of store fixtures regularly. Familiarizing staff members with ten energy-saving tips that can be done at the stores instills an awareness of costs as environmentally sound store operations are promoted.



Filter cleaning

Promotion of Renewable Energy

While reducing energy consumption at stores, we also promote utilizing renewable energy. One of the approaches is to install solar panels on store roofs or building walls, so that stores can generate a portion of the energy consumed. Meanwhile, to help establish infrastructure for electric vehicles and plug-in hybrids, quick-charging stations are being installed in store parking lots.



Stores with solar panels

2,083

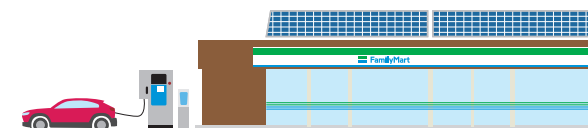
(as of the end of February 2019)



Stores with
quick-charging stations

710

(as of the end of February 2019)



FOCUS

Environmentally Conscious Model Store Development

Demonstration experiment of environmentally conscious store targets environmentally sound building materials, energy-efficient equipment, and Internet-connect air conditioning, ventilation, and refrigeration cases, in which electricity use can be monitored. After determining through tests that high-efficiency LED lighting can reduce consumption by 8%, we have been phasing in this lighting at new stores since January 2018.

Five new environmentally conscious stores were opened in fiscal 2018, and demonstration experiments are continuing to be conducted there.

Goal	Main Measures
Reduce CO ₂ in material/equipment manufacturing	<ul style="list-style-type: none"> • Wooden construction
Reduce heating/cooling loads	<ul style="list-style-type: none"> • Well-sealed and insulated buildings • Total heat exchanger
Reduce electricity consumption	<ul style="list-style-type: none"> • Open refrigerated cases with natural refrigerants • Energy-efficient drink cases and horizontal refrigerated display cases
Reduce CO ₂ emissions for parking lots	<ul style="list-style-type: none"> • Pave parking lots with low-temperature asphalt

Climate change mitigation and adaptation

Product Initiatives

CO₂ emissions are also reduced through carefully designed containers and packaging.



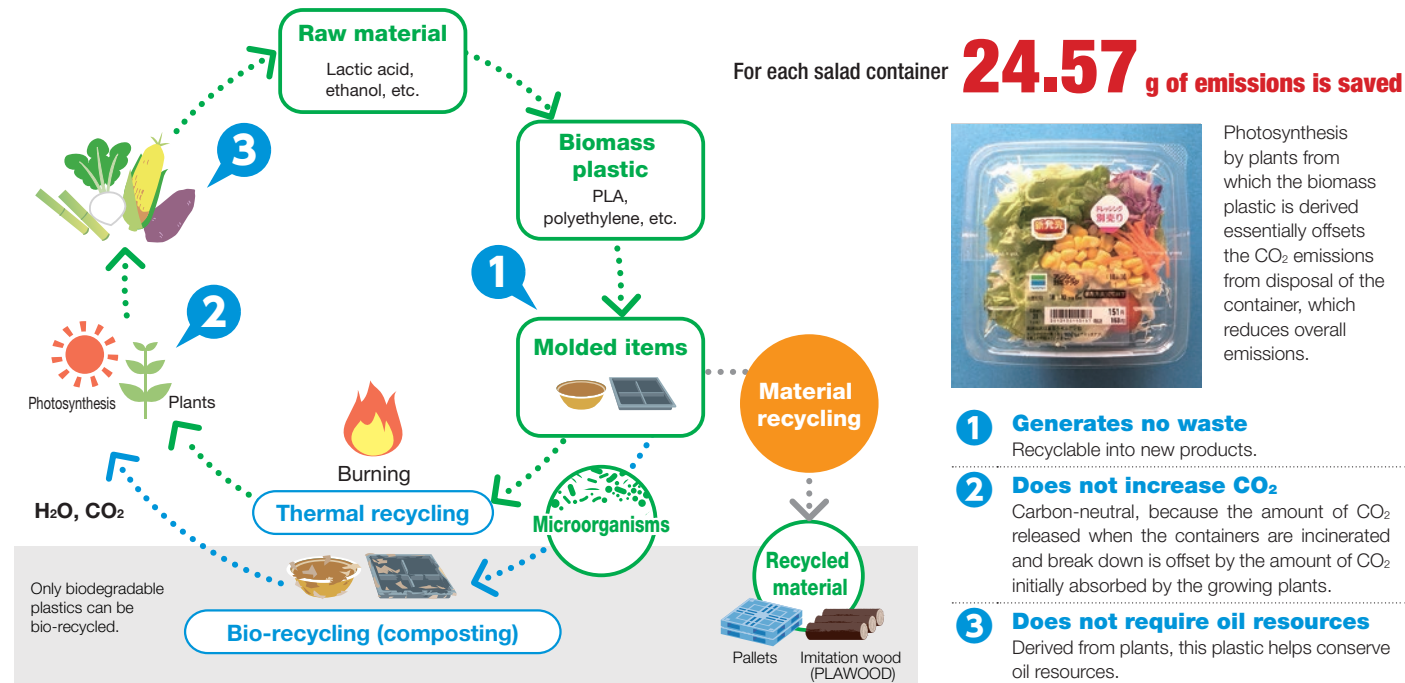
Reducing CO₂ with Biomass Plastic (PLA) Containers

Although the recycling rate of plastic items in Japan is higher compared to international standards, at about 84%, oil-based plastic does not biodegrade easily, and besides the CO₂ emissions from incineration or thermal recycling, possibility of harmful substances are also pointed out.

As an alternative that helps reduce CO₂ emissions, we introduced biomass plastic (specifically, PLA) containers for popular salads and other products in 2007. Our use of this material now surpasses all other retailers and currently accounts for about 20% of the amount in domestic distribution. Since the PLA items used by our company is biodegradable, it is believed that even if they were disposed in the natural world, they have small impacts on the environment.

In fiscal 2018 this represented an annual reduction of 2,402 tons of CO₂ emissions compared to conventional oil-based plastic (A-PET containers). We will be expanding this effort beyond the PLA containers for our popular salads to products packaged in alternative bioplastics, recycled PET, and other environmentally conscious materials.

Environmental Circulation of Biomass Plastics



Reducing CO₂ by Switching to Side-Shrink Packaging

In February 2014, we introduced partially shrink-wrapped packaging (sealed with film only between the lid and container) as an alternative to the full shrink-wrapping that is traditionally used for boxed lunch containers, and this change has been totally deployed within a year. As a result, annual CO₂ emissions were slashed by 1,934 tons (compared with conventional wrapping film), with 541 tons of plastic saved each year.



This packaging also makes products easier to see and easier for consumers of all ages to open.

Climate change mitigation and adaptation

Logistics Initiatives

Logistics processes emit the second largest amount of GHG emitted by our company after stores.

By introducing more eco-friendly vehicles and further streamlining deliveries, we continue to reduce environmental impact.



Deployment of Eco-Friendly Vehicles

We have been a pioneer in the convenience store industry introducing environmentally friendly vehicles like CNG (compressed natural gas) vehicles in fiscal 1998, hybrid vehicles in fiscal 2003. We have been actively working to reduce the pollution of our delivery vehicles.

Taking advantage of much better environmental performance by current clean diesel trucks which meet the latest exhaust regulations, we are fully adopting and deploying these vehicles in a plan to replace delivery vehicles with clean diesel trucks by 2023.

As another option in reducing GHG emissions, we are studying electric and fuel cell vehicles, as we consider matters of charging times and deployment costs.

CO₂ emissions compared to existing diesel trucks:

1 ton/year reduction possible



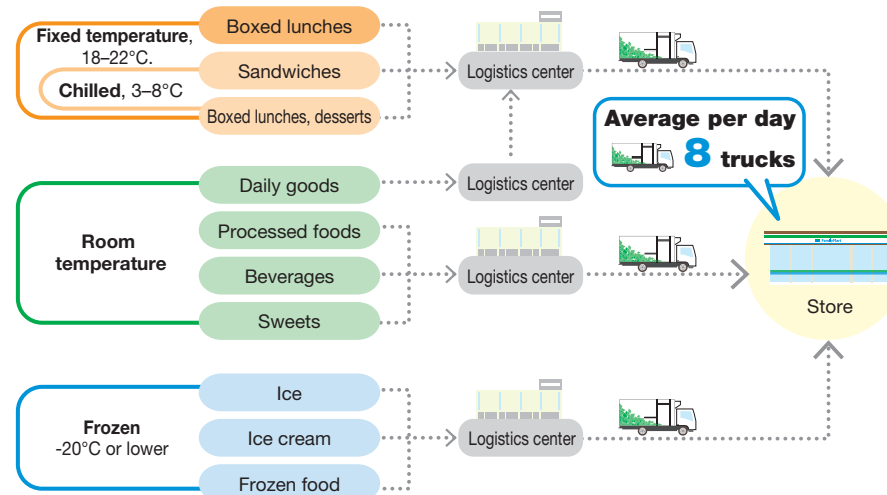
Since September 2019, we have been phasing in clean diesel trucks that meet Japanese exhaust regulations, which are among the world's strictest.

More Efficient Deliveries

Stores offer products at all temperatures, but to streamline deliveries and use fewer vehicles, dual-compartment refrigerated trucks deliver milk, desserts, and other chilled products (kept at 3°–8°C) at the same time as boxed lunches, bread, and other products at a constant temperature (18°–22°C). Additionally, we have devised a system for batch delivery of products in each temperature range to individual stores after food from multiple producers and manufacturers of ready-to-eat products is temporarily collected at logistics centers. This also enables a much smaller fleet. (See the figure below.)

To plan routes with less traffic and more store deliveries in a shorter period, we have introduced a transportation management system (TMS) that simulates optimal routes and schedules between logistics centers and stores. In this way, the TMS also helps reduce GHG emissions and energy consumption.

Batch Delivery System for Products in Each Temperature Range



Beyond Climate Change Adaptation

The Company also studies ways to adapt and respond to a variety of changes in the business environment brought about by global warming or climate change, as we plan for business continuity and growth.

One example is safeguarding the logistics networks that are vital to retail operations. When investigating center sites, we review hazard maps to note typhoon and flooding risks. Centers are constructed away from flood-prone areas, embankments are built to avoid risks, and more robust construction methods are used.

Emergency measures are in place if disasters disrupt logistics centers and producers of ready-to-eat products or block road systems. These include sourcing products from other nearby centers and prioritizing deliveries likely to be needed after disasters, such as rice balls, daily necessities, and drinking water.

Reduction of Food Waste

Issues to Recognize

Many people around the world suffer from poverty, hunger, and malnutrition, yet each year, some 1.3 billion tons of food are discarded. Even in Japan, which relies heavily on food imports, 27.59 million tons is wasted annually, including an estimated 6.43 million tons that is still edible.*

This has set the scene for SDG 12, which by 2030 seeks to halve per capita global food waste at retail and consumer levels and reduce food loss in production and supply chains. In Japan, the Act on Promotion of Food Waste Reduction took effect in October 2019, mandating greater action in the retail sector.

* Source: Estimated food waste values in fiscal 2016 published by the Ministry of Agriculture, Forestry and Fisheries

Achievements and Performances

- Reduced food wastage by 80% through enhanced advance sales of eel boxed lunches (1H FY19)
- Extended shelf lives of ready-to-eat products: Up to 10 days (delicatessen dishes)

Management Approach

Food waste has an environmental impact as well as considerable repercussions on our business operations. Costs associated with sorting and disposal are only one example. Food represents a cornerstone of our sales, and we view initiatives to reduce food waste as a serious issue. Measures to prevent waste include improving accuracy of product ordering and extending shelf lives with better product containers and packaging. Through these efforts, we are working toward sustainable production and consumption patterns.

A New Sales Method for Oden

Our popular, original winter *oden* stew has been sold a new way since January 2020. After customer orders are received, employees microwave the stew to prepare it. Unlike eventually disposing of food left heating in the specialized pots used previously, ingredients sold the new way are sealed in plastic packaging with a best-by date in 180 days. The long shelf life promises to reduce much food wastage. Because this arrangement is easier for staff members—who were required to monitor freshness, replenish ingredients, and clean the pots—the approach also streamlines store operations.



New oden

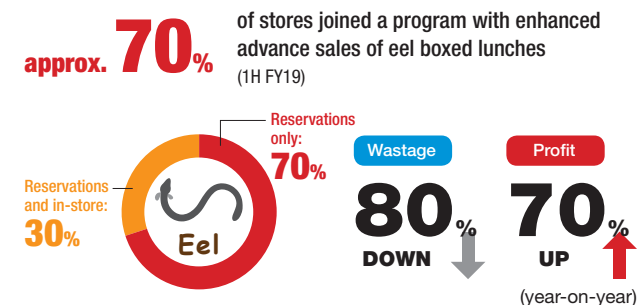
After orders are received, ingredients are heated in a microwave

Improved Ordering Accuracy, Enhanced Advance Sales of Seasonal Products

Stores are working to prevent food waste by improving the accuracy of routine product ordering and reducing disposal of food past its sell-by date. Since fiscal 2019, we have enhanced advance sales of seasonal products such as Christmas cake and New Year's cuisine, seeking zero food waste by accurately controlling the amount produced to suit customer needs.

Results of Enhanced Advance Sales

Nearly 70% of stores adopted a reservation-only system for sales of eel boxed lunches for a day in July 2019 when this dish is traditionally eaten. As a result, leftovers were reduced by 80%. Reduced loss from food wastage had the effect of making this approach 70% more profitable for participating stores.



Reduction of food wastage

Ready-to-Eat Products with Longer Shelf Lives

In our leading product category of ready-to-eat products, we are extending sell-by dates (shelf lives). This has involved taking a fresh look at ingredients and production or cooking methods. Gas exchange packaging technology* that can preserve freshness of products longer than standard packaging is used for some original “Mother’s Kitchen” delicatessen dishes, which extends shelf lives to keep these foods fresh and delicious without additional preservatives. We plan to expand this packaging technology to other product categories in the future.

* Gas exchange packaging technology: A new technology in which carbon dioxide and nitrogen are injected into packaging to replace the oxygen to prevent food deterioration. Used mainly in form-fill, top-seal, and deep-drawing packaging.



Increasing Shelf Life Through Higher Quality from Producers of Ready-to-Eat Products

We continue to hone the quality control expertise of our contract suppliers, the producers of ready-to-eat products. Building on work to date, repeated taste-testing and bacterial inspection showed that we could extend the sell-by time by two hours for certain daily deliveries, including noodle dishes, salads, handmade desserts, sweet and delicatessen breads, chilled boxed lunches, and cut vegetables. With this method, the work of confirming sell-by dates can be reduced from six times a day to four times a day, which helps reduce food loss as well as reduce the burden of labor in each store (except some areas).

Medium- to Long-Term Food Wastage Reduction Measures, Including Packaging Techniques

Category	Measure	Sell-by Date Extension Target/Plan
Burger rolls	Testing with form-fill packaging since the end of fiscal 2019	FY2021: 2 days → 4–5 days
Certain pasta and chilled boxed lunches	Testing with top-seal packaging since fiscal 2020	FY2022: 3 days → 5 days
Certain sandwiches	Testing with deep-drawing packaging since fiscal 2020	FY2022: 1 day → 2–4 days

Other Primary Examples of Extending Shelf Life

Category	Typical Example of Measures	Number of Products	Details of Longer Shelf Life
Sushi	① Chilled sushi with longer expiration dates ② Sushi rolls with longer expiration dates	7	① 1.6 days → 2 days ② 1 day → 1.6 days
Delicatessen dishes	① Long-life delicatessen dishes: Fried food with longer expiration dates ② Seafood delicatessen dishes: Extending expiration dates with top-seal packaging ③ Delicatessen dishes in pouches: Extending expiration dates of leading products	More than 5	① 20 days → 30 days ② 8 days → 10 days ③ 30 days → 40 days
Pasta	Extending expiration dates by switching pasta oil and noodle ingredients	3	2 days → 3 days
Chilled boxed lunches	Longer expiration dates	2	3 days → 4 days
Desserts	Longer expiration dates	More than 4	3 days → 4 days
Deep-fried foods	Hash browns with longer expiration dates	1	2 hours → 4 hours

More Space for Frozen Foods

Diverse eating habits and other factors have driven the need for food that can be stored over long periods. In response, we are expanding our selection of frozen food and offering more shelf space for these products. Some 4,000 stores were targeted for this expansion by the end of September 2019, reflecting our positioning of frozen food as a key category after ready-to-eat products. Frozen food also has the advantage of helping to reduce food wastage in light of shelf life, and for this reason as well, we plan to expand sales.



Enlarging the space in stores for frozen food

Use of Sustainable Resources / Prevention of Environmental Pollution

Issues to Recognize

In order to achieve economic growth and sustainable development at the same time, promotion of sustainable production and consumption patterns was set as one of the goals of the SDGs. Assuming compliance with relevant laws and regulations, companies are expected to make further efforts toward the formation of a recycling-oriented society, including efficient use of water, food, and natural resources, as well as proper treatment/significant reduction of waste.

In particular, because plastics can cause marine pollution and adversely affect the ecosystem, international trends in use/emission control are encouraged, hence companies are strongly demanded to control the generation of plastic waste and re-examination of raw materials.

Achievements and Performances

- Promoted our food recycling loop: currently 7 areas in Japan
- Expanded use of biomass plastic items
- Rate of customers declining plastic shopping bags: 28.9%

Management Approach

Through the supply chain, we contribute to the formation of sustainable patterns of production and consumption by actively reducing and streamlining use of natural resources and other raw materials, preventing and reducing generation of waste, recycling and using recycled materials, and preventing pollution. Especially for plastic, we are conscious of the large amounts we use, mainly for packaging. We are reducing consumption of plastic through improved containers and packaging, and we are also proactively switching to materials with low environmental impacts.

Food Waste Recycling Initiatives

Food wastage generated by stores (from boxed lunches, rice balls, and delicatessen dishes) are recycled into animal feed, fertilizer, and methane through our collecting/recycling system for food wastage. This program meets the 55% recycling rate for food retailers targeted by the Food Recycling Law. Our active promotion of recycling also involves gradual expansion of agreements with waste disposal contractors who recycle food wastage.

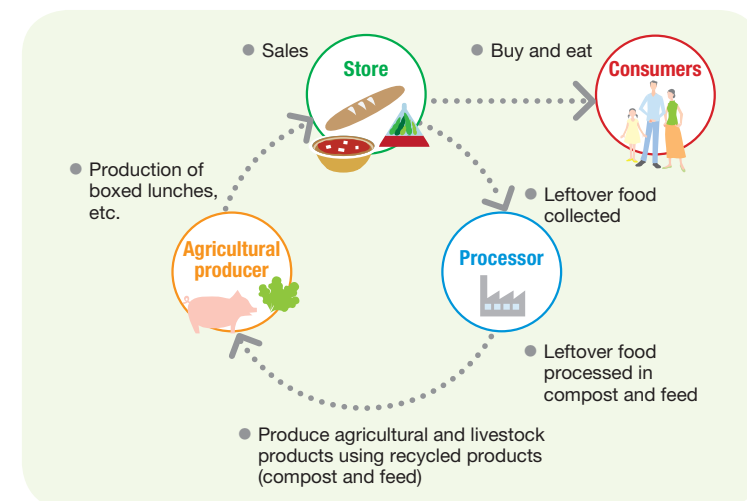
In 2008 leftover food from stores in Tokyo and Kanagawa prefectures was collected and processed in animal feed at a pig farm with a feed factory, where they feed the pigs for production of boxed lunches and delicatessen breads sold at stores, creating as a food recycling loop. This recycling loop has been expanded nationwide, and recycling loops in seven areas (as of February 2019) participate in this certified Recycling Business Plan.

Results in Fiscal 2018

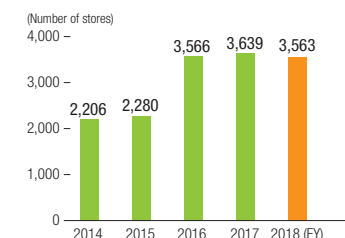
Amount of food wastage generated **71,135 tons**

Actual food recycling rate **56.3%**

Food Recycling Loop System

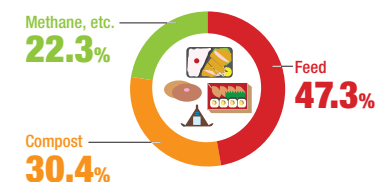


Change in Stores Conducting Food Recycling



Note: Includes Circle K Sunkus as of FY2016.

Breakdown of Food Recycling



Use of sustainable resources / Prevention of environmental pollution

Our Approaches to Reduce Plastic

We actively promote plastic recycling and improvement of packaging in accordance with the Containers and Packaging Recycling Law, and we seek to prevent from our use of plastic.

In boxed lunch containers, we have been steadily switching to partially shrink-wrapped packaging (sealed with film only between the lid and container) since fiscal 2014. This change worked an annual reduction of 541 tons of plastic.

Additionally, for the original delicatessen brand “Mother's Kitchen”, the packaging material has been changed from plastic lids to specially processed top seal on the lids of the container. As a result, compared the new containers to the old ones of the same capacity, the annual reduction of plastic raw materials was 33.6 tons, which can be converted to 153.7 tons per year for CO₂ emissions (trial calculation at the time of introduction).

However, with an eye on the recent problems of plastic waste, we are aware of the responsibility of using large amounts of packaging materials. We keep paying efforts to reduce environmental impacts by making containers lighter, using recycled material, and switching to alternative material with a lighter environmental impact.

How FamilyMart Approaches Plastic Reduction

Reduce

Reduce plastic consumption



Reduce with lighter containers and thinner film

Impact on Plastic Reduction

Small–Moderate

Recycle

Recover and reuse resources



Reduce by using packaging with recycled content

Large

Renewable

Use sustainable (or recycled) materials



Reduce by using/ incorporating environmentally conscious packaging (biomass)

Small–Large

Examples of Measures

Eco-friendly packages for all salad products

Recycle

Renewable



- Promote use of biomass plastic (PLA) and other eco-friendly packages (Introduction of PLA began in 2007. Currently, our use of PLA accounts for nearly 20% in domestic distribution.)
- Annual use of eco-friendly packages: approx. 1,250 tons

▶ To be further expanded in FY2020

Thinner plastic packages for sandwiches

Reduce



Film thickness

Current **▲5μm** Future
Triangle sandwich **40μm** → **35μm**

- Reducing consumption by using a new film
- Annual reduction: 90 tons

▶ To be introduced in FY2020

Iced coffee: Cups made with recycled PET / stirrers of wood

Reduce

Recycle

- Incorporate recycled PET in cups, switch to wooden stirrers (and from plastic to paper bags), and use environmentally sound material for straws
 - Effect of reduction: 80 tons (stirrers)
- ▶ Straw ban testing in progress



Recycled PET

0% → **5%**
1H FY19 recycled content Recycled PET From 2H FY19

Expansion of a lineup of top-seal packages

Reduce



- Study expansion of a lineup of top-seal packages from delicatessen dishes including salads and pasta

▶ Test from FY2020

➡ Related information: Promoting use of biomass plastic containers, p. 26

Use of sustainable resources / Prevention of environmental pollution

Plastic Bag Reduction Initiatives

Recently, moves to reduce plastic shopping bags have taken off in Europe and around the world, calling for a response in line with business needs. This initiative is quite important. Not only does it reduce number of containers or wrappings but also reduces CO₂ emissions.

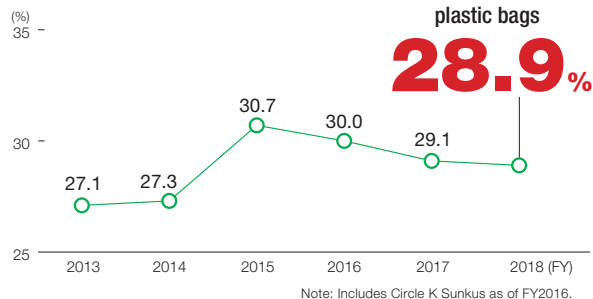
We are a member of Japan Franchise Association, which advocates having at least 30% of customers declining plastic bags by fiscal 2020. In this reduction, greater customer awareness and participation are essential. Since it requires customers' understanding and cooperation to reduce the number of plastic shopping bags, we regularly promote awareness campaigns to customers in collaboration with local governments, as well as we ask customers if they use their own shopping bags as awareness campaigns. In addition, we are also informing store staff to use plastic shopping bags in appropriate sizes as well as promoting thinning the bags that can help reducing the amount of petroleum used as a raw material.

Ongoing efforts to have more customers decline plastic bags at the register will include training and development of store staff and asking customers for their cooperation.



A poster raising awareness about plastic bags

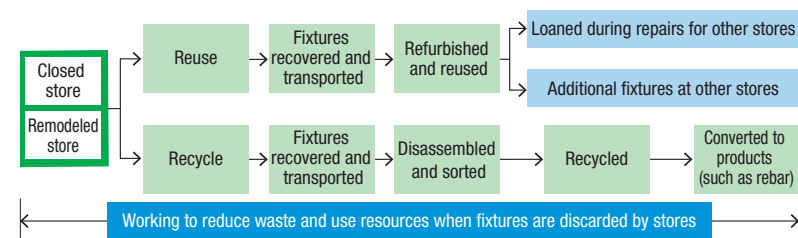
Rate of Declining Plastic Bags



Fixture Recycling

After refurbishing, usable counter fixtures from closed stores play an active role as additional fixtures at existing stores or equipment loaned during repairs. Those that can no longer be used are disassembled and sorted to recycle mechanical parts and materials such as iron or copper.

Framework for Refurbishing/Recycling Fixtures from Closed or Remodeled Stores



Recycling of Used Cooking Oil

After use in deep-frying of FAMICHIKI fried chicken and other fried foods cooked in store, cooking oil is collected by certified contractors and processed to 100% recycled products such as poultry feed additives, ink, and soap. As an example of a recycle system that circulates within a store, some of them are also used in stores as medicated hand soap. An electronic manifest system adopted in April 2017 supports proper collection and accurate recordkeeping for the oil, strengthens regulatory compliance, and ensures traceability.

TOPICS

Strengthening Ties with Processors

We regularly exchange information with waste contractors and used cooking oil collectors to strengthen ties and ensure correct processing based on the Waste Disposal and Cleaning Act. This helps improve food recycling initiatives and store operations involving related issues.



Liaison meeting with used cooking oil collectors

TOPICS

Urban Famima!! A Store at the Toranomon Hills Business Tower

Urban Famima!! is a collaborative store developed with URBAN RESEARCH CO., LTD. opening in Minato-ku, Tokyo, in February 2020. Envisioned to introduce sustainable new lifestyles customized to those who work in urban areas, this environmentally conscious store with fixtures and furnishings recycled/made out of reused materials will feature products designed with sustainability in mind by FamilyMart and Urban Research.



Store rendering

Use of sustainable resources / Prevention of environmental pollution

“We Love Green” Eco-Friendly Private Label Products

Our private brand “We Love Green” is an eco-friendly product group that was developed in 1999 based on the idea that “Every one of us living on the Earth love nature and protect the environment.”

The labels of “We Love Green” are used for those products as proof that they cleared the development standards (low environmental impact material/in use/at the time of disposal).



Products such as packing strings using recycled materials (100% recycled polypropylene), anti-slip gloves using natural rubber (thick/thin), packages of rice balls and sandwiches are eco-friendly.

Chlorofluorocarbon (CFC) Measures

Chlorofluorocarbon substitutes are used in store refrigerators, freezers, and air conditioners, which are inspected as required by law. Strict controls are in place, so that when equipment containing substances that pose environmental risks are disposed of, specialized contractors recover and destroy the substances. Moreover, deployment of freezers and refrigerators with CO₂ refrigerant is promoted, both to reduce CO₂ emissions from power generation sources and to reduce CFC emissions.

Water Conservation at Stores

We support a public-private project “the Japan Water Style” launched by the Ministry of the Environment in 2015 to support the Japan's outstanding water cycle. The purpose of this project is to propose new ways to face water through products, services, and initiatives related to water, and we are promoting the circulation of water resources through store operations. By installing grease traps*, which are devices that separate oil and water discharged during the cleaning of fryer cooking utensils used in stores, and septic tanks as well as conducting regular inspections of water purification facilities, the quality of wastewater is improved. We are also working to reduce the amount of water used by changing the restroom faucet to a water-saving type.

* Grease trap: A device that prevents oil and fat from flowing out directly into the sewer (oil/water separation tank)

Group Company Initiatives

Clear Water Tsunan: Using Water Resources Effectively

Clear Water Tsunan Co., Ltd., a manufacture and a seller of mineral water, operating business under 2R initiatives throughout the company: Reduce (consume as little water as possible) and Reuse (use water repeatedly over and over as much times as possible) in order to effectively utilize limited water resources. Freshwater withdrawal is mainly from spring water and well water. The spring water is used as mineral water for sale, and the well water is used for sterilization/ cleaning of plastic bottles/caps and for snow removal.

Since the water source is shared with the local residents of Tsunan Town, an annual water usage agreement has been signed, water intake/manufacturing/sales activities are being conducted based on the agreement.

The well water used for cleaning inside/outside of plastic bottles is filtered with an ultra-fine filter, and then ultra-high temperature sterilized by the UHT system (Ultra-High Temperature instant sterilizer). After cleaning the plastic bottles, the water is sterilized again in the recovery tank at ultra-high temperature and reused as rinse water to realize Reuse and Reduce, which helps to reduce the amount of water intake.



As a company supported by the blessings of water and nature, the corporate philosophy of Clear Water Tsunan Co., Ltd. is to contribute to a healthy and enriched society, seeking harmony with the natural environment and co-existence with the local community, and providing “safety and reliability” and “value-added products”.

Materiality 2

Evolving as a Regional Revitalization Base Close to People



Social Background and Issues to Recognize: Significance

As social issues become diversified and complicated, it is a global level common understanding that as members of society companies are required to actively participate in local regions and communities where they do business, understand the issues and contribute to resolution faced by the countries and regions.

In Japan, the birthrate is declining and the population is aging. Changing demographics are exacerbating specific regional issues, such as urbanization and detrimental changes in traditional family structures. Meanwhile, besides earthquakes, recent years have also seen more frequent and severe typhoons and other natural disasters, which require greater resiliency.

Both the changes to our fabric of society and the worsening of natural disasters pose a significant impact, as a company that operates convenience stores in all prefectures nationwide, to our business. Thus, we can say that these issues cannot be overlooked. The Company contributes to the growth of local communities, remains close to people, and operates stores that are hubs of safety and security for urban and suburban residents. We recognize that in the event of disasters, one of our missions is to strive to provide a stable supply of goods.



Vision: Approach to Our Initiatives

Social Contribution Policy

Through this policy, FamilyMart works for balanced development at the international and regional levels, and for greater spiritual affluence in society.

1. As a company with international operations, we actively seek to help enrich the global community and support environmental protection.
2. To meet the expectations of local communities and win their trust, we take care to build links and prosper in harmony with them.
3. As part of our role in helping create safe, secure neighborhoods, we take various measures to help local parents keep their children out of trouble.
4. We support the individual efforts of our employees to get involved in social contribution activities.

Measures Taken

- Contributing to create safe, secure neighborhoods
- Supporting the development of the next generation
- Responding to an aging society

Contributing to Create Safe, Secure Neighborhoods

Issues to Recognize

Japan has been described as the world's most super-aged society. Each year, the number of senior citizens living alone or couples without children is increasing. From this standpoint, there is an urgent need to implement measures that enable senior citizens to maintain their health while making communication so that they will not be isolated in the community. Also in recent years, there have been many cases where regional lifelines have fallen into malfunction due to the water disasters caused by typhoons and concentrated heavy rains that have become more frequent and severe.

Under such circumstances, the convenience stores, as safe and secure bases that residents can rely on, are expected to play roles such as watching over children and senior citizens, and responding to disasters as a complementary of local administration.

Achievements and Performances

- Comprehensive agreements: 45 prefectures, 20 municipalities, and 5 groups
- Watch-over agreements: 6 prefectures and 11 municipalities
- Major donations of disaster-relief money: approx. 180 million yen

Management Approach

Our brick-and-mortar stores maintain close community ties. Through these operations, the Company contributes to neighborhoods that are safe and secure to residents young and old. Trusted by local communities, stores will also serve as safe and secure neighborhood hubs that work with national and municipal bodies while providing relief supplies, through store management that aims to maintain stable supplies of goods in the event of natural disasters.

Community Development in Conjunction with Municipalities

As one of the community bases of local communities, we have signed comprehensive agreements with local governments from 45 prefectures, 20 municipalities, and five groups (as of the end of February 2019) to share know-how and resources, and to collaborate with them on multiple items such as caring children, supporting senior citizens, tourism, promotion, and environmental activities. The agreements promote efforts leveraging close mutual ties and collaboration to respond promptly and appropriately to a variety of local issues to improve services for residents and vibrant local communities.

Specifically, the agreements establish a framework for store operations promoting close local ties, through collaboration that addresses topics such as development and sales of original goods representing prefectural specialties, promoting tourism, support of senior citizens and individuals with disabilities, and regional disaster preparedness.

Additionally, we have also signed a watch-over agreements with local governments from six prefectures and 11 municipalities to support activities for local children and senior citizens to live safely and securely (as of the end of February 2019). When children ask for help, stores call their family, school, or the police as needed. Another facet of the agreements is to assist in the early discovery and protecting and calling to report senior citizens who are wandering due to dementia, as is taking action to prevent certain types of fraud that occurs more often recently. In these ways, we immediately work with the local community, when we find something happened to residents.

Comprehensive agreements

45 prefectures **20** municipalities **5** groups

Watch-over agreements

6 prefectures **11** municipalities

TOPICS

Holding Family Football Lesson

In August 2018, we held a "parent-child football lesson" at a football ground in Hiroshima city, in corporation with the prefecture.

We invited 50 pairs of parents and children living in Hiroshima prefecture and provided them with opportunities for interaction in a football lesson by coaching staff from J1 (the top division of the Japan Professional Football League) soccer team Sanfrecce Hiroshima.

This is an event as a part of children and youths development support through public-private collaboration, based on a comprehensive cooperation agreement on regional revitalization that we signed with Hiroshima Prefecture in 2011, and has been held every year since 2011.



Contributing to create safe, secure neighborhoods

Collaboration with the Government and Municipalities

Our Company is designated by the prime minister as a “designated public corporation” expected to fulfill key roles in disaster prevention, response, and recovery. Toward this end, we have developed emergency action plans following the Basic Act on Disaster Management. Specifically, to provide a stable supply of food, water, and daily necessities as a lifeline in disaster-affected areas, we have developed action plans that can quickly narrow down the products to supply and switch distribution routes based on priority levels. In this way, the system in place can provide emergency relief supplies using our manufacturing and logistics networks across Japan. In store operations as well, arrangements are in place to enable stores in affected areas to resume business quickly using small power generators and other equipment deployed at sales offices nationwide in fiscal 2019, which can supply power to stores after power outages.

We have also concluded disaster relief supply agreements with most prefectures, and with municipalities, agreements to assist those who cannot easily return home. In this way, the needs of these government bodies in disasters guide our relief efforts.

Having recovery measures in place under normal circumstances will continue to ensure preparedness, and in the event of disaster, we will contribute to regional recovery.

Agreements between FamilyMart and Municipalities

Disaster relief supply agreements	<p>Agreements made: 46 prefectures, 33 municipalities, and 29 groups (as of the end of February 2019)</p> <p>Procurement and supply of available emergency relief at the request of municipalities in disasters, including food, beverages, and clothes. (Applies to relief supplies that the Company can procure at the time of requests.)</p>
Agreements to assist those who are stranded	<p>Agreements made: 43 prefectures and 10 cities (as of the end of February 2019)</p> <p>Assistance is provided to those who walk to home after transportation has been disrupted by earthquakes or other disasters, including crowds of workers, students, and tourists at stations, offices, or schools. Disaster Support Station stickers created by municipal councils are posted in prominent places near the entrance of stores providing this service. Under the agreements, those in need can access tap water, store restrooms, and road information from maps and radio broadcasts, among other support.</p>



Disaster Support Station sticker

After Major Disasters: Employee Relief Support, Donations of Relief Money

Besides arranging relief supplies from headquarters, we work to reopen stores and join relief activities so that those in affected areas can return to their normal life as soon as possible, with employees participating as relief workers. In fiscal 2018, 364 employees assisted in local relief and recovery after damage from heavy snowfall in the Hokuriku area in February, followed by 312 employees assisting in western Japan after heavy rainfall in July. Stores nationwide also collect donations of disaster-relief money that support affected areas.

Main Donations of Relief Money in the Past Three Years

Year	Donation Campaign	Amount
2016	2016 Kumamoto Earthquake Relief Fund	142,867,989 yen
	2016 Typhoon No. 10 Disaster Relief Fund	12,251,223 yen
	Central Tottori Earthquake Relief Fund	2,307,453 yen
	Disaster Relief Fund for Massive Fire in Itoigawa, Niigata	2,385,524 yen
2017	Disaster Relief Fund for Massive Fire in Itoigawa, Niigata	
	Relief Fund for 2017 Heavy Rainfall Disaster in Northern Kyushu	41,383,739 yen
2018	Eastern Taiwan Earthquake Relief Fund	29,276,019 yen
	Relief Fund for July 2018 Heavy Rainfall Disaster due to Seasonal Rain Front	78,224,682 yen
	Disaster Relief Fund for 2018 Typhoon No. 21 and Hokkaido Eastern Iburi Earthquake	75,729,342 yen

Safety Station Activities

Safety Station activities help keep neighborhoods safe, and as a Japan Franchise Association member, the Company has participated since 2000. Originally started in response to an appeal from the National Police Agency, the program brings together national and municipal organizations and community members in routine efforts to prevent theft, be prepared for disasters, and ensure safety. As safe neighborhood havens in the program, stores provide temporary refuge to women and children in need, besides protecting and calling to report senior citizens who are wandering due to dementia. To be a good neighborhood for young people, stores strictly prohibit sales of cigarettes and alcohol to minors and encourage late-night visitors to return home, among other activities. We will continue these proactive efforts toward safe, secure neighborhoods.



Contributing to create safe, secure neighborhoods

Disaster Relief Through a Corporate-NPO Alliance

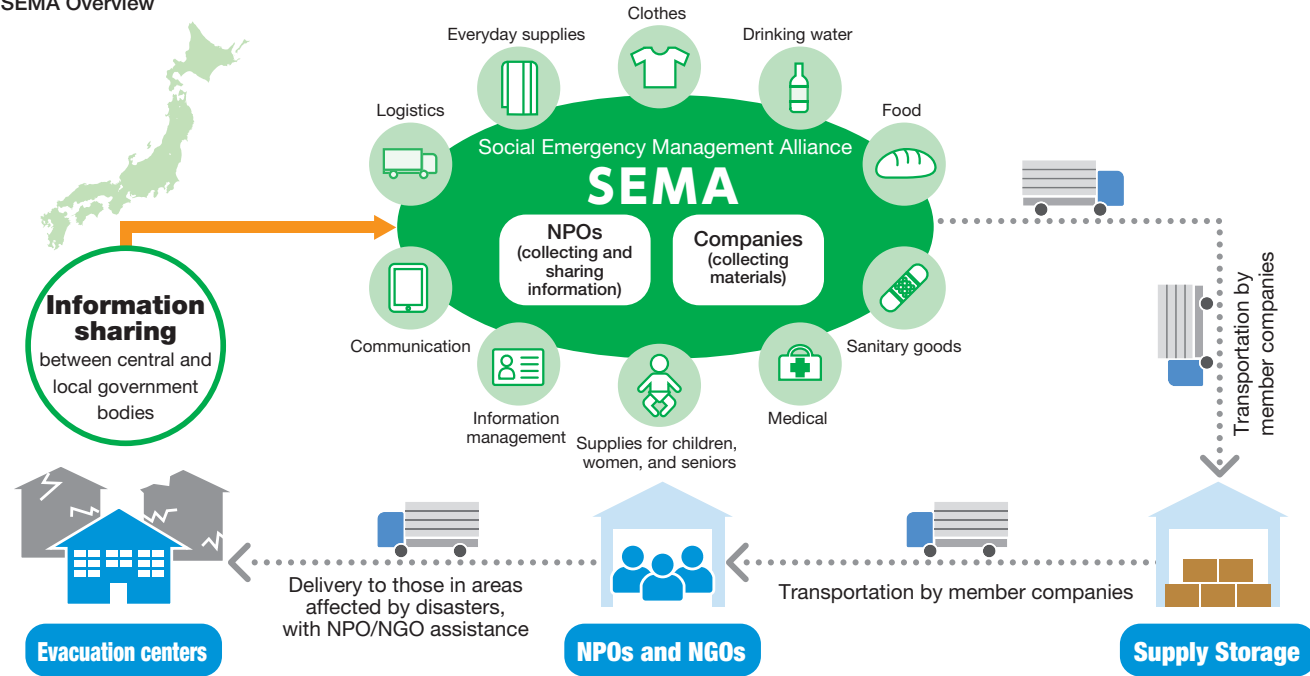
Launched in August 31, 2017, the Social Emergency Management Alliance (SEMA)* hopes to save every last person affected as soon as possible after a large natural disaster strikes in Japan, where these events are relatively common. This is a mission that we have supported since becoming an early member.

SEMA believes that prompt recovery after major disasters requires coordinated support by companies and organizations. The alliance maintains an inventory of members' goods and services, which is used in the rapid delivery of relief package to areas affected by disasters. By sharing information with public agencies and coordinating support, the alliance also seeks to reduce omissions and waste in support efforts, and to reduce the burden on municipalities in affected areas.

SEMA first responded to disasters by assisting in western Japan after heavy rainfall in July 2018. The Company delivered drinking water to Mihara city in Hiroshima Prefecture, an affected area.

* Social Emergency Management Alliance (SEMA): Consists of a corporate alliance of private-sector companies and a CSO alliance of citizens' groups. As of September 1, 2019, members included 52 companies and six citizens' groups.

SEMA Overview



Michinoku Future Fund

“The Michinoku Future Fund” is a scholarship fund, for children who have lost one or both parents in the Great East Japan Earthquake, enables further study and encourages these students not to give up on their dreams. We support the aims of this program and have contributed since 2012.

To assist with the living and education expenses of children in areas affected by the disaster, we are donating to the fund for a decade, ending in 2021.

Period	Ten years, 2012–2021
Foundation	The Michinoku Future Fund
Amount	30 million yen (3 million yen/year, for ten years)



Commemorative photo with the 8th annual scholarship recipients

Supporting the Development of the Next Generation / Responding to an Aging Society

Issues to Recognize

At a time of transformation in Japan as rapidly declining birthrate and aging population, and environment surrounding families and regions changes, companies are working with national and municipal organizations both to maintain a sound environment where society's future leaders can be born and grow up healthy and to ensure ample support for senior citizens.

Meanwhile, although balanced dietary habits are essential for everyday health, more senior citizens and children in double-income households are eating meals alone, which is viewed as a problem from adverse effects on children's mental and physical development and social isolation of senior citizens. Daily interaction with neighbors is also less common. As people's routines become more diverse in cities and depopulation affects rural areas, attenuation of human relations have become a social issue. This has set the scene for other social problems. Socially alienated senior citizens in particular remain targets of fraud, and recent years have also seen more car accidents caused by senior drivers unaware of their impaired driving skills.

Achievements and Performances

- FamilyMart Children's Cafeteria
Participants: 3,343 (as of November 2019)
- Thank You Letter Contest 2018
Entries: Approx. 40,000

Management Approach

Children will bear social responsibilities in the coming generations. Helping to give them a sound childhood and develop character is a goal in which we are actively engaged. Additionally, we encourage environments where corporate employees as well as stores and store staff nationwide can make the most of brick-and-mortar stores and human knowledge. In addressing senior needs as well, we contribute to regional economic revitalization by working with national and municipal organizations to create opportunities to participate in society, support those in areas where stores are less accessible, and promote active senior lifestyles and local employment.

Thank-You Letter Contest, a MEXT-Supported Project

The Company has held a "Thank-You Letter Contest" since 2009 to help elementary school students across Japan learn the importance of communicating by sharing their appreciation in writing. Students can participate on their own or in a group, such as a class or school. Winners of the Best Letter Award, Special Jury Award, and School and Group Award are selected in each of seven areas across the country.

The contest has enriched Japanese language learning and moral education, with past award-winning letters appearing in moral education textbooks. In recognition for a decade of contributions in these fields, the initiative received support from the National Council of Municipalities Boards of Education and Japan Federation of Primary School Principals Association, and, as of fiscal 2019, the Ministry of Education, Culture, Sports, Science and Technology (MEXT).

As a member of the local community, the Company will continue to encourage children's wholesome and principled development through the contest and expand the circle of gratitude to contribute to sustainable, vibrant, and prosperous local communities.



Total letters
submitted:
more than

320,000

Supporting the development of the next generation

Famima Kodomo Shokudo (FamilyMart Children's Cafeteria)

FamilyMart Children's Cafeteria is an initiative that supports community revitalization by providing opportunities for local children and families to share meals and interact with each other at eating spaces in stores. Besides meals, the programs offered by some stores – with hands-on cash register experiences, tours behind the scenes at stores, and other events – have proved popular.

Future expansion to develop this initiative into a Children's Cafeteria for all, true to the “family” in FamilyMart, will continue to account for the needs of individual stores and operational considerations, as we aim to make stores a favorite local place.



Participants enjoying a meal together



Having fun talking over a meal

Some **250** stores nationwide have opened a Children's Cafeteria since the initiative began in April 2019, and **3,343** people have participated. (as of November 2019)



Experiencing a cash register

Child Store Manager Initiative

The Child Store Manager initiative offers occupational experiences for children to see what working at a FamilyMart store is like. This very popular program gives children dressed in a FamilyMart uniform a chance to have fun handling the cash register, stocking shelves, and doing other tasks at a store.



At the cash register



Stocking shelves



A certificated Child Store Manager



Visiting Lectures and Invitation to our Company

We support the development of the next generation for junior and high school students through visiting lectures by our employees at schools and we invite them to our company as well. Lessons are focused on the products and services offered at convenience stores, or our environmental initiatives, with concrete examples from the workplace. Vocational education support is also provided, which explores the significance of working or the nature of work. To provide learning opportunities on retailing, logistics, and the food industry, one program enables students to work with regional product development team members and experience production from product development to sales.

Not only intended to promote student career development, this support also motivates and hones the skills of employees who serve as instructors, which makes it quite a significant activity for the Company.



Giving a lesson with a slide presentation

Results in fiscal 2018

Students who attended visiting lectures or visited our head office:

approx. 1,200

Supporting the development of the next generation

Bell Mark Initiatives: Rice Balls

In support of the Bell Mark, we are endorsing the aspiration of allowing all children alike to receive an education in an excellent environment, the Company has labeled rice balls sold nationwide with a Bell Mark since April 1, 2008. This initiative of offering Bell Mark points for rice balls—the first of its kind in the retailing business—unites FamilyMart with local communities in support of young students.

Bell Marks received by FamilyMarts across Japan are donated to nearby schools by each store. Bell Marks collected at the FamilyMart head office and by our suppliers are donated to schools in areas affected by disasters.



Rice balls labeled with a Bell Mark



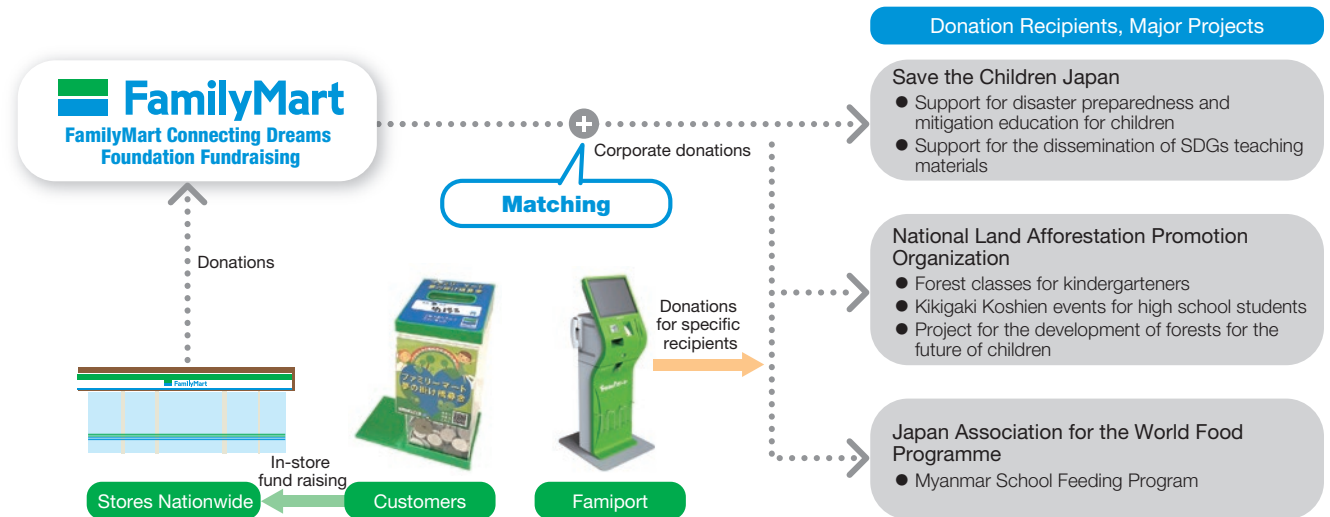
Collection boxes are set up at stores where the rice balls are sold to collect Bell Marks

Fund-raising for the Connecting Dreams Foundation Donation: NGO/NPO Support and Cooperation

FamilyMart became the first convenience store in Japan to set up in-store fund raising in 1993. Since 2006, in-store fund raising through the FamilyMart Connecting Dreams Foundation Donation has linked customers to NGOs and NPOs that take part in social activities. The donations collected from customers is combined with our corporate donations (Matching Gifts*) to be used for activities such as development of the next generation and environmental conservation both in Japan and around the world. Beyond these donations, other support activities we have proactively pursued include collaborating through a 2013 global partnership agreement with Save the Children in disaster prevention including disaster risk mitigation in Thailand, Vietnam, and other areas where FamilyMart deploys business. After large-scale disasters hit in Japan or overseas, these donations are switched to disaster-relief donation to support disaster-affected areas.

At stores, customers can also use Famiport terminals to donate to organizations of their choice.

* Matching gift: A donation that companies add to the amount calculated by multiplying a certain rate to the total amount of donations from customers.



Results of FamilyMart fund-raising (including in-store fund raising, via Famiport, as relief money, and main corporate donations)

FY2018

542,626,044 yen

Total amount

6,165,846,600 yen

(1993 to the end of February 2018)



FamilyMart Connecting Dreams Foundation fundraising results

https://www.family.co.jp/english/sustainability/material_issues/society/ngo_npo.html

Responding to an aging society

Famima Circle: Local Gatherings in Cooperation with Police and Municipalities

Famima Circle meetings at eating spaces in stores are held to help address local issues.

Famima Circle provides an in-store venue for communication with local residents where police and municipalities speak on issues that have emerged with an aging and declining population and smaller families, such as preventing certain types of fraud, or senior citizens voluntarily turning in their driver's license. Those who attend can interact more intimately with speakers, store managers, and staff. In some cases, these kinds of fraud have even been prevented by staff members who were aware of customers' suspicious behavior and talked to them, thanks to the ties they developed with the store. In this way, providing useful information and promoting local exchange encourages community-building supported by everyone.



A police officer speaking at a meeting



Participants interacting with store staff members

Contributing to Regional Economic Revitalization by Supporting Senior Staff and Promoting Local Employment

Quite a few senior citizens work as staff members at stores across Japan. Not only do the experience and local ties that senior staff bring to their work build relationships of trust between the store and customers, through communication, these members help forge a solid bond between stores and the community as a whole. The synergy created forms a mutually beneficial arrangement for these workers, stores, and communities. We will continue to contribute to job satisfaction and healthier lifestyles by supporting senior citizens, and to local economic revitalization through local employment.



A senior staff member working enthusiastically

Contributing to Reassuring Neighborhoods Through Dementia Supporter Training

As the population ages, more people are living with dementia. We encourage store managers, store staff, and corporate employees to acquire "dementia supporter" training in order to support patients and their families with a correct knowledge and understanding of dementia and apply this stance in store operations. These members participate in dementia supporter training courses of municipalities or organizations such as the Japan Franchise Association and focus on learning how to respond at stores. As a local corporate citizen, we will continue to contribute not only by supporting dementia patients and their families but by working toward neighborhoods where senior citizens can lead vibrant lives with peace of mind in a familiar environment.

Supporting Senior Citizens and Customers Where Shopping Is Difficult

Certain stores offer home delivery of phone orders for senior citizens living alone who are unable to walk to the store easily. For customers in areas where stores are less accessible, operations using mobile sales vehicles were launched in September 2011 and now serve Tokyo and other 11 prefectures with a fleet of 18 vehicles (as of the end of May 2019).

Working with municipalities, we will continue to address the needs of local senior citizens as well as those living where stores for everyday needs are not easily accessible.



"Famima-go," a mobile convenience store

Materiality 3

Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life



Social Background and Issues to Recognize: Significance

The retail industry is seeing the scale of its market shrink as Japan's population declines, and the rapid expansion of e-commerce has intensified competition with other kinds of businesses. These changes are greatly impacting how goods are sold and the retail world itself. At the same time, the maturation of retail markets has produced a shift from “tangible consumption” (desiring the functionality of a product or service) to “intangible consumption” (seeking satisfaction from the experience of purchasing and using a product or service). Consumers also care more about the environment and their own health. Thus, demand is growing for products and services that help to address problems faced by society and local communities. Other impacts include the concentration of the population in urban areas and changing demographics due to the declining birthrate and aging population. As a result, there are more working women, double-income households, and single-person households. That means less time for housework and greater demand for food products packaged in small portions, among other signs that the retail business environment is in a period of transformation.

We take these social conditions and people's changing and diversifying lifestyles as opportunities for the reassessment of convenience stores as familiar parts of consumers' lives.

We are committed to bringing convenience and richness to everyday life by expanding our lineup of products that save time spent on shopping and cooking; maintaining awareness of safety, security, the environment, and health; enhancing product development in ways that involve customers and complement local cuisine, with local production for local consumption; and promoting digitalization to improve consumer satisfaction and convenience, all while remaining close to consumers and local communities.

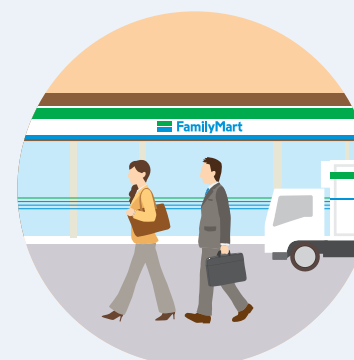
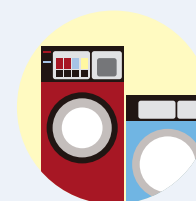
Vision: Approach to Our Initiatives

We will aim to develop unique products mindful of safety, reliability, and changes in consumers' lifestyles and values and to enrich our product lineup to meet increasingly sophisticated and diverse consumer needs.

In product development, we will strive to set ourselves apart from the competition primarily by gauging diverse consumer needs and providing highly value-added products that save time and are convenient and useful in everyday life. We will also work proactively to create products that appeal to consumers' health consciousness and the lifestyle trends of each generation.

Measures Taken

- Improvement of customer satisfaction / Promotion of digitalization to improve convenience
- Provision of products and services to improve health and well-being



Improvement of Customer Satisfaction / Promotion of Digitalization to Improve Convenience

Issues to Recognize

The population structure is changing due to the declining birthrate and aging population. Additionally, the population is becoming concentrated in urban areas, families are growing smaller, and more women are working. The result is less time for housework and greater demand for food products packaged in small portions. The growth of the internet, furthermore, has created rapid growth in e-commerce consumption and further diversified consumer behavior and values.

These social changes are transforming how goods are sold and the state of retail. Adding to that, in more mature markets, there is a growing trend of shifting from “tangible consumption” (desiring the functionality of a product or service) to “intangible consumption” (seeking satisfaction from the experience of purchasing and using a product or service).

Achievements and Performance

- Feedback arrived at Customer Service Office: more than 90,000
- Downloads of FamiPay app: about 4 million (as of the end of November 2019)

Management Approach

The advantage of brick-and-mortar stores is that their extensive product lineups give customers the opportunity to actually pick up and handle products that they have never seen before or that provide new value to their lives. We make full use of these characteristics to create sales floors that make daily life fresher and more interesting along with meeting a wide range of consumer needs, thereby supporting the desired lifestyle of each individual customer. We are also promoting digitalization with a basic policy of open innovation. The goal is to improve convenience for customers and reduce workloads for stores.

Enhancement of Product Development Incorporating Customers' Needs

We aim to develop unique products mindful of customers' increasingly diverse lifestyles and values and to enrich our product lineup to meet the wide range of consumer needs. We incorporate customers' diverse needs into the product development process, developing and updating products with a particular focus on highly value-added products that save time and are convenient and useful to everyday life. At the same time, we work to set ourselves apart from the competition. In concrete terms, we formulate development concepts based on customer requests and various surveys. Then, in each category, the divisions concerned decide on detailed product specifications. Our sales, marketing, and product divisions meet regularly each week to share information about promotions and the state of sales and to discuss how to improve quality. As a sales measure to provide new value to customers, we also proactively partner with manufacturers to plan sales promotions. We execute a plan in collaboration with one manufacturer each month.

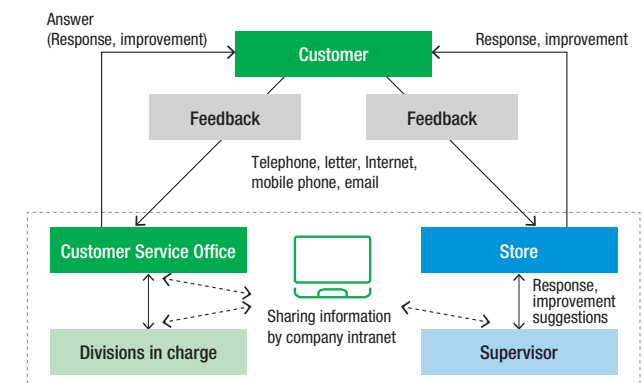
To decide a product's target consumer and price, we have introduced demand chain management to predict demand from POS data, allowing us to use various data strategically. We also use the internet and social media to share, collect, and analyze information. This helps us to monitor consumer preferences and trends and create products suited to the lifestyle trends of each generation.

Rapid Response to Customer Feedback


The Customer Service Office was established under the direct authority of the President to collect feedback from users of our stores and services so that it can be utilized in our business. In fiscal 2018, it received more than 90,000 comments from customers by such means as phone calls, letters, and the internet. Feedback is quickly passed on to the relevant departments. Staff and stores share information as needed and work together to apply it to speedy improvements. Customer feedback is also posted on the company intranet and otherwise shared so that all employees know about them and can use them to improve trust.

If we receive any feedback that could have a great impact on our business, it is reported to and discussed by the Risk Management & Compliance Committee.

How We Tie Customer Feedback to Improvements





Improvement of customer satisfaction / Promotion of digitalization to improve convenience

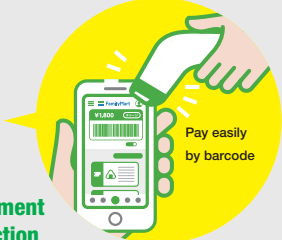


FamiPay

Smartphone app
with barcode payment function
Join now!








Pay easily
by barcode

Payment function

FamiPay

- ① Barcode payment (electronic money)
- ② FamiPay Bonus rewards
- ③ Connects to various services



App functions

FamiPay

- ① Member card (ID)
- ② New: Point card function
- ③ Digital coupons
- ④ Fun content and notifications
- ⑤ Connects to various services

Digital-Coupons

* Images for illustrative purposes only

Promoting Digitalization

Since November 2018, FamilyMart stores accept all third-party and overseas smartphone apps with barcode payment services. The FamiPay service, which uses a smartphone app to take payment via barcode, began in July 2019. FamiPay can be linked to many types of point programs from other businesses. As of November 2019, it had been downloaded about four million times. We are actively promoting services that focus on customer convenience, and not just those that FamilyMart itself offers.

About 15 million people visit a FamilyMart store on an average day. We communicate with them at the store level to actively introduce and recommend FamiPay to them as a very convenient tool. Cashless transactions made up about 20% of transactions at the end of February 2019, but we are working to increase that ratio. This will improve customer convenience and satisfaction and reduce store workloads.

Creating New Businesses with Digital Technology

Most of our customer interactions take place at the store level. Therefore, to promote digital technology, it is important to use our connections to customers and the purchasing data we get from day-to-day store management.

We established FamiPay as a new customer base. We will use it, along with internal and external resources including Group companies, to explore the potential for new businesses not limited to the sale of goods. Specifically, we are looking at developing FamiPay into a financial services business and advertising/marketing business. These would offer great convenience to customers and make good use of our management resources.

TOPICS

Famima Laundry: A New Business for Customer Convenience and Lifestyle Diversity

Famima Laundry is a coin-operated laundry service meant to reduce the burden of housework for the growing number of double-income and single-person households. The concept is a service that “makes daily laundry easier, more fun, and more thorough.”

These laundries share a facility with FamilyMart stores, so while waiting for their laundry to finish, customers can shop at FamilyMart or enjoy food in stores’ eating spaces. This is convenient for customers washing large items or doing laundry on a rainy day. Customers also like the fact that they can check on the status of their laundry by smartphone, which appeals to more diverse lifestyles.

Unlike convenience stores, coin-operated laundries attract more customers on rainy days, so stores can expect increased profit by adjoining or combining with a laundry service.



Illustration of an adjoining convenience store, Fit & Go gym, and Famima Laundry (FamilyMart Nakarokugo Daiichi Keihin Store)

Provision of Products and Services to Improve Health and Well-being

Issues to Recognize

Japan's population is the longest-living in the world. On the other hand, people's lifestyles, including their eating habits, are changing, leading to more lifestyle diseases. This is now a serious social issue for Japan. People are becoming more health-conscious, hoping to increase their QOL* and prevent the onset of disease. This means that dietary needs are changing. Improving people's lifestyles not only lowers health risks but also helps to address the rising cost of social welfare as the population ages. Therefore, there are growing expectations for the development of relevant products and initiatives.

* QOL: quality of life

Achievements and Performance

- **Percentage of ready-to-eat sales that are for health-related products: 12% achieved (1H FY2019)**
- **Sales of products using super barley: more than 100 million units cumulatively**

Management Approach

Lifestyle diseases are a serious social issue for Japan, but their onset and progression can be prevented by improving people's everyday lifestyles, including their eating habits. As a convenience store that is a familiar part of people's lives, we are contributing to customers' health and future happiness by enhancing development and expanding its lineup of products and services that support good health, including products that are additive-free, provide nutritional balance, and are calorie-conscious.

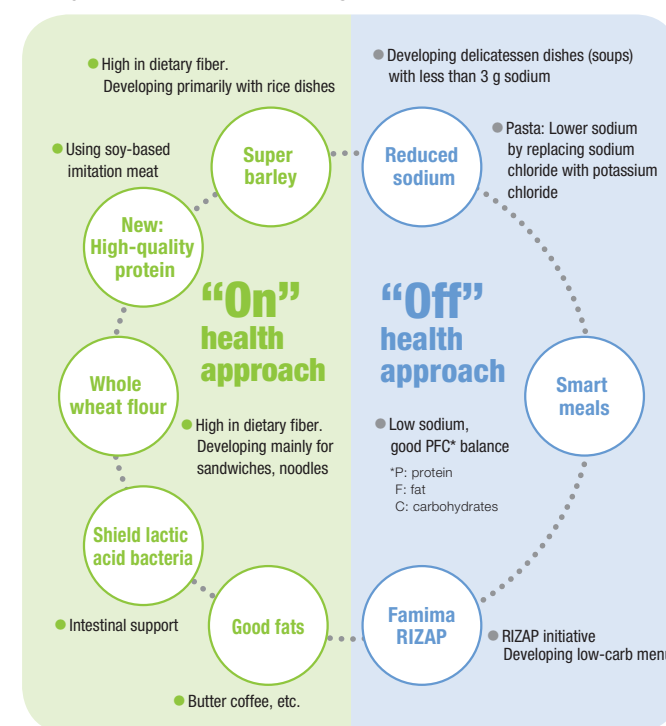
Developing Ready-to-Eat Products That Support Health

With consumers becoming more health-conscious, we are boosting development of ready-to-eat products that support health. This development takes a unique "on/off" approach. The "on" side means products that bring something positive to the body, like vegetables, lactic acid bacteria, or dietary fiber. Products using whole grains or super barley, rich in minerals and dietary fiber, have become widely popular with consumers for providing both health benefits and a delicious taste. We are particularly expanding the use of super barley. Beginning with rice balls, we have been expanding use to sushi, sandwiches, and tortillas.

The "off" side to our approach, on the other hand, means taking out or reducing certain ingredients from existing products without impacting their flavor. Examples include low-carbohydrate and low-sodium foods. "Off" products require the development of advanced technology to balance the health benefits with taste. Because there is high demand among customers for these products, we are focusing particular efforts on developing them. Our boxed lunches developed under the supervision of a registered dietitian have been praised as health-conscious products that are good for the body and convenient to purchase. We also support customer health by selling delicious, low-carbohydrate products like salads, desserts, and cup noodles developed in collaboration with RIZAP GROUP, Inc., an operator of personal training gyms.

In the first half of fiscal 2019, we achieved our target of health-related products comprising 12% of ready-to-eat products sold. Therefore, we raised the target to 15% for the second half and have continued working to develop and provide those products.

Ready-to-Eat Products Supporting Health with an "On/Off" Approach



Target percentage of sales that are for health-related products: 15%

Provision of products and services to improve health and well-being

Developing Ready-to-Eat Products That Support Health: Main Initiatives and Results

Cumulative Sales of Cooked Rice Products with Super Barley Surpass 100 Million Units

We became the first major convenience store to use super barley* in rice ball products in August 2017 in response to growing health awareness. Sales went full-scale in April 2018. When rice balls with super barley became a hit with customers, we expanded the use of super barley to boxed lunches in May 2018 and sushi in August 2018.

We develop these rice dishes (rice balls, boxed lunches, and sushi) with super barley under the concept that customers can keep consuming them day after day. Their popularity among not just health-conscious women but a wide range of ages (women in their 20s to 50s and men in their 40s to 50s) has pushed cumulative sales past the 100 million unit mark (as of September 30, 2019).

* Super barley: We use BARLEYmax®, a non-genetically modified barley that contains high amounts of dietary fiber including two times more than normal barley, seven times more than brown rice, and 40 times more than white rice. It also is four times as resistant to digestion as resistant starch. Three types of dietary fiber—fructan, β -glucan and resistant starch—resist digestion in the small intestine and then ferment in the large intestine, where they support healthful “good” bacteria.



A rice product containing super barley

First Convenience Store to Obtain Smart Meal Certification

In August 2018, we became the first convenience store to obtain Smart Meal certification.* The certification specifically went to a grilled salmon boxed lunch, named *Aburiyaki Shake Makunouchi Bento*, sold by reservation only. Developed to taste great with less salt and provide plenty of vegetables, the meal was recognized for providing nutritional balance with healthy ingredients.

A second product has since earned the Smart Meal certification. Ajiwai Gozen is a boxed lunch made of nine dishes along with rice. The mix was praised for its balance of nutrients including carbohydrates, fat, and protein.

* Smart Meal certification: Candidates for this certification are judged according to standards that were set by analysis of actual healthy menus from four food services. The standards are based on the Ministry of Health, Labour and Welfare's Criteria for Foods Provided to Help Prevent Lifestyle Disease and Provide Other Health Benefits (September 2015) and Dietary Reference Intakes for Japanese (2015). The Healthy Foods and Food Environments consortium oversees reviews of certification candidates. The consortium has 13 member academic societies: Japanese Society of Nutrition and Dietetics, Nutrition and Food Service Management, Japanese Society of Hypertension, Japan Diabetes Society, Japan Society for the Study of Obesity, Japanese Society of Public Health, Nonprofit Organization Kenkokeiei, Japanese Society of Health Education and Promotion, Japanese Society of Nephrology, Japan Atherosclerosis Society, Japan Prosthodontic Society, Japan Society for Occupational Health, and Japanese Association for Cancer Prevention.



Aburiyaki Shake Makunouchi Bento, sold by reservation only

Winner of Gold Prize at JSH Reduced-Salt Food Products Awards

Our Reduced-Salt Japanese-Style Dressing in a small-pouch form sold separately from salads was awarded the Gold Prize at the Fifth JSH Reduced-Salt Food Products Awards* (sponsored by the Salt Reduction Committee of the Japanese Society of Hypertension). It was the first time for a convenience store to win the Gold Prize. Since its launch, many customers have come to choose the dressing, which has 25% less sodium² but keeps the full flavor of ordinary dressing since it is made with the delicious taste of vegetables.

*1 JSH Reduced-Salt Food Products Awards: The Salt Reduction Committee of the Japanese Society of Hypertension began introducing reduced-salt food products (the JSH Reduced-Salt Food Products List) in 2013 as useful information for hypertension patients and other people trying to reduce their sodium intake. In 2015, it started handing out JSH Reduced-Salt Food Products Awards to products on the list that it considered outstanding examples of sodium reduction.

*2 Contains 25% less sodium than standard Japanese-style dressing based on Standard Tables of Food Composition in Japan - 2015 - (Seventh Revised Edition).



Reduced-Salt Japanese-Style Dressing

Initiatives to Reduce Food Product Additives

We began gradually reducing additives in our ready-to-eat products like noodles, bread, main and side dishes, and rice balls in March 2002. Since January 2005, we have prohibited the use of all preservatives, sweeteners, and artificial coloring in these products.

Category	Delicatessen dishes, salads, sandwiches, snack noodles	Rice balls, sushi, boxed lunches
Artificial colorings	Usage stopped since March 2002	
Artificial preservatives	Usage stopped since October 2002	
Artificial sweeteners	Usage stopped since October 2002	
Natural preservatives	Usage stopped since March 2003	Usage stopped since September 2003
Natural sweeteners	Usage stopped since January 2005	

High Standards for Ingredients

High standards for ingredients are fundamental to our development of food products. When we developed Family Soft, our private-brand butter-like spread, for example, we worked to provide an inexpensive product that would be safe and reliable for our customers. We committed to not using partially hydrogenated oil, a source of trans fat that puts people at greater risk of heart disease if consumed in excess.



Butter-like spread without partially hydrogenated oil

Provision of products and services to improve health and well-being

Developing the Medical Foods Business

In our aging society, more people are expected to require in-home medical care and more consumers will have to be conscious of their diets, including the amounts of sodium, protein, and saccharides. Given this reality, our stores located within or close to hospitals in 2015 started selling so-called medical foods, which are tailored especially for people with dietary restrictions, such as people with diabetes and kidney trouble or disease. We are a supporting member of the Japan Dietetic Association. We have also earned certification to use the Smile Care Food mark, a system being disseminated and promoted by the Ministry of Agriculture, Forestry and Fisheries to label foods designed for nursing care. Currently, we handle about 240 varieties of medical foods.



Fit & Go New-Style Fitness Clubs Support Health

We operate Fit & Go, a new type of fitness club that makes it easier for users to maintain a fitness routine and enjoy better health. Fit & Go clubs are open 24 hours a day, seven days a week. Members can download an app that offers a training menu and coupons that can be used at FamilyMart stores to purchase foods and exercise items. We will continue enhancing our fitness gym facilities to support comfortable and effective routines for building health.



Concept image of a Fit & Go (Nakarokugo Daiichi Keihin Store)

TOPICS

Supporting Active Lifestyles among Senior Citizens: “Keeping Tokyo Healthy with Delicious Food”

We concluded an “Agreement on Promoting Health through Ready-to-Eat Products” with the Tokyo Metropolitan Government in August 2019. As society ages, more senior citizens are living alone. Trends like this mean that more senior citizens are purchasing ready-to-eat products like boxed lunches and delicatessen dishes. The purpose of our business in this area is to enable senior citizens who purchase ready-to-eat products to enjoy a wide variety of foods that help prevent frailty* and to broadly disseminate and raise awareness about eating habits that prevent undernourishment.

Since October 29, 2019, we have put up special display cards and posters and distributed leaflets in about 2,400 FamilyMart stores in the Tokyo Metropolis to provide information on eating habits that help prevent frailty. We also started selling boxed lunches developed with advice from the Tokyo Metropolitan Government. We will continue to step up cooperation with the Tokyo Metropolitan Government as a member of the local community and help to build a society where members of the community can live with confidence.

*Frailty: a physical state brought on by aging and disease in which physical, mental, and social functions decline and the person will soon need nursing care.



In-store poster

① Launch of Boxed Lunches with Nutritional Balance in a Single Product

We developed and launched a *bibimbap* bowl containing seven out of the 10 food groups to coincide with recent initiatives. This product brings the staple (rice), main dish, and side dishes together into a single bowl, providing a good nutritional balance. Customers can mix the ingredients, making the product easier to eat.



Bibimbap bowl combining seven food groups

② Promotional Materials Showing Food Groups Used in Each of 20 Products

We place promotional materials in the boxed lunch and delicatessen area showing the 10 food groups used in our products. Because customers can see at a glance what foods are contained in products, they can easily check whether a product contains the foods they want and choose appropriate combinations of products.



A special display card

③ Leaflets on Preventing Frailty

Leaflets designed to educate consumers about frailty are available in stores. The leaflets concisely and handily compile basic information about frailty and how to make dietary changes and combine menu items to prevent it.



Leaflet

Materiality 4

Working with Suppliers to Pursue a Sustainable Supply Chain



Social Background and Issues to Recognize: Significance

As the world economy develops and becomes more borderless, enterprises are increasingly procuring goods from all over the globe. Globalization helps enterprises be more competitive and enriches people's lives, but it is also a factor in a variety of social issues: environmental problems, economic disparity and poverty, labor and human rights problems, and more. In addition, when suppliers act in ways that run counter to corporate ethics, it becomes a problem for the companies contracted to buy their goods. Often, those companies lose the trust of society. These are ways in which the expansion of supply chains can be a big risk factor for enterprises.

International standards like ISO 26000 and ISO 20400* have arisen in response, meaning that enterprises are expected to practice responsible procurement on a global scale, based on fair trade with their suppliers and extended throughout their entire supply chains.

We handle an extremely diverse range of products, and as our business has grown, our supply chains have expanded globally. We understand that, for that reason, it is critical to step up supply chain management to ensure a flow of safe and reliable products to our customers. We consider it our social responsibility to practice more sophisticated supply chain management, not just for safety and reliability but also in order to make positive impacts like working for human rights, good labor practices, the environment, and the elimination of corruption.

*ISO 26000: an international standard on the social responsibility of organizations. ISO 20400: an international standard on sustainable procurement.

Vision: Approach to Our Initiatives

Strong systems based on trusting relationships with our business partners are indispensable if we are to continue growing sustainably with society. We will strive to establish and maintain good long-term relationships with our business partners through fair and transparent business practices.

In light of the fact that the international community expects social responsibility to extend throughout supply chains, we will also continue our initiatives to contribute with our business partners to the formation of a sustainable society based on the Sustainability Procurement Principles and Supply Chain CSR Code of Conduct that we established in February 2018.

Measures Taken

- Fair and transparent business / Building good relationships with our partners
- Building responsible supply chain management / Promoting sustainable raw material sourcing
- Our responsibility to provide safe and reliable products



Fair and Transparent Business / Building Good Relationships with Our Partners

Issues to Recognize

Achieving a prosperous society requires the sound development of a market economy, which is the foundation of enterprise growth. Enterprises are required to provide society with added value and make an appropriate profit by competing in a free and fair market economy. In particular, when enterprises use a position of superiority over suppliers to force improper transactions, it interferes with the virtuous cycle of the economy. For that reason, enterprises are expected to trade under better business conditions with suppliers like small and medium-sized enterprises.

Achievements and Performance

- Response rate for business partner surveys: 44.4%
- Participation in a Supply Chain Working Session in the United Nations Global Compact Network Japan

Management Approach

We have established basic principles to ensure fair and transparent business with our partners. We also strictly comply with the Antimonopoly Act, the Subcontract Act, laws and regulations designed to suppress all types of corruption including bribery, and other relevant legislation, along with the Japan Fair Trade Commission's notification (Designation of Specific Unfair Trade Practices by Large-Scale Retailers Relating to Trade with Suppliers).

Our aim is to build good partnerships through two-way communication with our business partners and to enjoy mutual development with them.

Training to Ensure Fair and Transparent Business

We periodically conduct basic education and CSR procurement training for employees in the procurement and purchasing-related departments. We also post a "fair trade manual" on company bulletin boards so that all employees can check the rules in the Antimonopoly Act, Subcontract Act, and other such regulation whenever they need to.

Finally, the Risk Management & Compliance Committee performs rigorous reviews of compliance with the basic principles as well as laws and regulations.

Business Partner Helpline

A third-party organization hosts our business partner helpline, which gives advice and takes reports in the event that business partners know or suspect that our employees have committed compliance violations in our procurement activities, etc. This service helps us rapidly discover and correct any issues that come up. In fiscal 2018, there were no calls to the helpline.

Business Partner Surveys

We send compliance surveys (business partner surveys) to our business partners. Periodically, we check to make sure our employees are not putting unreasonable pressure on our partners such as during negotiations. This helps us build sound, good relationships with our business partners. In fiscal 2018, we sent surveys to 266 product and construction-related business partners, receiving responses from 118 (44.4%) of them.

Going forward, we aim to implement measures to increase that response rate such as the introduction of a web-based survey.

Statistics on Business Partner Surveys

	Number of partners surveyed	Number returned	Response rate
Product-related	92	49	53.3%
Construction-related	174	69	39.7%
Total	266	118	44.4%

Building Solid Partnerships with Business Partners

Strong partnerships with our business partners, founded on mutual understanding and relations of trust, are essential for our sustained growth. Twice a year, we hold briefings on our product policies. At these events, we share information on industry trends and our business strategy, ESG initiatives, and more with our business partners.

To ensure safety and reliability, we also hold nationwide quality control meetings for our business partners' quality control supervisors. Meetings may include overviews of quality and hygiene control points, presentations on case studies from various plants, and seminars led by external instructors. These help us share expertise with our business partners and boost their independent quality control efforts.

Building Responsible Supply Chain Management / Promoting Sustainable Raw Material Sourcing

Issues to Recognize

At a time when our business is growing and our supply chains are expanding globally, we must ensure that business activities throughout our supply chains maintain an awareness of social concerns. These include providing safe and reliable products; environmental initiatives that focus on reducing GHGs and waste, preventing environmental pollution, and protecting biodiversity; respecting human rights and labor practices; ensuring employee safety and health; and dealing with the labor shortage in logistics.

In addition, natural disasters thought to be caused by climate change are increasing in both frequency and intensity. This means that there are greater expectations on businesses to reinforce their resilience through day-to-day efforts to build sustainable procurement and product supply networks that can withstand such disasters.

Achievements and Performance

- Audits conducted of production plants/bases for raw materials and ready-to-eat products: 109 plants and 92 bases
- Endorsement of the “White Logistics” movement by the Ministry of Land, Infrastructure, Transport and Tourism (September 2019)

Management Approach

Our Sustainability Procurement Principles and Supply Chain CSR (Corporate Social Responsibility) Code of Conduct, both of which we established based on our Sustainability Policy, guide our effort to promote CSR throughout our supply chains and thus help achieve a sustainable society. To this end, we do not focus only on our own Group, but collaborate with our marine and agricultural product suppliers, outsourcing contractors who manufacture our private brand and original products, importers, and other business partners.

Promoting CSR Procurement

In February 2018, we established our Sustainability Procurement Principles and Supply Chain CSR Code of Conduct to ensure that we and our business partners have a shared perception of sustainability and CSR. Through our business partner surveys, we encourage our suppliers to promote CSR based on the code of conduct and to apply the code to their own suppliers as well.

We ask our business partners to maintain awareness of environmental problems that demand global solutions, particularly efforts to combat climate change by using less energy and thereby reducing GHG emissions, reduction of the use of water and other resources, awareness of biodiversity, prevention of environmental pollution, and reduction of food wastage, a major issue for our industry. We also encourage business partners to pay attention to the safety, hygiene, and health of their working environments as well as the establishment of appropriate working hours through the reduction of excessively long shifts.

We will continue to work closely with our business partners to practice CSR throughout our supply chains.

CSR-Conscious Selection of Suppliers

In addition to quality, cost, and ability to meet deadlines, we consider CSR when choosing business partners. Specifically, we evaluate whether a business partner maintains awareness of CSR as outlined in our Sustainability Procurement Principles and Supply Chain CSR Code of Conduct, and then we select suppliers based on fair and appropriate procedures.

CSR Audits and Monitoring of Business Partners

We closely audit and monitor our existing business partners.

Plant audits focus on quality and hygiene control at ingredient and packaging-related plants. They cover about 60 items, including waste and wastewater. We also cooperate with third-party organizations to conduct audits that include checking the measures that business partners take to improve. These audits refer to risk assessments based on the number of complaints received concerning particular products. As for plants in China, Japan Food Supply Co., Ltd. (JFS)* performs on-site audits once a year in principle and conducts a four-level evaluation. If a plant audit finds problems, specific improvements are suggested and corrections are made and confirmed. Inspection points include human rights, fair trade, food safety, the environment, labor concerns, and more.

Production bases for ready-to-eat products undergo plant inspections with a focus on quality control once a month. They also undergo unannounced audits by a third-party organization. As a company involved in the food industry, we consider it our responsibility to find solutions to the problem of food wastage. We ask our business partners to reduce their food wastage and monitor monthly reports on the status of those efforts. We also bring together outsourced manufacturing contractors for ready-to-eat products in each region and share industry trends and exemplary case studies from individual companies. At these events, we work to build up our business partners' capabilities through the Nippon Fresh Foods Cooperative Association (NFF), for example studying how to prevent the spread of damage during disasters.

*Japan Food Supply Co. Ltd. (JFS): Since its establishment as a wholly owned subsidiary of NIPPON ACCESS, INC. the company has worked in procurement, joint delivery, and quality control for outsourced manufacturing contractors of ready-to-eat products, especially those for FamilyMart.

Building responsible supply chain management / Promoting sustainable raw material sourcing

Sustainable Raw Material Sourcing

We handle a large number of original food products, especially ready-to-eat products. As such, stable procurement of those products' principle raw materials, agricultural crops and livestock products, is essential. There are a number of changes to the external environment that threaten sustainable procurement: the impact of droughts and water damage caused by climate change on the harvest and cultivation of agricultural crops and livestock products; child labor and other human rights problems; and changes in consumer behavior and laws and regulations relating to animal welfare and genetically modified food. We recognize these changes as risks and are studying how to respond going forward.

Fiscal 2018 Plant Audit and Third-Party Audit Results

	Suppliers (about 3,500 plants)	Outsourced manufacturing contractors for ready-to-eat products (92 bases)
Plant audits	109 plants	92 bases
Third-party audits	65 plants	92 bases

As a result of plant inspections and third-party audits conducted at suppliers' plants/production bases for ready-to-eat products, all sites received instructions for improvement of issues including inadequate document management, deviations from the production process, and minor items, and then re-inspections were carried out.

Enhancing Logistics

We have been promoting structural reforms in ready-to-eat products with the goal of providing attractive, high-value ready-to-eat products. Particularly on the logistics side, as we have integrated brands, we have dramatically revised work processes at our logistics centers and delivery routes, including both chains' logistics networks. The number of delivery centers has been consolidated to 160, down from 213 when integration began. We have also used our Transportation Management System (TMS) to manage total delivery routes and times between delivery centers and stores. Another way in which we are enhancing logistics is by revising the timing of orders, the number of times products are ordered, and the operations of delivery trucks.

To cope with the labor shortage in the logistics industry, we have also endorsed the "White Logistics" movement by the Ministry of Land, Infrastructure, Transport and Tourism by submitting our own "Declaration of Voluntary Action" which calls for a working environment that is more accommodating to senior and female drivers, including shortening of loading/unloading time by using pallets and reducing incidental work other than driving, such as unloading. As we move forward, we will continue to aim for the establishment of resilient logistics networks with an awareness of environmental issues and social aspects such as working conditions.

Sustainability Procurement Principles

In its business activities, FamilyMart accepts the social responsibility of working toward realizing a sustainable society such as preserving the global environment and protecting human rights. For this purpose, we are pursuing business activities that are based on the spirit of mutual development (CO-GROWING) in line with fair rules for producers and business partners, realizing sustainable growth and focusing on the principles below.

1. We preserve biodiversity, eliminate natural resource transactions, gathering, and fishing conducted illegally.
2. We reuse renewable resources to protect natural resources at extreme risk of depletion.
3. As the safety, security and health of customers is the highest priority, we work to secure the traceability of agricultural, livestock and marine products and disclose information to customers that is easy to understand.
4. We comply with laws and social norms and aim at a sustainable society together with producers and business partners who take social responsibility, including human rights, workers, health and safety, and global environmental preservation.

Supply Chain CSR Code of Conduct

1. Comply with laws and regulations

We comply with international norms as well as the laws and norms of countries and regions where we conduct business and engage in conscientious business activities.

2. Human rights

We respect individuals and their rights regardless of race, nationality, religion, sex, or any other status and we do not participate in human rights abuses.

3. Labor

Along with considering for the health and safety of employees and achieving a comfortable working environment, we treat workers without regard to sex, age, nationality and handicap and respect sexual diversity, and prohibit discrimination, inhumane treatment and forced labor.

4. Fair business

In accordance with sound business custom when doing business, we conduct business based on appropriate conditions and receive no private profit.

5. Environment

We take responsible attitude toward the global environment, nature and biodiversity, prevent environmental pollution and prevent global warming such as restricting greenhouse gas emissions. We also pursue creation of a sustainable society by including reducing, properly disposing of and recycling waste.

6. Product quality & safety

We provide products and services that are safe, reliable and healthy for customers, and in the case of accidents or defects, respond by quickly disclosing information and notifying competent authorities.

7. Synergy with local communities

We connect with activities related to development of local communities, we contribute to a better regional life through being environmentally responsible for impacts around business sites and plants.

8. Supply chain system maintenance

Based on social norms and in response to social demands, we are working to build a CSR promotion system and internal control systems, as well as maintain risk control systems. We are also increasing CSR awareness of and dissemination in our own supply chain.

Our Responsibility to Provide Safe and Reliable Products

Issues to Recognize

Amid growing concern regarding food safety and reliability, Japan revised its Food Sanitation Act in June 2018. It is now obligatory for operators of food businesses to practice hygiene control consistent with HACCP in order to enhance food safety. Businesses that handle a wide range of products are also expected to be responsible for labelling and explaining information about the content of products and services, handling, and the like in a manner that is appropriate and understandable to customers.

Achievements and Performance

- Promotion in compliance with HACCP being made obligatory
- JFS food ingredient claims: 95.6% YOY
- Claims for manufacturers of ready-to-eat products: 85% YOY

Management Approach

We cooperate with our business partners to practice thorough quality control throughout our supply chains, making it our highest priority to provide safe and reliable products. With ready-to-eat products in particular, we have long applied our own HACCP-based quality control standards. We work to improve quality control and ensure traceability in all processes, from raw material sourcing to production, delivery, and sales. We appropriately display product and service information in keeping with relevant laws and regulations and practice responsible marketing, collaborating with stakeholders and working to raise consumer awareness.

Initiatives for Safety and Reliability throughout Supply Chains

We practice integrated management, covering entire supply chains from raw material sourcing to production, logistics, sales, and even disposal and recycling. Our highest priority is safety and reliability. Our Merchandising & Logistics & Quality Control Division plays a central role when it comes to the quality of ready-to-eat products, which are unique to FamilyMart. It practices rigorous quality control that includes monitoring the operating status of production bases for ready-to-eat products in order to continually improve supply chain management.

The Merchandising Infrastructure Development Department has a company-wide role that spans many departments with different product categories. When customers voice opinions or requests, or when the development of a product in an individual department generates a new idea, the Merchandising Infrastructure Development Department makes sure that the information gets shared both within our company and with outsourced manufacturing contractors for ready-to-eat products in order to enhance product quality and value.

Quality Control System and Main Initiatives at Each Stage

Management of Raw Materials



- Checking plant inspection certificates
- Advance inspections of plants
- Assessing raw materials based on quality and hygiene control standards

Production Management



- Food ingredient receiving inspections
- Plant inspections at all production bases for ready-to-eat products (monthly)
- Bacteriological examinations (monthly)
- Holding periodic nationwide quality control meetings (once a quarter)

Logistics Management



- Managing logistics center facilities
- Temperature-specific (frozen, chilled, fixed-temperature) product storage and delivery

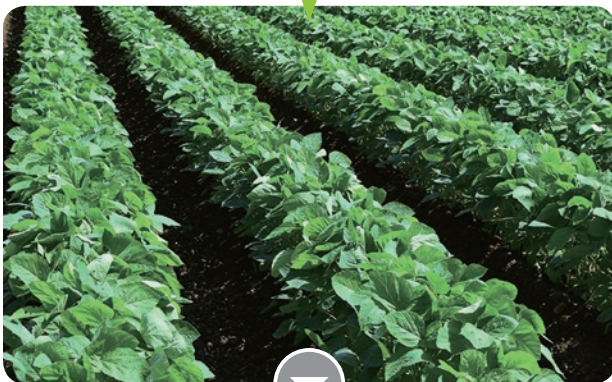
Store Management



- Distributing educational tools for in-store hygiene management
- Quality control and proper sales status checked by a store manager/supervisor

Our responsibility to provide safe and reliable products

Management of Raw Materials



Ensuring Traceability of Raw Materials

To ensure a safe and reliable supply of products for our customers, we practice thorough quality control, starting from raw material sourcing, in collaboration with JFS, a Group company of ITOCHU Corporation. JFS uses its system to centrally manage ingredient and packaging information provided by about 200 business partners who manufacture raw materials. This way, we can ensure ingredient traceability of raw materials on a global scale.

Quality Management System for Raw Materials

Inspection certificates for the raw materials used in ready-to-eat products are checked and inspections are carried out at plants in advance. Under our system, we only purchase raw materials for food from suppliers who meet our standards. During plant inspections, we conduct a check of raw materials that considers about 50 items. We also look to see if there are any risks associated with human rights or labor problems as part of food defense, which means the prevention of human-caused, intentional contamination of food.

We also conduct assessments of raw materials based on quality and hygiene control standards when products are developed or improved. Only raw materials meeting those standards are sent to the outsourced manufacturing contractors for ready-to-eat products. Production bases for ready-to-eat products also rigorously confirm quality standards by inspecting raw materials when they are received.

Thorough Plant Audits

We audit plants, particularly those of business partners who handle our private brand (PB) products, selected based on the results of voluntary inspections conducted in advance. In principle, plants in China are audited once a year. JFS visits local sites and conducts a four-level evaluation of each. If a plant audit finds problems, specific improvements are suggested and corrections are made and confirmed. Inspection points include human rights, fair trade, food safety, the environment, labor problems, and more.

Even though the product development cycle is fast and new raw materials are registered at a dizzying pace, we conduct plant inspections appropriately and if any plant does not score high enough during the inspections, JFS conducts a follow-up audit at a later date. Any problems discovered are reported and shared with us through our control system, and we do follow-up checks of manufacturers as appropriate to see how they are responding.

Production Management



Thorough Quality and Hygiene Control at Production Bases for Ready-to-Eat Products

Our ready-to-eat products are made at about 90 production bases. The Nippon Fresh Foods Cooperative Association (NFF), organized by outsourced manufacturing contractors for ready-to-eat products, inspects all plants each month. Plant inspections primarily check quality and hygiene control. It also surveys the state of quality control and works to enhance it by conducting unannounced inspections of outsourcers about twice a year. If a plant inspection reveals that a contractor is not in conformity with standards or has other problems, we require them to make improvements to the plant and take corrective measures.



Plant inspection lists

Our responsibility to provide safe and reliable products

Cooperative System with Business Partners

To provide safe and reliable products, it is important that all employees working at production bases for ready-to-eat products understand our quality and hygiene control standards and have a strong and shared awareness of food safety and reliability. We hold nationwide quality control meetings for our business partners' quality control supervisors four times a year. We share the key points with them to enhancing quality and hygiene control initiatives. At these meetings, we share examples of improvements that can be made in light of the results of monthly plant inspections and bacteriological examinations, helping our business partners raise their self-directed control.

We have also organized a weekly meeting for ready-to-eat product manufacturers to share the latest industry trends and individual success stories. We give awards to business partners who have taken outstanding initiatives. In addition, we have a system in place through NFF that enables partners to cooperate efficiently.

TOPICS

Responding to HACCP* System

We are working to establish an HACCP-based hygiene control system at all production bases for ready-to-eat products by 2020. To that end, we are taking steps aimed at attaining Japan Food Safety Management Association certification of rank JFS-B or higher.

*HACCP: A food safety approach to ensure the safety of products by managing critical processes to avoid the risk of bacterial food contamination and product tampering. Since it can prevent problematic products from shipping, it is considered more effective than traditional quality control by sampling inspection.

Logistics Management



Logistics Center Safety and Reliability

We are strengthening security at our logistics centers, such as by installing security cameras to keep out suspicious people. Safety is also managed by using an auto lock function on trucks. The function works when the driver is away.

ITOCHU Group company NIPPON ACCESS, INC. conducts logistics center inspections as the controlling company of those facilities. The company also centrally manages the establishment and operation of a logistics network prepared for earthquakes and other disasters.

Dual Compartment Refrigerated Delivery Trucks

The forward and rear compartments can be separately set to appropriate temperatures for the loaded food products. The available space can also be adjusted according to the amount of product.



Thorough Temperature Control of Ingredients and Products

Our logistics centers practice comprehensive temperature control by separating food ingredients and products into temperature zones such as frozen, chilled, and fixed-temperature.

To ensure that product temperature is closely controlled, we use freezer and ordinary-temperature delivery trucks, as well as dual compartment refrigerated trucks, with one fixed-temperature compartment and one chilled compartment.

Logistics Center Categorization and Storage System

Fixed-temperature centers	Fixed temperature (18°C to 22°C) Chilled (3°C to 8°C)
Freezer centers	Freezing (−25°C or colder)
Ordinary-temperature centers	Ordinary temperature



Temperature control at fixed-temperature centers

Our responsibility to provide safe and reliable products

Store Management



Thorough Training of Store Staff

Stores aim to provide tasty, safe, and reliable products by rigorously practicing three kinds of control: hygiene control, temperature control, and sell-by date control.

Hygiene control, which consists of diligent and correct hand washing and cleaning, helps prevent food poisoning. For temperature control, stores check and record product and display case temperature settings, which vary by product characteristics, four times a day to maintain product freshness. Stores control the freshness of ready-to-eat products by checking sell-by dates four times a day (except for certain regions) and taking products off the shelves once they expire.

We distribute a training tool that compiles the key points about hygiene control to all stores and instruct store staff in quality and hygiene control. We are also working to translate this tool into multiple languages for non-Japanese staff.



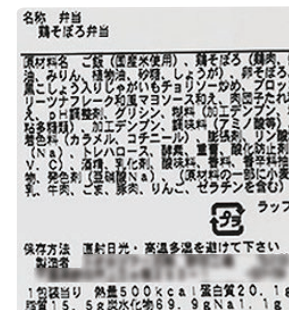
Sell-by date control information poster for store staff

Appropriate Product Labeling

To provide safe and reliable products and services, responsible marketing (appropriate labeling of products and promotional materials) is just as important as quality control. Producers and manufacturers of processed foods have to comply with the Food Labeling Act and other relevant laws and regulations. As a vendor of processed foods, we work to stay in strict compliance with these laws through our internal trainings. These include trainings on updates to relevant laws and regulations and periodic e-learning for employees of departments concerned.

We also strive to avoid product labeling that could mislead consumers or risk violating registered trademarks or relevant laws and regulations, such as Act against Unjustifiable Premiums and Misleading Representations. To do this, we have an internal monitoring system that includes a first check by the department developing the product and then a second check by the Legal Department and Quality Control Department. For promotional materials in stores, our store operations manual has a page with guidance on creating such materials. We also raise store staff awareness to avoid any material that is misleading or violates the law.

Another consideration is the growing number of visitors to Japan. As a member of the Japan Retailers Association, we label products in accordance with the association's manual on "Multilingual Considerations for Retail Businesses."



Examples of labels for delicatessen dishes

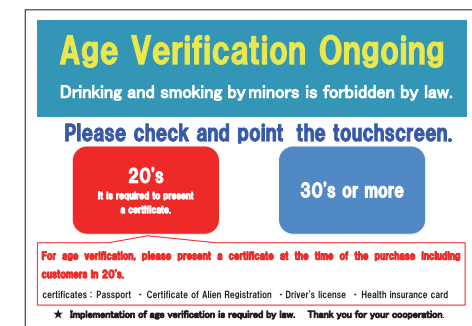
No Sales of Alcohol or Tobacco to Minors

As a responsible business, we ensure that our stores do not sell alcohol or tobacco to minors. Our response is based on the Japan Franchise Association's "safety station activities," an initiative for creating sound environments for young people. We understand that underage drinking puts youth at risk of acute alcohol intoxication and could develop into alcoholism in future, and our initiatives to avoid this are focused on the store.

In July 2017, we changed the program run on our cash registers. When an alcohol or tobacco product is scanned, a voice notification is generated, and simultaneously a message appears on the register screens facing the store staff and the customer. This reminds the store staff to check the customer's age.

In addition, when store staff members are hired, they are required to receive training on our alcohol and tobacco sales system. All store staff also receive periodic training twice a year.

Store managers and supervisors check the records of who has taken the periodic training, make sure that the alcohol sales area is marked and displayed separately as required by law, and confirm the correct placement of "Age Verification Ongoing" posters and other point-of-purchase materials that indicate the ban on alcohol and tobacco sales to minors.



English version of message about underage alcohol and tobacco use for non-Japanese customers

Materiality 5

Building a Motivating Work Culture with Driven Employees



Social Background and Issues to Recognize: Significance

The retail industry faces intensifying competition in an environment that pits us against other kinds of businesses, including drugstores and online sellers. Other ongoing challenges include consumers who continue to prioritize low prices and a labor shortage in stores and distribution. There are social challenges as well. Japan faces a declining birthrate and a population that is aging and declining overall. As these phenomena worsen, the working population will make up a smaller percentage of the total. Other developments are the increasing urbanization of Japan and changes in family structures. Such changing demographics and changes in the social structure complicate the challenges we face.

Businesses are expected to help raise the labor participation rate and boost labor productivity 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.

One of our strengths is the rich diversity of our organization gained through mergers and management integrations. To achieve ongoing growth as competition intensifies and society changes rapidly, we need to draw upon our strengths of diversity and inclusion. The most important thing to do in order to respond to society’s changes and needs is to form a corporate culture where employees can think freely and thereby create value.

Vision: Approach to Our Initiatives

The idea behind our “like family” diversity mission 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.

Measures Taken

- Promotion of diversity and inclusion
- Human Resource Development and Training
- Work-life balance and workstyle reform
- Creating a safe, healthy, and comfortable workplace environment



Promotion of Diversity and Inclusion

Issues to Recognize

The expectation today is of a society in which diverse human resources respect each other's values and ways of thinking and have equal opportunities to participate and excel, regardless of race, nationality, religion, sex, age, disability, gender identity, or sexual orientation. Enterprises, for their part, have to practice management that is mindful of diversity.

Furthermore, as a nation threatened by a declining working population, Japan is expected to benefit from promoting diversity with a higher labor participation rate and productivity, as well as solutions to society's problems through the innovation produced when diverse human resources engage in discussions and inspire each other.

Achievements and Performance

- **"Eruboshi"* Level 2 certification by the Minister of Health, Labour and Welfare**
- **Received excellence award at "The Third Women's Empowerment Awards"**

*Eruboshi: Companies certified based on the Act on Promotion of Women's Participation and Advancement in the Workplace



Management Approach

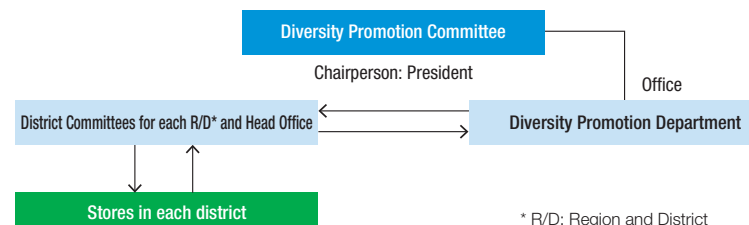
Advocating community-based management, we operate convenience stores welcoming large numbers of customers every day throughout Japan. Every region has different problems, and our customers have a wide range of needs. Addressing these requires all of the diverse store staff members and diverse employees who support stores to play an active role and channel their diversity to find solutions. Promoting diversity in order to cultivate an environment in which everyone can participate is a truly fundamental part of community-based management. We promote diversity as a crucial strategy for improving our competitiveness.

Diversity Promotion Framework

The Diversity Promotion Department, guided by the "Diversity Promotion Committee" that is chaired by the President and has management as members, leads strategic initiatives to reliably promote diversity as an important management strategy. Once every quarter, the Diversity Promotion Committee meets to debate and decide on plans and targets and review the status of initiatives.

In fiscal 2018, we established district committees chaired by a district general manager or general manager in regions and districts that are responsible for sales activities as well as each division of the head office. District committees are set up to operate autonomously so that each individual member thinks deeply about diversity and tries to solve problems by bringing different opinions to the table. While every workplace and division has its own challenges, this structure lets the district committee work quickly to find solutions. Each district lays out its local challenges and takes the lead in promoting diversity in each store.

Diversity Promotion Framework



A Unified Push for Diversity as "One FamilyMart"

Our past mergers and management integrations have led to diverse human resources with different origins and experience. We are endeavoring to create workplaces where all employees, acting as "One FamilyMart," can work to the best of their abilities, and where everyone can participate actively. Initiatives that started with the objective of empowering women have developed into "participation by all" with the launch of "diversity promotion district committees."

Guided by the principles of acceptance, understanding, and respect, these committees aim to enhance quality and achieve competitive superiority as employees exchange ideas with their diverse colleagues and create new value through a process of trial and error. Turning our diversity into strength, we will continue promoting diversity in order to keep providing our customers new value.

Sachie Nakamura

General Manager of Diversity Promotion Department

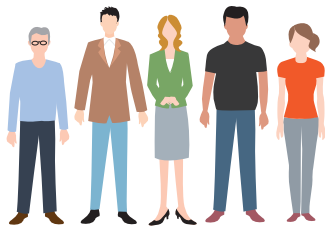


Promotion of diversity and inclusion

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, nationality, religion, sex, age, disability, gender identity, or sexual orientation, and all employees can participate actively.

In doing so, we particularly stress that all employees honor diversity and foster a "diversity culture" in which they take the lead through their own actions. Our initiatives aim to expand existing systems and reform our corporate culture, with three key phrases: commitment by top management, appropriate leaders, and bottom-up action.



Appropriate Leaders

Commitment by Top Management

● Diversity Promotion Committee: since September 2017

The Diversity Promotion Committee, chaired by the President, practices KPI management.

● Fostering a new culture with "Diversity and Me" publication: since November 2017

Individual members of upper management share their thoughts and feelings on diversity with written messages and videos. By personally expressing their commitment and sharing challenges with employees, managers are helping to reform our corporate culture.



Other diversity initiatives in fiscal 2018

https://www.family.co.jp/english/sustainability/material_issues/diversity/diversity/report_diversity.html



Diversity and Me

● Diversity management training (for all people of section manager rank): April–July 2018

This training helps participants reflect on their own management styles, understand their diverse subordinates, and learn techniques for managing them by role-playing.

● Unconscious bias and harassment prevention training (for all people of manager rank: since November 2018)

When respondents to the diversity dissemination survey were asked to name "barriers to promoting diversity in your own division," the most common response was "unconscious bias." This training teaches participants about unconscious bias and how to control it. We have also given trainings where the theme was "fostering a corporate culture that does not commit or allow harassment."



Diversity management training

● FMWP (FamilyMart Women Project): since October 2017

This initiative carried out by women themselves seeks to help women grow and change, encourage networking, and grow and change our company. In 2017, "FMWP College" was held as an experiment aimed at making improvements to problems in each division. The theme was, "We will change our own working styles."

● Diversity district committees: since March 2018

Their experiences in FMWP College affirmed participants' conviction that gender is irrelevant when it comes to improving our company, and the next year, all divisions started launching diversity district committees tasked with channeling the diversity of all employees with their unique differences and creating new value as a team. Committees continue working to fulfill the diversity mission and thereby create new value and solve problems.

● Diversity Awards: since 2018

Initiatives that "channel diversity," "create new value," and "produce results" are entered for a chance to win Diversity Awards. At this annual event, the best teams are chosen by the audience's vote. Candidates give presentations on the outcomes of their own activities, which are mainly district committee initiatives. Participants get the chance to praise each other's efforts and share their knowledge.

● Diversity dissemination surveys (employee awareness surveys): since February 2017

We conduct an awareness survey of all employees every three months. We disclose all results, which helps each organization to identify its issues and understand its team mindset. Such surveys are useful to divisions trying to make improvements on their problems.

Bottom-up Action



FMWP



Diversity Awards

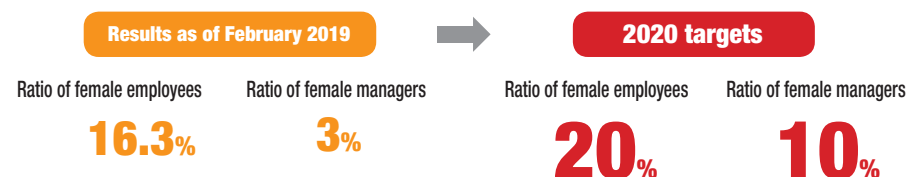
Promotion of diversity and inclusion

Promoting Active Roles for Women

In order to fulfill customers' expectations, our company needs people who can ensure that customer feedback is taken into account. Although we still have a relatively low percentage of female employees, we recognize that female participation is a major management issue and are working actively to accomplish it.

When it comes to promoting active roles for women, one issue is that we have been actively hiring women during the regular hiring seasons for new university graduates, but Group-wide, the percentage of female employees continues to grow at a very slow pace. Therefore, our aim is to provide a workplace environment where it is easy for women to work and they can continue to work for a long time. We are making proactive efforts to improve programs for parental leave, caregiver leave, and the like and to implement workstyle reforms so that working hours are reasonable. Another challenge is that we are working to develop female manager role models, but we currently have few such role models. Therefore we are expanding measures to prepare women for promotion to management, such as sending them to external inter-industry trainings to foster the next generation of female leaders and thereby develop the necessary awareness among our members. Internally, we have held career seminars for young employees and used the FMWP and initiatives of our district committees, so that nowadays it is more common to see female employees participating actively and excelling.

Such efforts to promote active roles for women have won strong praise, as evidenced by the Eruboshi Level 2 certification from the Minister of Health, Labour and Welfare that we earned in fiscal 2018. We will continue to support the self-realization and active participation of our female employees by properly evaluating each one's job suitability and capabilities and helping them create a career vision that changes with each stage of life.



Main Trainings, etc., for Female Employees

Female Supervisor Development (Role Models)	Development of female supervisors by participating since fiscal 2017 in the Eijyo College, an inter-industry project that aims to further empower female employees in the field of sales.
Pre-Career Design Seminars	Seminars for female employees in their third year to help participants design their careers and envision the big picture over the medium term
Women's Development Training Plan	Female candidates for managerial positions dispatched to joint cross-industry trainings held by an external organization
Life & Career Design College	Male/female employees returning from childcare leave learn together with internal/external business partners how to rejoin work smoothly and balance childcare and work

Promoting Active Roles for Disabled People

To increase opportunities for disabled people, we are expanding the range of jobs open to them in our stores and head office and boosting measures to support these individuals. In fiscal 2019, we set up the new Work Support Group in the General Affairs Department to focus on efforts to promote the participation of disabled people. It oversees routine tasks requested by various other departments, matching them to the unique characteristics of each employee with disabilities and providing them with attentive support.

Supporting Participation by Senior Employees

In 2006, we introduced a system for the re-employment of post-retirement employees after the regular age limit, until the age of 65. We offer proactive support that includes meeting senior employees' working style needs and putting them to work in jobs suited to the skills and capabilities they acquired over their long careers. Employees who want to keep working beyond the age limit of 60 serve as valuable assets to our business.

Opportunities for Non-Japanese Employees

Our recruiting doors are open to new graduates/mid-career workers from all nationalities. Once an individual joins us, they are assigned according to their skills and capabilities. They receive training in the Japanese language, business skills, and the like and serve in a variety of capacities, including as supervisors and head office staff.

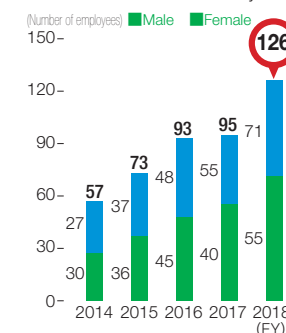
Initiatives for the LGBT Community

In fiscal 2019, we began initiatives for the LGBT community as part of promoting greater understanding and acceptance of diversity. To cultivate correct knowledge and understanding, we give employees basic knowledge through LGBT seminars as well as video lessons and a handbook posted on the company intranet. We operate an LGBT consultation window for employees and distribute stickers with the "LGBT ALLY"* logo to our workplaces to declare in a very visible form that we are allies and working to create safe and inclusive workplace environments. We will continue working to enhance the psychological safety of our organization by expanding the circle of allies of the LGBT community. We will also continue our awareness-raising initiatives to promote understanding and support, thereby creating an organizational culture where everyone can participate actively and excel.

* Ally: a person who understands and takes active steps to support the LGBT community.

Non-Japanese Regular Employees

*Number as of end of each fiscal year



Work-Life Balance and Workstyle Reform

Issues to Recognize

With working styles and the state of overtime work emerging as social challenges, enterprises are under pressure to reform working styles, such as by improving corporate culture and working environments that have previously depended on employees putting in long work hours. As society becomes more information-based and people's lifestyles and ways of thinking change, ways of working are also becoming diversified.

Given these circumstances, enterprises need to establish systems that accommodate more flexible working styles and to create workplace environments that allow employees to continue working and provide job satisfaction, along with reforming their corporate cultures to accommodate diverse working styles. Another task is finding ways to not only reduce working hours, but also increase labor productivity.

Achievements and Performance

- Promoting workstyle reform in line with IkuBoss Declaration
- Total annual work hours and average monthly overtime

Fiscal 2018 results

Overtime hours
18.1 hours

Total annual work hours
2,041 hours

Fiscal 2017 results

Overtime hours
20.3 hours

Total annual work hours
2,074 hours

Management Approach

We promote work-life balance based on our belief that by building an organization and company culture in which each person can demonstrate their abilities and continue to work regardless of life stage and changes in the way they work, we are also enabling our own growth.

Additionally, in line with top management's "FamilyMart Workstyle Reform Declaration", each individual employee remains aware of workstyle reform and aims to do two things simultaneously: improve the working environment and raise productivity.

Enhancing Child-Rearing Support

Since implementing our Parental Leave and Reduced-Hours Work System for Parents of Young Children in 1992, we have established and expanded on child-rearing support programs for different life stages and supported employees who work while rearing young children. We also endeavor to provide seamless care to employees from childbirth and even after they come back to the workplace. For example, we give returnee training just before employees come back from parental leave and support through interviews with superiors after getting back.

We also believe that when men take part in child-rearing, it improves the male employee's work-life balance, makes his family happier, and helps advance workstyle reform throughout the company. For that reason, we are strengthening support for men to help raise their children.

The result of these initiatives is a corporate culture where both men and women can build their careers while raising children. More managers and supervisors, for example, are working short hours and more male employees are taking parental leave. By taking account of employees' opinions and supporting them in both child-rearing and work, we aim to be an enterprise where employees can achieve work-life balance.



Main child-rearing support programs

https://www.family.co.jp/english/sustainability/material_issues/diversity/diversity.html#tab2

Enriching Programs by Incorporating Diversified Ways of Working and Employee Input

Employees are eligible to use our reduced working hour system, regardless of rank and job, through their children's third year of junior high school. Managers, supervisors, and male employees have all used the system. In March 2017, we changed the scope of the system to reflect the diversifying social environment and working styles. (Previously, parents could use the system through their children's third year of elementary school, but can now do so through the third year of junior high school.)

Additionally, employees commuting to work in company vehicles (particularly sales staff) can use those cars to bring their preschool children to a daycare center, etc. This program resulted from an idea suggested by an employee who is also a parent during a session for the President and employees to exchange opinions on workstyle reform.

Caregiving Support

Japan's declining birthrate and aging population mean that more people have to work and care for a family member at the same time. We are enhancing our system to enable this. Employees can work reduced hours during the entire period of care for up to 365 days divided into as many as three periods. We have also distributed a handbook that gives an easy-to-understand overview of this program and includes voices of experience. We provide information on our internal site and urge employees to plan ahead so they can cope when suddenly faced with the need to give care.

Work-life balance and workstyle reform

Promoting Workstyle Reform

Although the expansion of programs is also necessary, real change will require individual employees to make conscious efforts to reform their own working styles. We are finding solutions by defining each role and working on environmental/circumstantial reforms under the key concept of determination to “change” into people/organizations who can change ourselves and our surroundings, without making excuses for our circumstances or situation.

One particular initiative seeks to reduce long work hours, with a KPI of reducing total actual work hours per person to 2,000 a year by fiscal 2020. Thus, we are working as a team to improve our working environment in line with workstyle reform declarations in which the President and other top management set specific numerical targets for each fiscal year.

Specific Initiatives

Limiting work time	Group-wide rules of “no-overtime days” (every Wednesday) and finishing up work by 8:00 p.m. (every day) as a way to trigger changes in our working styles
Paid leave in one-hour units	Paid leave can be taken in hourly units from annual paid leave days (since February 2019)
Fixed days off Group-wide on national holidays	About 90% of national holidays are fixed as Group-wide days off to add balance to employee's work lives
Visualizing work time	Office entry/exit data and company car operation data linked with attendance management system to visualize employees' workstyles and enable self-management

TOPICS

Support for Male Employees to Take Part in Child-Rearing

Male employees get the chance to think about their non-work time and expand their knowledge when children are born to them and they subsequently help raise the child. We believe also that when men's working styles change, the entire corporate culture changes, making it easier for women and employees with caregiving responsibilities to work. For those reasons, we support male employees' participation in child-rearing. Our “*Suku suku kyuka*” (short-term childcare leave)* program is available to both men and women and is separate from long-term parental leave. Intended for short-term holidays, many men take advantage of the program. We have received appreciative comments from family members of men who have used this benefit.

* *Suku suku kyuka* (short-term childcare leave): five-day parental leave which can be taken once a year by employees with children up to first grade in elementary school

“Let's Change Ourselves” When we try, we can change ourselves and also those around us

Change your work, change your life, turn diversity into strength, and bring innovation to the job

Initiatives Based on Reexamining and Enhancing Programs

We have a system for employees to take annual paid leave in one-hour units, fixed company-wide days off on national holidays (rare for a retail business), and a system that visualizes attendance data. We also encourage our workplaces to have no-overtime days and a rule to finish work by 8 p.m. For supervisors, we recommend they live close to their workplace to shorten commuting times and take other initiatives suited to the type of job.

Initiatives in Each Division

Each division establishes its own workstyle reform declaration, which includes the reform approaches that the division head deems most necessary for that division, along with numerical targets. Progress is reviewed every half-year.

Joint Initiatives of Labor and Management

Labor and management jointly hold work-life balance seminars to raise awareness, break away from the pattern of long work hours, and raise productivity.

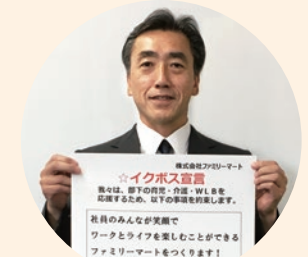
Initiatives to Reform Corporate Culture

When trying to change a company's culture, the most critical driver is the awareness of the company's leaders. In order to encourage our leaders to seriously consider the work-life balances of their colleagues and themselves and to take the lead in achieving varied working styles, we have joined the *IkuBoss* Corporate Alliance and made an *IkuBoss* Declaration.

We also took part in Telework Days Campaign 2018 in July–August 2018, a government campaign to help people experience and think about better ways to work. All managers working for the head office tried working from home.

**IkuBoss*: A term for executives and managers who consider their subordinates' work-life balance, support them in their careers and lives, and can enjoy their own work and personal lives even as the organization produces results.

**IkuBoss* Corporate Alliance: A network of businesses that recognize the need for “*IkuBosses*,” are actively changing the awareness of their own companies' managers, and fostering workplace superiors ideally suited for a new era.



Takashi Sawada

Representative Director and President

Human Resource Development and Training

Issues to Recognize

For an enterprise to maintain and enhance its competitiveness and realize sustained growth, it is important to establish programs that systematically develop employees so that they can improve and maximize their capabilities. It is also more essential than ever before to strategically support employee career development.

Due to the diversifying needs of society and consumers as well as intensifying competition with other kinds of businesses, the convenience store industry faces challenges of its own. Stores and distribution are suffering from a severe labor shortage, so initiatives to secure and retain excellent human resources are an important task that affects a company's competitiveness.

Achievements and Performance

- Launched Human Resources Development Department (2019), currently revising employee training system

Management Approach

We have adopted three human resource strategies to support sustained growth: human resource development, appropriate placement and periodic rotation, and human resource hiring. We are putting systems and mechanisms in place so that human resources with diverse capabilities and areas of expertise can play active roles and achieve ongoing growth. In the area of human resource development in particular, we are enhancing training programs that let employees learn voluntarily and taking initiatives to encourage the growth of ambitious people. Through these, we are working to develop human resources who can spark innovation and the creation of new value.

Human Resource Development

Under the direction of our training-specialized department, we have established our own employee training system to support employees in taking the initiative to develop their own careers. Specifically, we provide Group-wide trainings, including business skill training and training programs geared to certain ranks and ages. Besides those, trainings in subordinate care by management and supervisors, which develop skills and expertise needed by individual divisions, are effectively combined with on-the-job and off-the-job training to systematically develop human resources.

Furthermore, in light of the increasingly diverse consumer needs and intensifying competition in the retail industry in recent years, we established the new Human Resources Development Department in 2019 and are revising our training system to step up development of supervisors and new employees.

Employee Training System

	Rank-raising	Career advancement	Career design	Diversity	Work knowledge
Managers	Training upon promotion	Manager training Training for selected people		Diversity management training	
Non-managers		Career advancement seminars Second-year employee training New employee training	Age-specific training	Career design seminars for female employees Female leader development seminars Image & Impact Training Return-to-work preparation seminars Eiyo College (external organization) Language and business skill training for foreign employees	Franchise agreement training, etc.

Appropriate Placement and Periodic Rotation

By giving employees the option of a multi-track career course with periodic rotation, we can offer them the experience of a variety of career paths and duties. For example, an employee who has amassed experience as a supervisor can advance to management or become a specialist or manager in their division. When we transfer employees to new jobs, we take a comprehensive look at the person's requests and qualifications and the company's circumstances before making a decision on the appropriate placement of the individual.

In addition to the usual internal recruiting system, we also have a unique career-point system that prioritizes transfer requests from outstanding employees, along with a self-reporting system. Through programs like these, we actively support employees who take the initiative to develop their own careers.

TOPICS

Self-Reporting System

Under this system, employees can voluntarily express their intentions during interviews with their superiors to discuss the employee's medium- to long-term career vision. Employees come to understand what they need to do and the knowledge and actions that will be necessary to achieve their career vision, which assists their personal growth. Not only that, these interviews are a valuable opportunity for the employee and superior to gain a shared awareness of the employee's current struggles, family circumstances, and the like.

Human resource development and training

TOPICS

FM Future Leader Training

“FM Future Leader Training” ran from July to December 2019. Its purpose was to develop the next generation of executives to carry FamilyMart into the future.

Group work provided direct instruction from external lecturers and executives and a review of management issues. This and other events aimed to develop human resources with a broader vision. There were also outdoor workshops, where participants could practice introspection and self-discovery so they could reflect on their current state and find their core strength that will let them serve as leaders. At the end of the training, participants presented a look at FamilyMart’s management issues, a plan to transform their divisions, and a leadership declaration to executives. This was followed by dialogue with the executives.



Participants doing field work



Presenting training outcomes

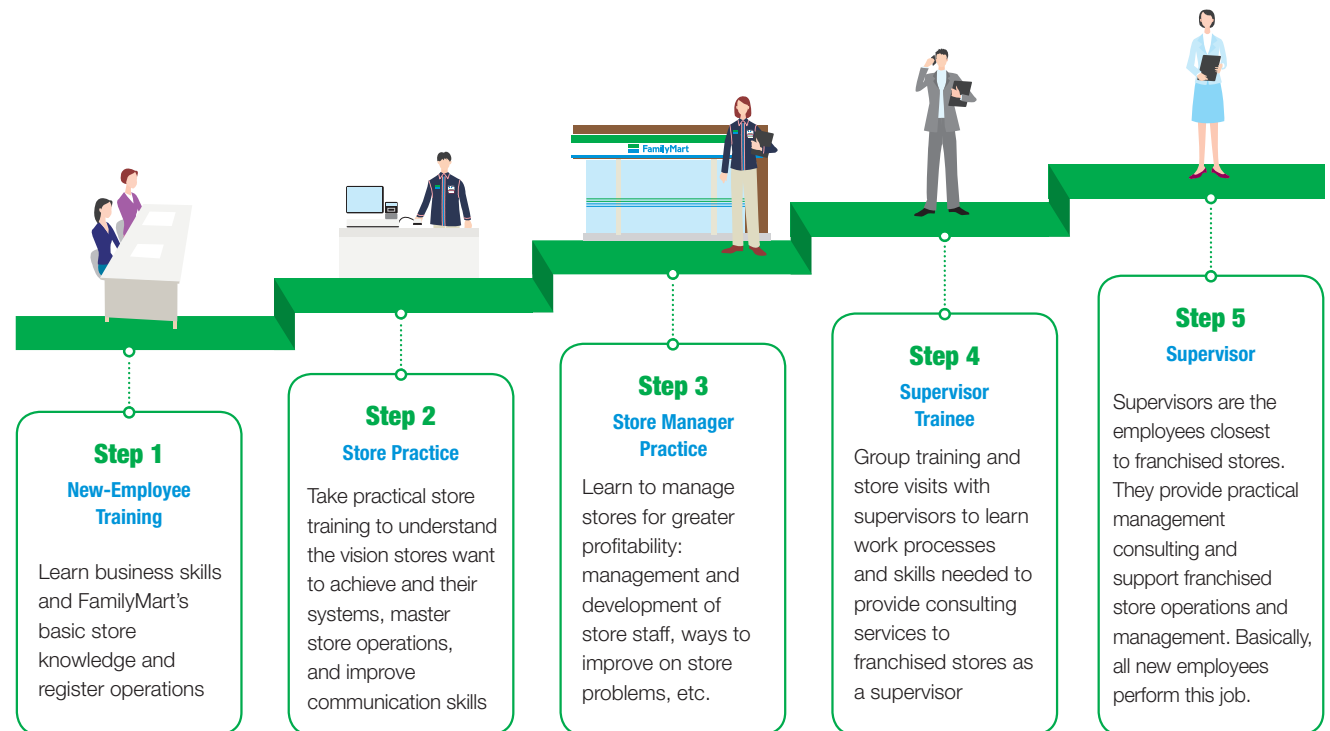
Training Content

- A conversation with the President, consideration of how to respond to external changes
- Learning from leaders in transformation
- Self-discovery field work
- Polishing up presentations
- Presentations by individuals

Human Resource Hiring

We hire new university and graduate school graduates each year. As career education, we give the graduates a variety of workplace experiences, including work as a supervisor, and hold workshops such as discussion forums with current employees. Workshops offer opportunities for group work on finding solutions and proposing ideas as appropriate to specific jobs. Many participating students have expressed favorable opinions and praise with regard to these efforts, saying it gave them a better understanding of the state of the convenience store industry and the work it does.

Then after recruits become employees, our unique training program enables them to learn work skills and expertise step by step. The system is designed so they can put those skills to work rapidly.



*Example of career steps

Creating a Safe, Healthy, and Comfortable Workplace Environment

Issues to Recognize

Ensuring the health and safety of its employees is one of the most important duties that a business must fulfill. Enterprises are expected to systematically promote industrial health and safety measures under the exemplary leadership of top management, thereby preventing occupational accidents and injuries, maintaining and promoting health, and achieving safe, healthy, and comfortable workplace environments. In recent years, the number of people with lifestyle diseases or mental illness has been climbing. Enterprises have to be especially proactive in working to solve these modern health challenges.

In Japan, where the birthrate is declining and the population is aging, the rising cost of social welfare also presents a challenge. More intense health promotion efforts, including disease prevention and prevention of the need for caregiving, are expected in order to promote healthy longevity for the Japanese people.

Achievements and Performance

- Established Health Management Office (March 2019)
- Established FamilyMart Health Charter (October 2019)

Management Approach

We consider employee health and safety to be one of our greatest priorities in business management, and fundamental to enabling employees to fully exercise their capabilities. Therefore, top management leads our effort to promote Health and Productivity Management based on the “FamilyMart Health Charter.” As outlined in our Health Charter, we also work to promote not only our employees’ health, but the health and happiness of our customers, franchisees, business partners, and all other stakeholders.

Establishment of FamilyMart Health Charter

To further strengthen measures related to employee health and safety and clearly reassert this stance internally and externally, we established the “FamilyMart Health Charter” in October 2019. We practice “Health and Productivity Management” based on the Health Charter because we believe that the health of our stakeholders is the cornerstone to realizing our vision of the future.

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.

Takashi Sawada
Representative Director and President

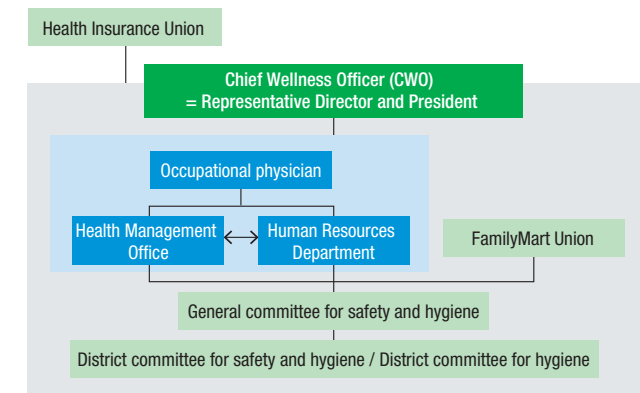


Promotion Framework for Health and Productivity Management

We have built a health management system administered by the President to ensure employee health and safety as a key management strategy. Working closely with our occupational physician, public health nurses, the health insurance union, and our labor union, we work strategically, primarily through our Human Resources Department and Health Management Office (launched in March 2019).

The Health Management Office has one full-time occupational physician and three full-time public health nurses as well as a system to follow each individual’s health. We have also implemented a health management system that centrally manages employees’ health. This makes it easier to draw up health measures and make improvements.

Health Management System



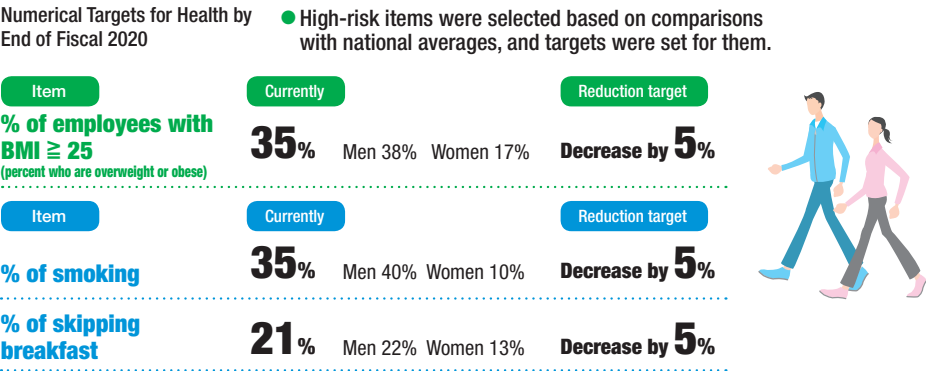
* District committees are held in 25 places all across Japan.

Creating a safe, healthy, and comfortable workplace environment

Initiatives to Manage and Promote Health

We are taking a variety of measures in accordance with a hierarchy of health risks, focused on four key health issues: lifestyle diseases, cancer, dementia, and mental illness. One aim is to enable employees to take action for their own health so they can work healthfully and actively. To raise employees' health literacy, we set up a health portal site and hold health seminars as well as health-promoting events led by each district's health committee and union. In these ways, we are expanding our measures to reform employee awareness and behavior. We use results of health examinations, health awareness surveys, and stress checks to evaluate the effectiveness of our measures. This is useful when we make changes to our programs and draw up new measures.

Starting in fiscal 2019, we are setting numerical targets for health and enhancing our initiatives to achieve them.



Initiatives of the FamilyMart Union

We respect our employees' freedom of association and the right to collective bargaining, and so we recognize the formation of the FamilyMart Union. Each year, the union conducts a survey to measure member satisfaction. The union survey quantitatively assesses trends in member awareness of working hours, the workplace environment, job satisfaction, and more. The results are reported to executives and division managers at labor and management meetings, leading to the improvement of labor conditions. In addition, during the annual spring labor-management discussions, the two sides engage in future-oriented talks on wages and other personnel system issues, taking an attitude of labor-management cooperation and co-creation. Our aim is to achieve perpetual development for FamilyMart and happiness for union members.

Mental Health Initiatives

Stress Checks

We conduct stress checks with the goal of prevention and early detection of mental health problems.

Employees can undergo stress checks when they have a concern—any time and as often as they wish. The system easily enables comparison with past results. We encourage employees to take these checks periodically as an important stress management tool for objectively monitoring their individual level of stress.

Consultation System

Our 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 so that employees can seek consultation 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, which individuals can use without going through the company.

TOPICS

Health Seminars around the Country by Public Health Nurses

FamilyMart carries out health promotion measures corresponding to the particular health issues faced by our business sites around Japan and each division at the head office. The measures vary by region, ranging from group radio exercises to the establishment of spaces where people can come and feel refreshed. One of the most popular measures among employees, however, has been health seminars led by public health nurses.

The overall theme of the seminars is “things you can do for your health starting today.” A number of programs are offered, depending on the division's request: food, sleep, managing one's own health, how to enjoy alcohol and snacks wisely, and more.



At a health seminar

Corporate Information

Corporate Data

Corporate name	FamilyMart Co., Ltd.	
Head office	1-21, Shibaura 3-chome, Minato-ku, Tokyo	
Incorporated	September 1, 1981	
Common stock	¥16,659 million	
Fiscal year	March 1 to the last day of February	
Stock exchange listing	Tokyo Stock Exchange (First Section)	
Objective of business	Convenience store operations under franchise system	
Representative Director and President	Takashi Sawada	
Number of employees	15,139 persons on a consolidated basis (end of February 2019)	
Number of stores	23,814 (including convenience store business and overseas Convenience Store Business) (end of February 2019)	
Total store sales of all chain stores	2,982,852 million yen (Fiscal 2018)	
Major Group Companies	Convenience store business Okinawa FamilyMart Co., Ltd. Minami Kyushu FamilyMart Co., Ltd.	Related business Famima Digital One Co., Ltd. famima Retail Service Co., Ltd. EVENTIFY INC.
	Overseas Convenience Store Business Taiwan FamilyMart Co., Ltd. Central FamilyMart Co., Ltd. Shanghai FamilyMart Co., Ltd. Guangzhou FamilyMart Co., Ltd. Suzhou FamilyMart Co., Ltd. Hangzhou FamilyMart Co., Ltd. Chengdu FamilyMart Co., Ltd. Shenzhen FamilyMart Co., Ltd. Wuxi FamilyMart Co., Ltd. Beijing FamilyMart Co., Ltd. DONGGUAN FamilyMart Co., Ltd. FamilyMart Vietnam Joint Stock Company PT. Fajar Mitra Indah Philippine FamilyMart CVS, Inc. Maxincome Resources Sdn. Bhd.	Kyushu Supply Corporation Famima Support Co., Ltd. SENIOR LIFE CREATE Co., Ltd. Clear Water Tsunan Co., Ltd. Clean Aqua Beverage Corporation Kanemi Co., Ltd. POCKET CARD CO., LTD. LIVE VIEWING JAPAN Inc.

Number of Stores by Prefecture (As of February 28, 2019)








FamilyMart's Franchise System

FamilyMart Co., Ltd., as the franchiser, collaborates closely with all of its franchisees to foster mutual trust and a collaborative relationship so that both parties may achieve business growth. Our franchisees are responsible for store management, including the ordering of their own inventories, the arranging of their product displays, and the hiring and training of their staff. For our part, we supply not only our brand name and logo but also full store management support services, including store operational know-how and the shared use of data management and logistics systems. In return for this support, the Company receives royalty income consisting of a certain percentage of each franchisee's gross margin. The rate differs according to the type of franchise contract.

FamilyMart Milestones

Established as Japan's first convenience store business in 1973, FamilyMart has grown in step with the changing times. Today, this domestic chain has grown to a scale of nearly 16,500 stores.

As the chain has grown, we have expanded the products and services available, evolving from collaboration with the stakeholders who support daily store operations. Here, we introduce FamilyMart history, as stores have continued to provide value by revitalizing communities and seeking richer, more convenient lifestyles through fulfillment of our corporate social responsibility and sustainable growth.

March 1978 Franchise convenience store business starts, operated by Seiyu Stores, Ltd. (now Seiyu GK.) August 1978 Opened up the first FamilyMart franchised store 	April 1980 Introduction of an online ordering system September 1981 Establishment of FamilyMart Co., Ltd. January 1982 Launch of boxed lunches, fast food, and other original products February 1987 Network of 1,000 stores in Japan	August 1988 Opening of the first FamilyMart store overseas (Taipei) January 1989 Formulation of the "FamilyMart, Where You Are One of the Family" corporate message September 1989 Introduction of a point-of-sale (POS) system 	February 1990 Commencement of agency payment services for utility fees, etc. December 1994 Commencement of the operations of integrated distribution bases including production plants and distribution bases November 1996 Network of 5,000 stores in Japan February 1998 Establishment of the ITOCHU Group as the Company's largest shareholder October 1999 Launch of ATM services	October 2000 Introduction of Famiport multimedia terminals January 2001 Introduction of in-store SAT tablet devices for placing orders, enabling personnel to order based on sales and inventory data while checking product status in sales areas July 2006 Establishment of stores in all of Japan's prefectures	October 2006 Launch of FAMILCHIKI  December 2009 Acquired 100% ownership of am/pm Japan Co., Ltd. (convenience store). 	December 2011 Completion of the conversion of am/pm into the FamilyMart brand October 2012 Launch of the FamilyMart collection private brand October 2013 Network of 10,000 stores in Japan October 2015 Acquired 100% ownership of Cocostore Corporation (convenience store).	September 2016 Management integration with UNY Group Holdings Co., Ltd. (general retail industry/convenience store) October 2016 Completion of the conversion of Cocostore into the FamilyMart brand June 2017 Completion of distribution base reorganization following brand integration August 2017 Conclusion of a capital and business alliance with Pan Pacific International Holdings Corporation (PIIH) (discount stores)	November 2018 Completion of the conversion of Circle K and Sunkus into the FamilyMart brand   January 2019 Transfer of all shares of UNY CO., LTD. (General retail industry), to PPIH January 2019 Announcement of an action plan to support FamilyMart franchised stores
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Business Milestones



Sustainability Milestones



1992 Introduction of a system for childcare leave and reduction of working hours for childcare 1993 First convenience store to set up in-store fundraising boxes 1998 Establishment of Environmental Policy March 1999 Acquisition of ISO14001 certification by all stores and offices	2006 Start of FamilyMart Connecting Dreams Foundation fundraising 2007 Introduction of biomass plastic containers for salads 	2009 Start of Thank-You Letter Contest April 2008 Launch of Bell Mark-labeled rice balls 	December 2016 Introduction of supplier helpline 2017 Launch of "Mother's Kitchen" delicatessen dish brand, making meals easier and faster to prepare 	March 2017 Acquired "Eruboshi" certification based on the MHLW Act on Promotion of Women's Participation and Advancement in the Workplace September 2017 Announcement of Sustainability Policy Joined the United Nations Global Compact	February 2018 Announcement of Sustainability Procurement Principles Supply Chain CSR Code of Conduct established April 2019 Start of "FamilyMart Children's Cafeteria," promoting local exchanges and supporting children, who will bear future responsibilities	September 2019 Announcement of new basic principles
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Supported Initiatives, Main Corporate Memberships, and External Recognition

We endorse and participate in a variety of domestic and international initiatives, seeking to play an active role in helping to build a sustainable society. External recognition of these activities since fiscal 2018 is also included here.

Supported Initiatives, Main Corporate Memberships	Activity Details
United Nations Global Compact 	<p>The United Nations Global Compact is a global effort to achieve sustainable growth in the international community based on 10 principles in the four areas of human rights, labor, environment, and anti-corruption. Participating companies and organizations are called on to work toward a better world. The company signed as a participant in the UN Global Compact in September 2017. Since 2018, the company has also participated in activities including the Supply Chain Subcommittee of Global Compact Network Japan, a local network in Japan that conducts subcommittee activities to share and study best practices among member companies.</p>
Japan Climate Initiative	<p>A network that strengthens communication and exchange of views among Japanese companies, municipalities, and NGOs actively engaged in climate initiatives. We participate as a member organization “joining the front line of the global push for decarbonization from Japan.”</p>
Decarbonization Management Promotion Network	<p>As part of an MOE program aimed at enhancing corporate value through decarbonization management, this network holds workshops and exchanges information to promote and support efforts by companies seeking to reduce greenhouse gas emissions and their carbon footprint throughout the supply chain.</p>
Japan Clean Ocean Material Alliance (CLOMA) 	<p>To work toward a solution to the new global problem of marine plastic waste, this alliance is promoting sustainable use of plastic products and development and introduction of alternative material, aiming to accelerate innovation through public-private collaboration.</p>
Japan Food Safety Management Association	<p>To improve efforts targeting food safety, quality control, and reliability of food industry businesses, this association is developing, managing, and standardizing food safety management standards and certification programs, as well as developing human resources in these areas.</p>
Japan Retailers Association	<p>As an industry organization of various retail businesses in Japan, the association conducts a variety of activities to develop the retail industry, including research on social issues relevant to the retail industry such as business continuity planning, labor shortages, and the declining birthrate and aging population.</p>
Japan Franchise Association	<p>Consisting mainly of franchisors and intended to promote the sound development of franchise systems, this association also addresses various social issues requiring an industry-wide response.</p>

External Recognition	Recognition Details
Selected for “SNAM Sustainability Index” Sompo Japan Nipponkoa Asset Management Co., Ltd. (SNAM) 	<p>Selected for inclusion in the SNAM Sustainability Index, a stock index established independently by Sompo Japan Nipponkoa Asset Management Co., Ltd. (SNAM) in June 2019. As a method for diversified investment in highly rated companies in the ESG field, the index is used for sustainable investment products for pension funds and institutional investors.</p>
JSH Reduced-Salt Food Products Award: “Gold Award” Organized by Salt Reduction Committee, Japanese Society of Hypertension (JSH)	<p>As a product with excellent results in promoting a low-sodium diet, our reduced-salt Japanese-style dressing sachet sold for salads was awarded the gold medal. This is the first time the award was given to a convenience store chain. A salt reduction committee of the Japanese Society of Hypertension has prepared a JSH reduced-salt foods list that includes foods with low salt content for hypertensive patients and others trying to reduce salt intake. Specifically, this committee awards the JSH Reduced-Salt Food Products Award for products that have achieved outstanding results.</p>
Acquired second-level “Eruboshi” certification under the Act on Promotion of Women’s Participation and Advancement in the Workplace Organized by Ministry of Health, Labour and Welfare 	<p>In this system, among companies that have formulated and submitted action plans based on the Act on Promotion of Women’s Participation and Advancement in the Workplace, those with good performance in the advancement of women can be certified by the Minister of Health, Labour and Welfare. The company has acquired second-level certifications, out of three levels.</p>
Third women’s empowerment award: Award of Excellence Organized by Japan Productivity Center	<p>The company received an award of excellence in the third women’s empowerment awards in April 2018. Given to organizations with unique, imaginative, and creative initiatives to increase organizational productivity through women’s advancement, this award recognizes the company’s appointment of women in managerial positions by the company’s leaders, and our achievement of new, bottom-up working styles.</p>

E Environmental Aspects

(Relevant period of each fiscal year: from March that year to February the following year Scope: applies to FamilyMart Co., Ltd., unless otherwise stated)

Disclosures		Unit	FY2016	FY2017	FY2018	Notes
E: Environmental Aspects						
Environmental management / compliance	ISO 14001 certification acquisition ratio	%	100	100	100	
	Costs of environmental fines or penalties	yen	0	0	0	
	Violation of environmental regulations	cases	0	0	0	
Climate change	Total GHG (CO ₂) emissions	t-CO ₂	1,591,760	1,522,915	1,362,217	* Calculated based on MOE and METI Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, Ver. 2.4.
	Total supply chain GHG (CO ₂) emissions	t-CO ₂	—	7,502,046	7,294,327	
	Scope 1	t-CO ₂	—	48,685	46,756	
	Scope 2	t-CO ₂	—	1,397,604	1,255,969	
	Scope 3	t-CO ₂	—	6,055,757	5,991,602	
	Scope 3	t-CO ₂				* Circled numbers indicate categories.
	① Purchased products/services		—	5,483,494	5,491,686	
	② Capital goods		—	250,511	192,176	
	③ Fuel and energy-related activities not included in Scopes 1 or 2.		—	97,793	92,085	
	④ Transportation, delivery (upstream)		—	118,720	111,449	
	⑤ Waste from business operations		—	60,899	58,524	
	⑥ Travel		—	2,090	2,088	
	⑦ Employer commuting		—	784	931	
	⑪ Use of products sold		—	330	451	
	⑫ Disposal of products sold		—	41,136	42,212	
Waste, recycling	GHG (CO ₂) emission basic unit	tons/ million yen	—	0.4795	0.4367	* CO ₂ emissions per sales volume, plus Scope 1 and 2
	Scope 1 GHG breakdown	CO ₂	—	8,905	8,206	* In accordance with the Act on Rational Use and Proper Management of Fluorocarbons, we conduct periodic inspection, record and assess leakage. When stores are demolished, CFCs are recovered by specialized contractors.
		CFCs	—	39,780	38,550	
	Energy consumption (internal)	MWh	2,751,068	2,753,816	2,580,209	
	Leaked/discharge waste liquid	t	0	0	0	
	Biomass plastic used (for ready-to-eat, etc.)	t	—	1,205	1,630	
	Ratio of biomass plastic usage (for ready-to-eat, etc.)	%		4.6	6.3	
	Toxic waste generated	t	0	0	0	
	Non-recycled waste generated (total waste)	t	442,721	379,052	342,500	* Figures indicating total waste. (The basis of calculation was changed from individual stores to all stores.)
		(Combustible, waste plastic)	t	189,932	163,566	
	Waste generated (food)	t	82,910	74,207	71,135	
	Stores engaged in food recycling	stores	3,566	3,639	3,563	
	Food recycling participation	%	47	54.1	56.3	
	Ratio of declined plastic bags	%	30	29.1	28.9	

E Environmental Aspects

Disclosures		Unit	FY2016	FY2017	FY2018	Notes
Water	Groundwater collected	KL	70,257	77,309	83,392	* Applies to Clear Water Tsunan.
	Amount of collected water sold as drinking water	KL	15,347	18,628	23,651	
	Amount discharged to river	KL	54,910	58,681	59,741	
Supply chain	Aquaculture Stewardship Council (ASC) certification acquisition ratio	%	0	0	0	
	Marine Stewardship Council (MSC) certification acquisition ratio	%	0	0	0	
	Producers of ready-to-eat products: Companies monitoring food loss	companies	91	94	92	
	Producers of ready-to-eat products: Ratio of companies monitoring food loss	%	86	100	100	

S Social Aspects

Disclosures		Unit	FY2016	FY2017	FY2018	Notes
S: Social Aspects						
Employees*1	Number of employees (non-consolidated)	people	5,584	5,944	6,045	* The number of employees includes regular employees, contract employees, associates, and employees seconded from outside of the company. Does not include employees seconded outside the company, or temporary, casual, or part-time employees.
	Men	people	4,977	5,191	5,081	
	Women	people	607	753	964	
	Ratio of women	%	10.9	12.7	16.3	
	Number of employees (consolidated)	people	16,601	17,777	15,139	* Average age applies to regular employees, contract employees, associates, and employees seconded from outside of the company. Does not include employees seconded outside the company, or temporary, casual, or part-time employees.
	Average age	years	40.2	40.2	40.4	
	Men	years	40.8	40.9	41.1	
	Women	years	36.1	35.9	37.1	
	Length of service	Year	12.3	12.3	12.1	
	Men	Year	12.7	12.8	12.8	
	Women	Year	8.6	8.1	7.8	
	Temporary employees (non-consolidated)	people	3,861	4,564	2,429	
	Men	people	1,883	1,817	915	
	Women	people	1,978	2,747	1,514	
	Ratio of temporary employees	%	40.9%	43.4%	28.7%	
	Foreign national employees	people	93	95	126	
	Men	people	45	40	55	
	Women	people	48	55	71	

*1 Employee data is calculated as of the end of February of each year.

S Social Aspects

Disclosures		Unit	FY2016	FY2017	FY2018	Notes
Employees* ¹	Employees hired after retirement (age 65 or older)	people	23	35	39	
	Ratio	%	82	90	71	
	New graduates hired	people	183	225	291	
	Men	people	120	143	189	
	Women	people	63	82	102	
	Ratio of women	%	34.3	36.4	35.1	
	Mid-career employees	people	15	68	120	
	Men	people	12	54	79	
	Women	people	3	14	41	
	Ratio of women	%	20	20.6	34.2	
	Resignees/retirees	people	146	555	607	* Also includes contract and associate employees.
	Men	people	105	471	444	
	Women	people	41	84	163	
	Turnover rate	%	5	6.3	5.6	
	Managers	people	843	863	731	* Includes regular employees, contract employees, associates, and employees seconded from outside of the company.
Diversity, work style reform	Men	people	827	843	708	Does not include employees seconded outside the company, or temporary, casual, or part-time employees.
	Women	people	16	20	23	
	Ratio of women	%	1.9	2.3	3.1	
	Employees with disabilities	people	103	136	137	
	Rate of employees with disabilities	%	2.18	2.63	2.66	
	Employees taking a leave of absence for childcare	people	17	29	29	
	Men	people	1	2	5	
	Women	people	16	27	24	
	Rate of returning to work after childcare leave	%	94	91	94.5	
	Men	%	100	100	100	
	Women	%	88	82	89	
	Employees taking paid childcare leave	people	66	121	180	* Paid childcare leave: Sum of SukuSuku Kyuka (short-term childcare leave) and, for male employees, spouse maternity leave. SukuSuku Kyuka (short-term childcare leave) is an annual five-day paid childcare leave available until children reach elementary school age.
	Men	people	63	117	144	
	Women	people	3	4	36	
	Employees taking nursing care leave	people	4	7	4	
	Men	people	4	6	2	
	Women	people	0	1	2	
	Rate of taking paid leave	%	36	49.4	54.2	
	Total hours worked per year	hours	2,130	2,074	2,041	
	Average monthly overtime worked per person	hours	23.40	20.30	18.10	

*1 Employee data is calculated as of the end of February of each year.

S Social Aspects

Disclosures		Unit	FY2016	FY2017	FY2018	Notes
Safety and hygiene	Occupational accident fatalities	people	0	0	0	
	Occupational accident mortality	%	0	0	0	
	Occupational accident severity rate		0.027	0.027	0.006	
	Occupational accidents	cases	13	23	10	
	Occupational accident frequency rate		0.87	0.56	0.76	
	Employees taking leave for mental health	people	59	65	63	
	Employees taking regular health exams	%	93.6	93.3	92.6	
	Smoking rate	%	35.4	30.4	33.0	
Human resource development, compensation	Dementia Supporter training recipients	people	—	—	100	
	Average training per person	hours	17.9	20.4	17.8	* Average training time was expanded in fiscal 2017 due to longer training for new employees.
	Average annual salary	yen	6,058,568	6,155,641	6,172,088	
Supply chain	Supplier plants receiving audits	companies	—	—	174	* Total JFS plant audits and third-party audits.
	Ready-to-eat product producers inspected	companies	91	94	92	
	Rate of ready-to-eat product producer inspections	%	86	100	100	
CSR activities	CSR expenditures	million yen	—	400	460	* For the breakdown of CSR activity expenditures, see “Overview of main CSR programs” below.
	NPO donations/community investment within this amount	million yen	—	148	170	

Overview of main CSR programs

Category	Percentage of total amount		Representative programs (collaborative organizations)	External beneficiaries		Notes
	2017	2018		2017	2018	
Charitable donation	41%	43%	Myanmar school feeding program (UN WFP)*	Approx. 270,000	Approx. 370,000	* In 2017, the company donated to disaster prevention and mitigation education in Vietnam.
			Water-related disaster preparedness education for children in Thailand (Save the Children Japan)*	Approx. 6,000	Approx. 300	
Community investments	37%	37%	Forest classes for kindergarteners, Kikigaki Koshien (listening and writing), and others (National Land Afforestation Promotion Organization)*	Approx. 3,000	Approx. 13,400	* In 2017, we provided support for environmental and career learning at stores.
			Holding store events to build community ties (Child Store Managers, Children's Cafeteria, and others)	Approx. 70,000	Approx. 1,300	
			Visiting lectures and visits to the company	Approx. 2,000 schools	Approx. 1,200	
			Cooperation in the Bell Mark campaign	Approx. 20,000 schools	Approx. 20,000 schools	
Commercial initiatives	22%	20%	FamilyMart Thank-You Letter Contest and others*	Approx. 30,000	Approx. 40,000	
Total costs	¥400 million	¥460 million				

* Including donation activities for in-store fundraising.

G Governance Aspects

Disclosures		Unit	FY2016	FY2017	FY2018	Notes
G: Governance Aspects						
Board of Directors	Number of times held	times	13	20	21	
	Directors	people	9	9	10	* At of the end of each fiscal year
	Female directors out of this total	people	0	0	0	* At of the end of each fiscal year
	Independent, outside directors out of this total	people	2	2	2	* At of the end of each fiscal year
	Average director attendance	%	96.6	95.0	98.1	* Rounded to the first decimal place
Board of Corporate Auditors	Number of times held	times	13	12	12	
	Corporate auditors	people	5	5	5	* At of the end of each fiscal year
	Female auditors out of this total	people	1	1	1	* At of the end of each fiscal year
	Independent, outside auditors out of this total	people	3	3	3	* At of the end of each fiscal year
	Average auditor attendance	%	97.7	96.4	98.5	* Rounded to the first decimal place
Executive compensation	Total compensation	million yen	376	234	328	
Executive Officer	Ratio of female executive officers	%	0	0	0	
Compliance	Total political contributions	yen	0	0	0	
	Regulatory violations in social/economic area	cases	1	0	0	* August 2016: Admonishment under the Subcontract Act
	Whistleblowing/internal reporting	cases	46	39	55	* Includes Circle K Sunkus as of fiscal 2016.
	Rate of compliance e-learning attendance	%	96.3	97.8	100.0	* Rounded to the first decimal place. * Legal/information management training conducted in fiscal 2018.
	Rate of information security e-learning attendance	%	100.0	100.0	100.0	
Amount of taxes paid	Japan	million yen	10,107	4,094	1,029	
	Overseas	million yen	1,144	1,259	1,373	* Data for fiscal 2017 and 2018 include UNY (HK) CO., LIMITED.
	Total	million yen	11,251	5,353	2,402	

GRI Standards Comparison Table

• This report has been prepared in accordance with the GRI Standards “Core” option.

[General Disclosures]

● GRI Standards 100 series (items in common) Core option disclosures are indicated by ☆.

	Disclosures		Pages in this report, or other publications
GRI 102: General Disclosures 2016	Organizational profile		
	102-1 ☆	Name of the organization	P66 Corporate Information
	102-2 ☆	Activities, brands, products, and services	P42-47 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life Online: Product Information (https://www.family.co.jp/goods.html)
	102-3 ☆	Location of headquarters	P66 Corporate Information
	102-4 ☆	Location of operations	P66 Corporate Information
	102-5 ☆	Ownership and legal form	P66 Corporate Information
	102-6 ☆	Markets served	P66 Corporate Information
	102-7 ☆	Scale of the organization	P66 Corporate Information
	102-8 ☆	Information on employees and other workers	P66 Corporate Information P70-71 Data: Social Aspects (Employees)
	102-9 ☆	Supply chain	P8 FamilyMart Business Activities and Sustainability Initiatives
	102-10 ☆	Significant changes to the organization and its supply chain	P2 Corporate Message P3-6 Top Message
	102-11 ☆	Precautionary Principle or approach	P16-17 Thorough Risk Management and Compliance P23 Continuous Improvement of Environmental Management System
	102-12 ☆	External initiatives	P9 Sustainability at FamilyMart P24-27 Climate Change Mitigation and Adaptation P68 Supported Initiatives, Main Corporate Memberships
	102-13 ☆	Membership of associations	P68 Supported Initiatives, Main Corporate Memberships
	Strategy		
	102-14 ☆	Statement from senior decision-maker	P3-6 Top Message
	102-15	Key impacts, risks, and opportunities	P3-6 Top Message P8 FamilyMart Business Activities and Sustainability Initiatives P16-17 Thorough Risk Management and Compliance
	Ethics and integrity		
	102-16 ☆	Values, principles, standards, and norms of behavior	P2 Corporate Message P9 Sustainability at FamilyMart P16-18 Thorough Risk Management and Compliance / Respect for Human Rights
	102-17	Mechanisms for advice and concerns about ethics	P16-18 Thorough Risk Management and Compliance / Respect for Human Rights

GRI Standards Comparison Table

[General Disclosures]

● GRI Standards 100 series (items in common) Core option disclosures are indicated by ☆.

	Disclosures		Pages in this report, or other publications
GRI 102: General Disclosures 2016	Governance		
	102-18 ☆	Governance structure	P14-15 Enhancing Corporate Governance
	102-19	Delegating authority	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P23 Continuous Improvement of Environmental Management System
	102-20	Executive-level responsibility for economic, environmental, and social topics	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P23 Continuous Improvement of Environmental Management System
	102-21	Consulting stakeholders on economic, environmental, and social topics	P12-13 Stakeholder Engagement
	102-22	Composition of the highest governance body and its committees	P14-15 Enhancing Corporate Governance
	102-23	Chair of the highest governance body	P14-15 Enhancing Corporate Governance
	102-24	Nominating and selecting the highest governance body	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-25	Conflicts of interest	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-26	Role of highest governance body in setting purpose, values, and strategy	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P23 Continuous Improvement of Environmental Management System
	102-27	Collective knowledge of highest governance body	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-28	Evaluating the highest governance body's performance	P14-15 Enhancing Corporate Governance
	102-29	Identifying and managing economic, environmental, and social impacts	P9 Sustainability at FamilyMart P10-12 Material Issues (Materialities) Related to Sustainability P14-15 Enhancing Corporate Governance P23 Continuous Improvement of Environmental Management System
	102-30	Effectiveness of risk management processes	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P16-19 Thorough Risk Management and Compliance / Respect for Human Rights P23 Continuous Improvement of Environmental Management System
	102-31	Review of economic, environmental, and social topics	P9 Sustainability at FamilyMart P14-15 Enhancing Corporate Governance P23 Continuous Improvement of Environmental Management System
	102-32	Highest governance body's role in sustainability reporting	P1 Editorial Policy
	102-33	Communicating critical concerns	P16-17 Thorough Risk Management and Compliance
	102-34	Nature and total number of critical concerns	P18 Hotline Usage (Fiscal 2018)

GRI Standards Comparison Table

[General Disclosures]

● GRI Standards 100 series (items in common) Core option disclosures are indicated by ☆.

	Disclosures		Pages in this report, or other publications
GRI 102: General Disclosures 2016	102-35	Remuneration policies	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-36	Process for determining remuneration	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-37	Stakeholders' involvement in remuneration	WEB Corporate Governance Report (https://www.family.co.jp/english/ir/governance.html)
	102-38	Annual total compensation ratio	P72 Data: Social Aspects (Human resource development, compensation) P73 Data: Governance Aspects (Executive compensation)
	102-39	Percentage increase in annual total compensation ratio	P73 Data: Governance Aspects (Executive compensation)
	Stakeholder engagement		
	102-40 ☆	List of stakeholder groups	P12-13 Stakeholder Engagement
	102-41 ☆	Collective bargaining agreements	Online: 38th Annual Securities Report (https://www.family.co.jp/content/dam/family/ir/library/securities_reports/1902_yuho.pdf)
	102-42 ☆	Identifying and selecting stakeholders	P12-13 Stakeholder Engagement
	102-43 ☆	Approach to stakeholder engagement	P12-13 Stakeholder Engagement
	102-44 ☆	Key topics and concerns raised	P12-13 Stakeholder Engagement
	Reporting practice		
	102-45 ☆	Entities included in the consolidated financial statements	P66 Corporate Information
	102-46 ☆	Defining report content and topic Boundaries	P1 Editorial Policy
	102-47 ☆	List of material topics	P10-11 Material Issues (Materialities) Related to Sustainability
	102-48 ☆	Restatements of information	N/A
	102-49 ☆	Changes in reporting	P10-11 Material Issues (Materialities) Related to Sustainability
	102-50 ☆	Reporting period	P1 Editorial Policy
	102-51 ☆	Date of most recent report	P1 Editorial Policy
	102-52 ☆	Reporting cycle	P1 Editorial Policy
	102-53 ☆	Contact point for questions regarding the report	P1 Editorial Policy
	102-54 ☆	Claims of reporting in accordance with the GRI Standards	P1 Editorial Policy P74-85 Data: GRI Standards Comparison Table
	102-55 ☆	GRI content index	P74-85 Data: GRI Standards Comparison Table
	102-56 ☆	External assurance	Online: Third-Party Verification (https://www.family.co.jp/sustainability/material_issues/environment/carbon.html)

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

Material issues identified by the company correspond to material topics of the GRI Standards as follows.

The "GRI Standards Comparison Table" includes both material issues (labeled with ★) and certain related items.

Materiality	Material Aspects in GRI Standards	
Materiality 1: Contributing to the future of the earth and its regions through environmental awareness	GRI 201: Economic Performance GRI 302: Energy GRI 306: Effluents and Waste	GRI 301: Materials GRI 305: Emissions GRI 307: Environmental Compliance
Materiality 2: Evolving as a regional revitalization base close to people	GRI 203: Indirect Economic Impacts GRI 413: Local Communities	
Materiality 3: Creating safe and reliable products and services to bring convenience and richness to everyday life	GRI 416: Customer Health and Safety GRI 419: Socioeconomic Compliance	GRI 417: Marketing and Labeling
Materiality 4: Working with suppliers to pursue a sustainable supply chain	GRI 308: Supplier Environmental Assessment GRI 416: Customer Health and Safety GRI 419: Socioeconomic Compliance	GRI 414: Supplier Social Assessment GRI 417: Marketing and Labeling
Materiality 5: Building a motivating work culture with driven employees	GRI 401: Employment GRI 404: Training and Education	GRI 403: Occupational Health and Safety GRI 405: Diversity and Equal Opportunity

[Materiality Items] Materiality items are indicated by ★.

● 200 series (Economic Standards)

		Disclosures	Pages in this report, or other publications
★Economic Performance			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Online: 38th Annual Securities Report (https://www.family.co.jp/content/dam/family/ir/library/securities_reports/1902_yuho.pdf)
	201-2	Financial implications and other risks and opportunities due to climate change	P24-27 Climate Change Mitigation and Adaptation
	201-3	Defined benefit plan obligations and other retirement plans	Online: 38th Annual Securities Report (https://www.family.co.jp/content/dam/family/ir/library/securities_reports/1902_yuho.pdf)
	201-4	Financial assistance received from government	N/A
Market Presence			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
	202-2	Proportion of senior management hired from the local community	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 200 series (Economic topics)

	Disclosures		Pages in this report, or other publications
★Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P34-41 Evolving as a Regional Revitalization Base Close to People
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	P34-41 Evolving as a Regional Revitalization Base Close to People P72 Data: Social Aspects (CSR Activities)
	203-2	Significant indirect economic impacts	P34-41 Evolving as a Regional Revitalization Base Close to People
Procurement Practices			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	—
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	P16-19 Thorough Risk Management and Compliance
	205-2	Communication and training about anti-corruption policies and procedures	P16-19 Thorough Risk Management and Compliance
	205-3	Confirmed incidents of corruption and actions taken	P73 Data: Governance Aspects (Compliance)
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P23 Continuous Improvement of Environmental Management System P28-29 Reduction of Food Wastage P30-33 Use of Sustainable Resources
GRI 301: Materials 2016	301-1	Materials used by weight or volume	—
	301-2	Recycled input materials used	P28-29 Reduction of Food Wastage P30-33 Use of Sustainable Resources P69 Data: Environmental Aspects (Waste, Recycling)
	301-3	Reclaimed products and their packaging materials	P28-29 Reduction of Food Wastage P30-33 Use of Sustainable Resources P69 Data: Environmental Aspects (Waste, Recycling)

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P23 Continuous Improvement of Environmental Management System P24-27 Climate Change Mitigation and Adaptation
GRI 302: Energy 2016	302-1	Energy consumption within the organization	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
	302-2	Energy consumption outside of the organization	—
	302-3	Energy intensity	—
	302-4	Reduction of energy consumption	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
	302-5	Reductions in energy requirements of products and services	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
Water and Effluents			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	P23 Continuous Improvement of Environmental Management System P30-33 Use of Sustainable Resources, Elimination of Environmental Pollution
	303-2	Management of water discharge-related impacts	P23 Continuous Improvement of Environmental Management System P30-33 Use of Sustainable Resources, Elimination of Environmental Pollution
	303-3	Water withdrawal	P70 Data: Environmental Aspects (Water)
	303-4	Water discharge	P70 Data: Environmental Aspects (Water)
	303-5	Water consumption	P23 Continuous Improvement of Environmental Management System P30-33 Use of Sustainable Resources, Elimination of Environmental Pollution
Biodiversity			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
	304-2	Significant impacts of activities, products, and services on biodiversity	—
	304-3	Habitats protected or restored	—
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P23 Continuous Improvement of Environmental Management System P24-27 Climate Change Mitigation and Adaptation
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
	305-2	Energy indirect (Scope 2) GHG emissions	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
	305-3	Other indirect (Scope 3) GHG emissions	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
	305-4	GHG emissions intensity	P69 Data: Environmental Aspects (Climate Change)
	305-5	Reduction of GHG emissions	P24-27 Climate Change Mitigation and Adaptation P69 Data: Environmental Aspects (Climate Change)
	305-6	Emissions of ozone-depleting substances (ODS)	P69 Data: Environmental Aspects (Climate Change)
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
★Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P23 Continuous Improvement of Environmental Management System P30-33 Use of Sustainable Resources, Elimination of Environmental Pollution
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	P70 Data: Environmental Aspects (Water)
	306-2	Waste by type and disposal method	P69 Data: Environmental Aspects (Waste, Recycling)
	306-3	Significant spills	N/A
	306-4	Transport of hazardous waste	N/A
	306-5	Water bodies affected by water discharges and/or runoff	N/A

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 300 series (Environmental topics)

	Disclosures		Pages in this report, or other publications
★Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P23 Continuous Improvement of Environmental Management System
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	P69 Data: Environmental Aspects (Environmental Management Compliance)
★Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P50-51 Building Responsible Supply Chain Management / Promoting Sustainable Raw Material Sourcing
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	—
	308-2	Negative environmental impacts in the supply chain and actions taken	P50-51 Building Responsible Supply Chain Management / Promoting Sustainable Raw Material Sourcing P70 Data: Environmental Aspects (Supply Chain)

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P56-65 Building a Motivating Work Culture with Driven Employees
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	P62-63 Human Resource Development and Training P71 Data: Social Aspects (Employees)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—
	401-3	Parental leave	P60-61 Promoting Work-Life Balance and Workstyle Reform P71 Data: Social Aspects (Diversity, Work Style Reform)
Labor/Management Relations			
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-2	Hazard identification, risk assessment, and incident investigation	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-3	Occupational health services	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-4	Worker participation, consultation, and communication on occupational health and safety	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-5	Worker training on occupational health and safety	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-6	Promotion of worker health	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P64-65 Creating a Safe, Healthy, and Comfortable Workplace Environment
	403-8	Workers covered by an occupational health and safety management system	—
	403-9	Work-related injuries	P72 Data: Social Aspects (Safety and Health)
	403-10	Work-related ill health	P72 Data: Social Aspects (Safety and Health)
★Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P62-63 Human Resource Development and Training
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P72 Data: Social Aspects (Human Resource Development, Compensation)
	404-2	Programs for upgrading employee skills and transition assistance programs	P62-63 Human Resource Development and Training
	404-3	Percentage of employees receiving regular performance and career development reviews	—
★Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P57-59 Promotion of Diversity and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P57-59 Promotion of Diversity and Inclusion P70-71 Data: Social Aspects (Employees) P73 Data: Governance Aspects (Board of Directors, Board of Corporate Auditors)
	405-2	Ratio of basic salary and remuneration of women to men	—

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	P18 Thorough Risk Management and Compliance
Freedom of Association and Collective Bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	—
Child Labor			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
Forced or Compulsory Labor			
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
Security Practices			
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	—
Rights of Indigenous Peoples			
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	N/A
Human Rights Assessment			
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	—
	412-2	Employee training on human rights policies or procedures	—
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—
★Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P34-41 Evolving as a Regional Revitalization Base Close to People
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	P34-41 Evolving as a Regional Revitalization Base Close to People
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A

GRI Standards Comparison Table

[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P50-51 Building Responsible Supply Chain Management / Promoting Sustainable Raw Material Sourcing
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	—
	414-2	Negative social impacts in the supply chain and actions taken	P50-51 Building Responsible Supply Chain Management / Promoting Sustainable Raw Material Sourcing P72 Data: Social Aspects (Supply Chain)
Public Policy			
GRI 415: Public Policy 2016	415-1	Political contributions	N/A
★Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P42-47 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P52-55 Our Responsibility to Provide Safe and Reliable Products
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	P42-47 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P52-55 Our Responsibility to Provide Safe and Reliable Products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
★Marketing and Labeling			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P42-47 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P52-55 Our Responsibility to Provide Safe and Reliable Products
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	P42-47 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P52-55 Our Responsibility to Provide Safe and Reliable Products
	417-2	Incidents of non-compliance concerning product and service information and labeling	Online: Apology and notice regarding use of seasonings past their best-by date (https://www.family.co.jp/company/news_releases/2018/20180404_99.html)
	417-3	Incidents of non-compliance concerning marketing communications	N/A
Customer Privacy			
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A

GRI Standards Comparison Table


[Materiality Items] Materiality items are indicated by ★.

● 400 series (Social topics)

	Disclosures		Pages in this report, or other publications
★Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	P8 FamilyMart Business Activities and Sustainability Initiatives
	103-2	The management approach and its components	P9 Sustainability at FamilyMart
	103-3	Evaluation of the management approach	P42-47 Creating Safe and Reliable Products and Services to Bring Convenience and Richness to Everyday Life P52-55 Our Responsibility to Provide Safe and Reliable Products
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	P73 Data: Governance Aspects (Compliance)

United Nations Global Compact Comparison Table

Principle			Pages in this report
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	P9 Sustainability at FamilyMart P16-19 Thorough Risk Management and Compliance / Respect for Human Rights
	Principle 2	make sure that they are not complicit in human rights abuses.	P48-55 Working with Suppliers to Pursue a Sustainable Supply Chain P56-65 Building a Motivating Work Culture with Driven Employees
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	P9 Sustainability at FamilyMart
	Principle 4	the elimination of all forms of forced and compulsory labour;	P16-19 Thorough Risk Management and Compliance / Respect for Human Rights
	Principle 5	the effective abolition of child labour and	P48-55 Working with Suppliers to Pursue a Sustainable Supply Chain
	Principle 6	the elimination of discrimination in respect of employment and occupation.	P56-65 Building a Motivating Work Culture with Driven Employees
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	P9 Sustainability at FamilyMart
	Principle 8	undertake initiatives to promote greater environmental responsibility and	P22-33 Contributing to the Future of the Earth and Its Regions through Environmental Awareness
	Principle 9	encourage the development and diffusion of environmentally friendly technologies.	P68 Supported Initiatives, Main Corporate Memberships
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	P9 Sustainability at FamilyMart P16-19 Thorough Risk Management and Compliance / Respect for Human Rights



FamilyMart Co., Ltd.