

## Situation surrounding FamilyMart UNY Group

In the retail industry, the core business of the FamilyMart UNY Group, a severe business environment continues because of the shrinking market size resulting from a declining population in Japan, the intensification of competition that goes beyond the boundaries of business categories, including the expansion of e-commerce, the continued orientation toward low prices among consumers, and a labor shortage in stores and in logistics. In addition, the diversification of consumer needs and a trend toward selective consumption are intensifying significantly.

In the midst of such a social context, we believe that brick-and-mortar stores that provide products and services in line with the changing times and social needs are familiar to customers and increasing their value. While one of the strengths of the FamilyMart UNY Group ("the Group") is to provide brick-and-mortar stores to customers as added value, we are required to provide unique products and services that meet the needs of each community in order to respond to recent changes in the social structure, such as

the declining birthrate, the aging population, and the trend toward compact cities.

Moreover, companies' approach to the protection of community safety and security has been drawing much attention due to the frequent large-scale natural disasters in recent years, such as large typhoons and floods, as well as earthquakes. Expectations for community-based companies that function as a social and lifestyle infrastructure, such as watching over the elderly and children and the delivery of relief supplies in times of a natural disaster, will increase more than ever before in the future.

While expectations for companies' social contribution increases, companies whose business activities have a negative impact on the environment and society are subject to great criticism. Amid mounting international concerns over climate change and marine plastic pollution, companies are required to act in a responsible manner as members of society. We need to promote environmentally

friendly management, such as reducing CO<sub>2</sub> emissions and food loss, by streamlining and reinforcing the management of the entire supply chain and using bioplastics for food packaging. At the same time, it is also important to convey the significance of such efforts to employees and next-generation children to enhance public awareness of environmental issues.

Furthermore, since awareness of human rights and diversity issues is growing around the world, it is urgent for companies to create a pleasant work environment friendly to every employee, including women, foreigners, and senior citizens.

In order to accurately respond to the ever-changing consumer needs associated with the vicissitudes of the times, add value to products and services, and contribute to the realization of a sustainable society while growing in a continuous manner, companies need to continue transforming themselves.

