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Lawson, Inc.

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The current status of Lawson's corporate governance is as follows:

I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic Approach

We place great importance on stakeholder under group philosophy "Creating Happiness and Harmony in Our Communities," and strive to maximize enterprise value by making Lawson stores a place where -

1. the customer is always made to feel welcome
2. franchised store owners can feel that they are realizing their full potential
3. part-time staff and workers on short-term contracts can develop their skills and grow as a result of their own efforts
4. suppliers and service providers see their dreams take shape
5. employees can take pride in their work and really feel a sense of being useful to the society
6. shareholders can contribute indirectly to society and invest in their dreams for the future, and
7. members of customer communities can feel welcome and safe.

These are our goals, and the realization of these objectives will contribute to the maximization of enterprise value. To this end, we will continue to ensure that laws and regulations are strictly observed, and social codes of conduct are honored. In accordance with Lawson's group philosophy and the Lawson's Code of Ethics, we will give attention to people requiring support. Moreover, we believe it is important to increase management soundness and transparency as well as to raise corporate governance standards through compliance and rigorous disclosure.

Based on the above basic approach, regarding basic views on composition of Board of Directors and policies in the appointment of officer, please refer to section I.1 (4) "Basic views on composition of Board of Directors and policies in the appointment of officers" in "1. Basic Approach <Principle 3-1: Voluntary Information Distribution>" in this report.

[Reasons for not implementing all the principles of the Corporate Governance Code]

The following Supplementary Principle is described in accordance with the Corporate Governance Code as revised in June 2021.

The Company is implementing all the principles of the Corporate Governance Code.

[Disclosures based on each principle of the Corporate Governance Code]

The Company's initiatives in the area of corporate governance are described not only this report, but also in convocation notices for shareholders' meetings, annual securities reports, integrated reports, and so on.

Details of the disclosure components of each principle of the Corporate Governance Code are as follows:

<Principle 1-4: Policy on Strategic Holdings and Standards Concerning the Exercise of Voting Rights in the Case of Strategically-Held Shares>

The Company sometimes holds listed shares strategically for the purposes of raising its value over the medium to long term, but we endeavor to keep such holdings to the minimum required. When acquiring such holdings, we perform a detailed investigation for each individual issue to ascertain whether the purpose of holding is appropriate, whether the benefits and risks associated with holding are commensurate with the cost of capital, etc. Furthermore, each year the Board of Directors reviews the appropriateness of holdings, and as of the end of February 2024, we held 3 different listed stocks. From time to time, we review the reasons for these strategic shareholdings, taking into account, for example, their impact on increasing our corporate value. Furthermore, when acquiring or disposing of listed shares, we ensure compliance with insider trading rules.

Regarding voting rights in the case of strategically-held shares, given that our primary goal is to raise the Company's value, we examine each proposal from the standpoint of whether it will increase the shareholder value of the investee company over the medium to long term, after which we exercise our voting rights accordingly. Regarding the exercise of voting rights, based on internal rules, the department in charge examines each proposal, such as the use of surplus funds, the appointment of officers, and changes to officer compensation, taking into account both quantitative and qualitative aspects of the condition and performance of the company concerned (operating results, capital efficiency, etc.), after which we exercise our voting rights in an appropriate manner. Furthermore, if we need to confirm, for example, the purpose of a proposal, we engage in dialog with the investee company before deciding how to exercise our voting rights.

<Principle 1-7: Framework for Confirmation of Related Party Transactions>

In its rules for the Board of Directors, the Company has designated competitive transactions, personal transactions, and conflict-of-interest transactions by directors as requiring Board approval, and ensures that directors are aware of this. Furthermore, the same rules also stipulate that transactions executed with the approval of the Board be reported to the Board once every 3 months. Moreover, a system is in place to ensure that transactions with major shareholders do not compromise the interests of the Company or its shareholders.

<Supplementary Principle 2-4(1): Ensuring Diversity in Appointment of Core Human Resources>**(1) Views on ensuring diversity**

We believe that maximizing the capabilities and potential of all employees, including female and non-Japanese employees, and creating new innovations will lead to an increase in corporate value, and we position diversity, equity and inclusion (DE&I) as one of our management strategies.

In order to promote DE&I management, a DE&I Promotion Officer has been appointed. Under the direction of the President, the Diversity Promotion Officer is promoting necessary system design, operations, and appointments in cooperation with the Human Resources Division. In addition, we endeavor to actively promote human resources diversity in the appointment of core human resources, such as managers.

[Diversity, Equity & Inclusion (DE&I) Policy]

Lawson's group philosophy is "Creating Happiness and Harmony in Our Communities."

This corporate philosophy means contributing to towns and growing in happiness with them by acknowledging the diverse nature of society, and creating new products and services that correspond to environmental changes. Society is made up of many different types of groups with different attitudes and values, and individuals have all kinds of different ways of thinking informed by a variety of background factors such as ethnicity, religion, and employment status.

Against this backdrop, we aim to grow as a member of the global community by engaging with an array of people not just in Japan but all over the world with a view to improving our corporate value.

We strive to create an environment where each individual member of our diverse workforce can fulfill their potential, regardless of gender, gender identity and expression, sexual orientation, disability, nationality, age, or other factors. This means capitalizing on individual capabilities in order to increase our organizational capabilities so that we can develop products and services that deliver new value, thus contributing to happiness and harmony in our communities and society at large.

DE&I is a strength that is irreplaceable for Lawson's growth, and a concept that we will wholeheartedly promote.

(2) Status of ensuring diversity and voluntary and measurable targets

[Female employees]

In our desire to retain our female employees over the long term, we have introduced such programs as career development training, childcare leave training, and elective leadership training to support young women in their career and life planning. We are also taking steps to develop female management candidates in our Next-Generation Development Committee, which aims to develop the next generation of leaders for senior management roles from among our general managers. We have been working to boost our hiring efforts with the aim of achieving a 30% ratio of female employees in 2030, and in the recruitment of new graduates since 2005, we have targeted a 50:50 ratio of male and female new hires. The ratio of female managers in fiscal 2023 was 13.5%. With the qualitative goal of "A society where women can bring up children while continuing to work," we have set the numerical target of increasing the ratio of female managers to 30% in 2030.

And in 2014 we established the "Happy Lawson Nursery" within one of our business sites, thus supporting employees to continue working while simultaneously bringing up children. We have also declared a goal of normalizing the practice of male employees taking childcare leave. After surpassing 80% of eligible employees in fiscal 2016, the figure reached 90% in fiscal 2018 and 98% in fiscal 2023.

The average number increased to 26.1 in fiscal 2023 as a result of the introduction of the parental leave (paternity leave) system in September 2022 and the promotion of the system through e-learning and online information sharing sessions. In

March 2023, we were introduced as one of the companies encouraging their employees to take childcare leave on the Tokyo Metropolitan Government's Child Smile Movement website. By encouraging men to play a greater role in raising their children, we aim to become a company at which both men and women feel comfortable to work.

[Non-Japanese employees]

We have been actively hiring non-Japanese employees since 2008. In the recruitment of new graduates, we have continued efforts with the target of increasing the ratio of non-Japanese employees to 10 to 20%, and more than 138 non-Japanese employees are currently employed and taking active roles in fiscal 2023 (ratio of international employees at the end of 2023: 3.2%).

The ratio of non-Japanese managers in fiscal 2023 was 1.8%. While continuing recruitment efforts with the aim of increasing the ratio of international employees among new graduate hires to 15%, we will make ongoing efforts in developing and promoting non-Japanese employees.

[Lateral hires]

In lateral recruitment, we mainly hire individuals with various career backgrounds who have experience in other industries, special skills and know-how, and who are not bound by fixed concepts within the industry or the Company. The ratio of lateral-hire managers in fiscal 2023 was 40.7%, and we will endeavor to maintain a similar ratio in the future.

(3) Human resources development policy aimed at ensuring diversity, internal environment development policy, and current status

The Company has focused on the development of core human resources who are tasked with realizing its Group philosophy and Lawson's Way (Action Guideline). The kind of talent that we look for at Lawson is people who can create value through collaboration based on team, who can transform themselves in order to constantly generate value, and who can accomplish goals—and the ability to “think and act on their own initiative” is key. We operate a developmental personnel system aimed at encouraging every employee to think and act on their own initiative toward realizing the Group philosophy, including how to act as an employee and how to fulfill their own duties in order to achieve annual missions.

With the aim of creating a corporate culture in which employees act on their own initiative, the personnel system clarifies the scope of responsibility and the roles to be played in accordance with their duties, and a system to evaluate the behavior of individual employees has been introduced. As part of this, we use 2 evaluation systems to decide compensation and promote personnel development: the Employee Behavior and Skill Level Evaluation, which evaluates the employee behaviors (processes) that produce positive results; and the Performance Evaluation, which assesses the results of the behavior. In addition, we use Career Development Sheets to help each employee draw a clear picture of his or her future career path. We ask each employee to look back on his or her past career and current position and clearly state where he or she should be in the future. We also support individual growth through interviews.

Lawson promotes DE&I with the aim of assembling employees with widely varied values who join together and perform to their full potential to strengthen its franchise chain further. We have constructed systems for promoting DE&I and inclusion

under the direction of the President, established a special subsidiary to promote employment of people with disabilities, developed childcare facilities in our workplaces, and opened offices for conducting labor management consultations with a focus on improving operating efficiency and work environments. In recruiting activities, we disregard gender, nationality, age, school, and origin, focusing instead on individual suitability, motivation, and ability. To promote active roles for diverse human resources, we introduced a flexible full-time (limited work location and hour) employee system designed for compatibility with obligations such as childcare, long-term care and cancer treatment; established a remote work system for all employees; and introduced an active full-time senior employee system, raising our employee retirement age to 65 effective March 2021. These measures will help transform Lawson into a company whose employees can continue working with satisfaction.

For details of our human resources development policy, internal education policy, etc., including our efforts to ensure diversity, please refer to our website.

<https://www.lawson.jp/en/about/hrs/diversity/>

<Principle 2-6: Demonstration of Function as a Corporate Pension Asset Owner>

The Company has introduced a defined-contribution pension plan that is administered and managed by a trust bank. In addition to endeavoring to mitigate future risk from a business account perspective, we are committed to enabling each and every one of our employees to invest their assets in a way that matches their respective life plans. To that end, we consult with the trust bank before selecting products and offering them to our employees. Furthermore, to prevent employees being disadvantaged if they forget to select investment products when enrolling in the scheme, we have prescribed specified investment methods.

<Principle 3-1: Voluntary Information Distribution>

(1) Company business principles, business strategies and business plans

The Company has formulated its group philosophy as a basis for all its corporate activities.

[Group Philosophy]

“Creating Happiness and Harmony in Our Communities”

Furthermore, under this group philosophy, the Group has set a new vision in order to clarify its goal and orient all business activities toward these goals.

[Vision]

“Our goal is to become the hub of refreshment in every community.”

At the same time, in order to succeed this vision, we also have revised Lawson's Way (action guideline) to clarify the actions required for the individual and to move forward with everyone united.

[Lawson's Way (Action Guideline)]

1. Create stores filled with the best smile in town.
2. Speak out your ideas to take action.

3. Enjoy your challenge.
4. Value your friends to become one.
5. Act in good faith.

For details of our business strategy, please refer to our integrated report.

https://www.lawson.jp/en/ir/library/annual_report.html

(2) Basic views and guidelines on corporate governance

For our basic views and guidelines on corporate governance, please refer to I.1 “Basic Approach” in this report.

(3) Board policies and procedures in determining the remuneration of directors

For the Company’s policies concerning remuneration for directors and Audit & Supervisory Board Members, please refer to section II.1 “Disclosure of the Policy on Deciding the Amount of Remuneration or its Calculation Method” in “Matters Related to Compensation for Directors” in this report.

(4) Basic views on composition of Board of Directors and policies in the appointment of officers

The Company has established Officer Selection Standards to serve as criteria when appointing director and Audit & Supervisory Board Member candidates, and we have appointed persons who have different expertise and experience as director candidates so as to ensure the diversity of the Board of Directors as a whole as well as appropriate decision making and supervision. Furthermore, in addition to “Independence Standards” determined by the Tokyo Stock Exchange, Inc., we have established “Criteria for Determining Independence” and appointed several independent officers who are unlikely to develop conflicts of interests with ordinary shareholders in order to strive to make clear about the transparency and fairness of management. More than one-third of the member of Board of Directors shall be independent officers. In addition, a lead independent outside director (Miki Iwamura as of May 22, 2024) is elected from among outside directors with the aim of enhancing the system related to the liaison and coordination between outside directors and the senior management as well as the cooperation with Audit & Supervisory Board Members and the Board of Audit & Supervisory Board Members.

Regarding the number of directors, the number of directors is limited to eleven persons in our company, and we will establish a framework that allows both the adequate consideration at the Board of Directors and the maintenance of the mobility of the inquiries while by introducing the executive officer system, we can categorize management decision-making and supervision and business execution and establish a system that enables quick decision making and business execution.

Regarding Audit & Supervisory Board Members, we appoint persons with knowledge and expertise such as finance, accounting, risk management, law necessary for audit duties.

<Officer Selection Standards and Procedures>

Based on the above policy, we select candidates for officers in accordance with the following Officer Selection Standards.

In addition, candidates for outside directors are those who do not violate the following Criteria for Determining Independence. Furthermore, we established the Nomination and Compensation Advisory Committee to declare candidates for directors and representative directors to the Board of Directors. If, after taking up their post, a director or representative director has seriously damaged the value of the Company or no longer meets the Officer Selection Standards, the committee is consulted on whether to dismiss the officer concerned.

<Officer Selection Standards>

- Have a strong affinity with the group philosophy of “Creating Happiness and Harmony in Our Communities”
- Have the ability to contribute to delivering sustainable growth to the Group and increasing its corporate value
- An absence of mental or physical health problems that would hinder their ability to perform their duties
- Popularity, dignity, impeccable ethics, and very respectful for the law.
- Have objective decision-making abilities and gifted with both foresight and insight
- Have extensive experience and insight in such as corporate management and specialized fields
- Be able to secure enough time to do the job line
- Not disqualified under the Companies Act
- Regarding independent officers, not conflict with “Criteria for Determining Independence”

<Criteria for Determining Independence>

- A person or person who works for a party for whom the Group is an important business partner
Refers to the case of a business-partner group that supplies products or services to the Group where the amount of business conducted between the Group and the business-partner group in the preceding business year was 2% or more of the business-partner group’s consolidated sales
- A person who is an important business partner of the Group or person who works for a party that is an important business partner of the Group
Refers to the case of a business-partner group to which the Group supplies products or services where the amount of business conducted between the Group and the business-partner group in the preceding business year was 2% or more of the Group’s consolidated sales (gross operating revenue)
- A consultant, accounting specialist, or legal specialist who receives large amounts of money or other assets other than officer compensation from the Group
Refers to a consultant, accounting specialist such as a certified public accountant, or legal specialist such as an attorney who receives money or other assets other than officer compensation from the Group and has received 5 million yen or more per year in each of the past 2 years from the Group
- A major shareholder of the Company (if the shareholder is a corporation, a person who works for that corporation)
- A close relative of the person works for the Group
- A close relative of the person is a non-executive director or an accounting advisor of the Group (if the independent officer is an outside Audit & Supervisory Board Member)

- A person who, at the time of reappointment, has served for a total of more than 8 years as an outside director or 12 years as an outside Audit & Supervisory Board Member. Even if any of the above apply, if the person concerned is deemed by the Board of Directors to be effectively independent, that person may be selected as an independent outside-officer candidate. In such a case, the reasons shall be explained and disclosed at the time of their appointment as an outside officer.

(5) Explanations of each appointment/nomination when the Board of Directors appoints nominates director and Audit & Supervisory Board Member candidates based on (4) above

The Company includes the reasons for selecting director and Audit & Supervisory Board Member candidates in convocation notices for shareholders' meetings.

<Supplementary Principle 3-1(3): Sustainability Initiatives, etc.>

(Sustainability initiatives)

The Company has been promoting its business activities from the customer's point of view in order to become the hub of refreshment in every community based on its Group philosophy, "Creating Happiness and Harmony in Our Communities." In creating happiness in our communities, it is essential to realize a sustainable society for the future and to coexist synergistically with our stakeholders. In order to create a prosperous future for our children, the Lawson Group has established the Lawson Group Sustainability Policy based on the Lawson Group Corporate Conduct Charter and has been promoting sustainable business activities in collaboration with its stakeholders.

The Lawson Group pursues ESG-focused management with the objective of addressing social challenges posed by climate change and other environmental issues as well as issues regarding human rights. For this purpose, we have established the position of Chief Sustainability Officer (CSO), which is assumed by the President and CEO and representative director. We have also established the SDGs Promotion Office as a dedicated department that reports directly to the president of the Company and has responsibility for the Group's overall sustainability activities. As one of its roles in promoting the Group's sustainability initiatives, the SDGs Promotion Office serves as secretariat for the SDGs Committee, which meets four times a year and counts as its members the heads of each organization related to sustainability.

Under the SDGs Committee, working groups or similar bodies are formed to discuss concrete measures and strategies to deal with priority issues (reducing CO₂ emissions, reducing food waste, reducing plastic use, supply chain expansion, and information disclosure) to be responded to urgently by the Group. Discussion results are reviewed by the SDGs Committee to confirm the directions, and brought up to the management meeting and Board of Directors or other meetings, as needed, to obtain approval.

We believe that our approach to help achieve the SDGs and create a sustainable society should be to take on challenges in order to fulfill the Three Promises while at the same time promoting business activities and building appropriate value creation cycles. Based on this belief, we are carrying out a battery of plans to solve social issues. We identify the Group's priority social issues based on the Three Promises and in terms of the level of impact that our business activities, including

those related to value chains, have on the environment, society, and economy. Deeming these to be material issues related to sustainability (materiality), we have organized them into “Six Material Issues”. In a bid to address the Material Issues, each division of the Company and each company of the Group are making all-out efforts to keep the Three Promises while implementing a variety of collaborative programs. The relevant implementation status is reported to the SDGs Committee on a regular basis in order to facilitate the overall progress of the Group.

Lawson’s “Six Material Issues”

1. Providing safety/security-oriented overwhelmingly high value-added products and services friendly to society and the environment
2. Supporting health promotion for all people through products and stores
3. Providing comfortable work environment leading to job satisfaction
4. Supporting women, senior people as well as children’s growth
5. Coexisting synergistically with communities by serving as part of social infrastructure
6. Sustainable environment preservation activities toward carbon-free society

For details of sustainability initiatives, please refer to “Environmental Protection and CSR Activities” in section III.3 “Approach for Respecting the Position of Stakeholders” in this report.

For details of the Lawson Group Sustainability Policy, please refer to our website.

https://www.lawson.jp/en/csr/policy/sustainability_policy/

(Investment in human capital and intellectual property)

The Group defines its employees as human capital and views them as essential to ESG-focused management. We endeavor to enhance our human capital with the objective of realizing the Group’s philosophy and visions. In order to maximize the value of our employees, who are our most important capital in terms of realizing happiness in our communities and advanced store productivity, we are promoting our human resources strategy along with DE&I (diversity, equity, and inclusion) management as part of our key management strategy themes. Seeking to bring happiness to our communities, we are committed to “human kindness,” one of our Three Promises, and implement various initiatives related to our Material Issues of “providing comfortable work environments leading to job satisfaction,” “supporting empowerment of women and seniors, as well as children’s growth,” and “supporting health promotion for all people through products and stores.” Also, under the Lawson Group Sweeping Transformation Executive Committee, a central function for promoting the Lawson Group Challenge 2025, we have launched human resources program reform and job satisfaction reform projects to consider a number of issues related to personnel systems, such as the adoption of systems for job-based employment with clearly defined roles and allowing diverse working arrangements, and are also conducting measures to assist employees in taking on challenges. By moving forward with the above-described human capital management strategies, we aim to achieve the sustainable growth of the Company and improve its corporate value.

In addition, intellectual property and intangible assets—including technology, brands, design, content, data, know-how, customer networks, trust, and reputation, value chains, and supply chains are important factors for the Company to secure a competitive advantage, and we believe that investment in these assets is essential to further enhancing our corporate value.

Under the Lawson Group Sweeping Transformation Executive Committee, we consider and promote an AI-based next-generation ordering system, a discount sale recommendation experiment, a store delivery optimization program, utilization of the Group's data for our marketing measures, and implementation of Group-wide initiatives to enhance our brand image, thus working on structural reforms from a medium- to long-time perspective while making active growth investment. At the same time, we are working on discontinuous research and development at the Open Innovation Center in order to utilize cutting-edge technology for the business models of next-generation convenience stores.

Furthermore, we recognize that the maintenance and enhancement of the value of our intellectual property, such as trademarks and brands, is indispensable for the business continuity and the sustainable growth of the Company. Accordingly, we will acquire and maintain intellectual property rights in Japan and overseas, and promote the protection of intellectual property by taking prompt and strict measures against counterfeits and other products and services that damage such value.

For our management strategy based on the utilization of intellectual property and intangible assets, please refer to the following operating results presentation.

https://www.lawson.jp/en/ir/library/pdf/presentation/ps_2024.pdf

<Supplementary Principle 4-1 (1): Overview of Scope of Matters Delegated to Management by the Board of Directors>

The Company specifies matters that require a resolution of the Board of Directors in its rules for the Board of Directors, guidelines for matters that require discussion by the Board of Directors, and so on, and has also deemed that matters prescribed by law or in its articles of incorporation, as well as important matters concerning the Company and Group companies, be decided by resolution of the Board. Furthermore, in 2002, we introduced an executive officer system with the aim of clarifying management responsibilities and speeding up decision-making through the delegation of authority. Under this system, matters concerning business execution other than those stipulated in the rules for the Board of Directors are delegated to the Executive Committee, which comprises personnel who are generally of executive managing officer level or above and members designated by Representative Director and President.

<Supplementary Principle 4-1 (3): Chief Executive Officer Succession Planning>

The Company regards succession planning for the president, who also is the chief executive officer of the Company, as an important management task, and with the aim of making the procedures more objective, timely, and transparent, the matter is considered by the Nomination and Compensation Advisory Committee, an advisory organ to the Board of Directors that comprises only part-time officers (and has 6 members, 5 of whom are independent officers). The committee has prescribed the following qualities and attributes required of the Company's chief executive officer, and the representative director and president has made suggestions to the committee concerning the development of successors, the method of nomination, etc., and the committee has accepted these suggestions.

[Qualities, attributes, etc. required of the President]**(i) Ability to respond to and engineer change**

To ensure the continuation of the convenience-store business, which is part of the societal infrastructure, it is essential to respond with a sense of urgency to the constantly changing external environment and needs of society and customers. Furthermore, the ability to unearth new needs among customers and society and to deploy innovation to engineer change is vital.

(ii) Strong leadership

To maintain and elevate the chain's brand, the exercise of strong leadership toward not only employees but also to stores throughout the country is critical.

(iii) High-level communication skills

The person at the top of the Company needs to provide explanations to shareholders, investors, the media, etc. and to communicate information to the outside world. They also require high-level communication skills in order to ensure that store owners nationwide fully understand our management policy and Group philosophy.

(iv) Broad perspectives for viewing the Group as a whole and strong commitment to governance

To contribute to management at the consolidated level, it is essential to maintain a broad perspective for pursuing total optimization for the Group as well as a strong commitment to promoting disciplined Group governance.

(v) Impeccable ethics

As the president of a listed company, which could almost be described as a public institution, and as the top leader of a convenience-store chain, they need to act in good faith and with impeccable ethics in any event that arises.

Note that no hard and fast attributes for successors are specified. For example, they could be people from inside the Company or outside the Company.

<Principle 4-9: Independence of Independent Outside Directors and Criteria for Determining Independence in Practice>

Described in "(4) Basic views on composition of Board of Directors and policies in the appointment of officers" above.

<Supplementary Principle 4-10(1): Views on Independence of Nomination and Compensation Advisory Committee and the Committee's Authority, Roles, etc.>

The voluntarily established Nomination and Compensation Advisory Committee serves as an advisory body that expresses its opinion to the Board of Directors regarding nominations of candidates for the positions of member of the Board and representative director. All 6 of the Committee members are non-executive members of the Board or part-time outside Audit & Supervisory Board Members, and 5 of them are independent officers. This ensures that the Committee can express its opinion to the Board of Directors regarding nominations of candidates for the positions of member of the Board and representative director based on a high degree of independence.

<Supplementary Principle 4-11(1): Views on the Balance of Knowledge, Experience, and Skills of the Board of Directors as a Whole and the Diversity and Size of the Board of Directors>

Please refer to “(4) Basic views on composition of Board of Directors and policies in the appointment of officers,” “Officer Selection Standards.”

As of May 22, 2024 there are 5 directors (of which 2 are independent directors) and 5 Audit & Supervisory Board Members (of which 3 are independent Audit & Supervisory Board Members). Furthermore, we are aggressively promoting women to officer positions, and as of May 22, 2024, there are 5 female officers (2 directors, 3 Audit & Supervisory Board Members). In addition, in order to ensure the optimal composition of the Board of Directors for the Company, we have been disclosing the main areas of experience and expertise of directors and Audit & Supervisory Board Members (skills matrix) in the convocation notices for general meetings of shareholders starting in 2021. In August 2021, we reviewed the categories and disclosed the skills matrix in the integrated report.

<https://www.lawson.jp/en/ir/stock/stockholder.html>

https://www.lawson.jp/en/ir/library/annual_report.html

<Supplementary Principle 4-11(2): Concurrent Service by Directors and Audit & Supervisory Board Members>

We disclose information on directors and Audit & Supervisory Board Members of the Company who hold concurrent posts as officers of other listed companies in convocation notices for shareholders’ meetings.

Information on directors and Audit & Supervisory Board Members of the Company who held important concurrent posts as of the date this report was updated is presented in “Matters Related to Directors” and “Matters Related to Audit & Supervisory Board Members” in section II.1 of this report.

<Supplementary Principle 4-11(3): Overview of Analysis/Evaluation of the Effectiveness of the Board of Directors as a Whole>

Every year, with the aim of ensuring the effectiveness and enhancing the functions of the Board of Directors, the Company conducts surveys (mostly in writing) in which all of the Directors and Audit & Supervisory Board Members perform a self-evaluation of the effectiveness of the Board of Directors. Responses are compiled and analyzed after they have been collected from all respondents. While responses to surveys conducted in fiscal 2023 identified issues in connection with medium- to long-term management strategies, strategic investments in human capital, and discussions on sustainability, no serious problems were indicated, testifying to the effectiveness of the Company’s Board of Directors in deciding on important management matters and overseeing business execution. The results were shared at a Board of Directors’ meeting where related discussions took place. Details of discussions held at the opinion exchange meeting by independent officers were also shared at a Board of Directors’ meeting where related discussions took place.

Going forward, based on the results of the aforementioned evaluation of the effectiveness of the Board of Directors, we will refer to discussions at the opinion exchange meeting of independent officers and the Board of Directors’ meetings to enhance discussions on medium- and long-term management issues and improve the operation of the Board of Directors’ functions in order to further enhance the effectiveness of the Board. Every three years, we employ external evaluation services to conduct the above-described self-evaluation survey to ensure the objectivity of the resulting analysis.

<Supplementary Principle 4-14(2): Policy on Training for Directors and Audit & Supervisory Board Members>

The Company provides directors and Audit & Supervisory Board Members with opportunities to undertake the training they need to perform their roles and duties. We also provide directors and Audit & Supervisory Board Members with internal and external training opportunities relating to the roles, responsibilities, etc. required for the Company to make decisions as necessary. Non-executive directors and outside audit & supervisory board member (part-time), meanwhile, are provided with opportunities to acquire essential knowledge concerning the operations, finances, organization, etc. of the Company. Furthermore, to enable them to deepen their understanding of the Group's business, they are given the opportunity to participate in key events such as conferences to announce Company policy and to tour Group-related facilities. The Company pays the cost of all these activities.

<Principle 5-1: Policy for Systems and Initiatives for Promoting Constructive Dialog with Shareholders>

The Company's Policy for Systems and Initiatives for Promoting Constructive Dialog with Shareholders is as follows.

(1) Basic approach

The Company acknowledges that to deliver sustainable growth and medium- to long-term increases in corporate value through value creation, it is essential to obtain the understanding and support of shareholders and investors.

To that end, we endeavor to disclose information in an appropriate, timely, and fair manner, and intend to engage in constructive dialog with shareholders and investors in order to build trust with them. In addition, indicators such as medium to long-term capital profitability, which are necessary for a constructive dialogue, are disclosed in materials related to operating results and the integrated report.

(2) IR structure

The President is responsible for dialog with shareholders and investors, which is handled by a dedicated IR department under the purview of the CFO, which works with related departments to proactively disclose information in a highly transparent fashion.

(3) Dialogue Policy and Activity Results

The Company regards shareholders' meetings as providing important and valuable opportunities for dialog with shareholders, and ensures that there is adequate time at these meetings for questions and answers. We also hold earnings briefings. At these meetings we provide analysts and institutional investors with information on matters such as our operating results and business strategy. Furthermore, our website contains a dedicated IR section where we provide individual investors and overseas investors with easy-to-understand information on our operating performance, businesses, management policies, monthly performance, and so on. Moreover, the President, CFO, and IR department proactively visit institutional investors both in Japan and overseas and respond to individual requests from journalists for information.

<Activities conducted in fiscal 2023>

Earnings briefings: two (with the President, CFO, etc. present)

Earnings teleconferences: three (with CFO, etc. present)

Interviews with institutional investors and analysts from inside and outside of Japan: around 260 (including roughly 50 attended by the President, CFO, or other executives)

(4) Feedback to Company executives

When necessary, details of dialogs with shareholders and investors are provided to the President and other executives.

(5) Inside information and quiet periods

In our dialogs with shareholders and investors, we do not reveal inside information (important matters that have yet to have been announced publicly). With the aim of ensuring fairness and preventing the leakage of operating results, we have a quiet period each quarter.

(6) Action to Implement Management That is Conscious of Cost of Capital and Stock Price (with disclosure in English)

The Company sets ROE and other numerical targets as key performance indicators according to the Lawson Group Challenge 2025, our medium-term management vision. We also formulate implementation plans for each business and carry them out effectively, aiming to increase corporate value over the medium and long term.

Medium-Term Management Vision and Action Plan

https://www.lawson.jp/en/ir/library/pdf/presentation/ps_2021.pdf

https://www.lawson.jp/en/ir/library/pdf/presentation/ps_2023.pdf

Integrated Report (CEO/CFO Message)

https://www.lawson.jp/en/ir/library/annual_report.html

<Principle 5-2: Formulate and publish management strategies and plans >

For details of our initiatives in FY2023 and policies and targets for our business in FY2024 and beyond, please refer to the following operating results presentation.

https://www.lawson.jp/en/ir/library/pdf/presentation/ps_2024.pdf

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2. Capital Structure

Proportion of Lawson's shares held by non-residents	20% or more and less than 30%
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[Status of Major Shareholders]

Name	Number of Shares Held	Ratio (%)
Mitsubishi Corporation	50,150,100	50.11
The Master Trust Bank of Japan, Ltd. (Trust account)	6,515,400	6.51
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,155,595	2.15
Custody Bank of Japan, Ltd. (Trust account)	2,134,800	2.13
KDDI CORPORATION	2,110,000	2.11
NTT DOCOMO, INC.	2,092,000	2.09
MSIP CLIENT SECURITIES	1,821,344	1.82
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1,513,035	1.51
JPLLC-CL JPY	1,007,638	1.01
Employee stockholding association	926,292	0.93

Controlling Shareholder (Exclude Parent Company)	None
Parent Company	Mitsubishi Corporation (Stock Listings: Tokyo) (Securities Code) 8058

Supplementary Explanation

Nothing to report

3. Corporate Attributes

Stock Exchange Listings	Tokyo Stock Exchange (Prime Market)
Accounting Settlement	February
Business Type	Retail business
(Consolidated) Number of Employees at End of Last Fiscal Year	Over 1,000
(Consolidated) Sales for Last Fiscal Year	Over 1 trillion yen
Number of Consolidated Subsidiaries at End of Last Fiscal Year	Over 10 companies and less than 50 companies

4. Policy Concerning Measures to Protect Minority Shareholders upon Conducting Transactions with Controlling Shareholder

As a listed company, we ensure certain independence. Even in transactions with parent company, Mitsubishi Corporation, and its group companies, we have determined their terms and conditions like other general transactions after considering prices of other companies and actual prices of the market to not give disadvantages to minority shareholders. In accordance with Supplementary Principle 4-8 (3), the Company appoints at least one-third of the members of the Board of Directors are outside directors elected independently of the Company's controlling shareholders and has voluntarily established a permanent special committee to deliberate and consider significant transactions and any conduct involving a conflict of interest between Mitsubishi Corporation, the parent company, and minority shareholders. In fiscal year 2023, the committee was held three times. The committee comprises 5 members including the committee chairperson, all of whom are outside directors and outside Audit & Supervisory Board Members independent of the parent company, ensuring a highly independent structure to ascertain the necessity, rationality, appropriateness, and fairness of the significant transactions and conduct in question and report the results to the Board of Directors.

5. Other Special Circumstances that May Critically Impact Corporate Governance

Mitsubishi Corporation is its parent company that currently holds 50.2% of its total voting rights (50,150 thousand shares). Mitsubishi Corporation, as the owner of a host of consolidated subsidiaries, respects the independence of these companies and works to optimize consolidated management, aiming to increase corporate value and business value. Lawson Inc. is positioned in the S.L.C. Group, Mitsubishi Corporation's business segment engaged in retailing, such as convenience store and food supermarket chain operations, data marketing, and loyalty program business, and as such shares the parent company's management philosophy and business strategies. The Company has entered into a formal business alliance with Mitsubishi Corporation, under which its independence and autonomy for the purpose of conducting alliance projects is appropriately ensured, its capacity to make its own decisions on management and overall business activities is secured, and its independence as a listed company in operating its business is respected.

The Company will be delisted, as announced on April 26, 2024. After delisting, the Company will continue to be affiliated with Mitsubishi Corporation as it engages in alliances with its group companies as well as businesses from other industries, looking to deliver new consumer experiences and customer value with a view to further improvement in the corporate value of both the Company and the Mitsubishi Corporation Group.

CORPORATE GOVERNANCE

II Business Management Organizations Associated with Management Decision-making, Execution and Supervision, and Status of Other Corporate Governance Systems

1. Matters Relating to Organizational Structure/Operation

Type of Organization	Company with Audit & Supervisory Board Members
[Matters Related to Directors]	
Number of Directors under the Articles of Incorporation	11
Term of Directors under the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	5
Election of Outside Directors	Yes
Number of Outside Directors	2
Number of Outside Directors that are Appointed as Independent Directors	2

Relationship with Lawson (1)

Name	Attribute	Relationship with Lawson (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Miki Iwamura	Originally from another company												
Satoko Suzuki	Scholar												

* Conditions met regarding the relationship with Lawson

* ○ denotes that an item currently applies to the person, and △ denotes that it applied in the past

* ● denotes that an item currently applies to a close relative of the person, and ▲ denotes that it applied in the past

- Executive officer of the listed company or subsidiary thereof
- Executive officer or non-executive director of parent company of the listed company
- Executive officer of a fellow subsidiary of the listed company
- A person for whom the listed company is a key business partner, or an executive officer thereof
- A key business partner of the listed company, or an executive officer thereof
- A consultant, accounting expert or legal expert who receives substantial money or other property from the listed company other than officer compensation
- A major shareholder of the listed company (if the major shareholder is a corporation, an executive officer of the corporation)
- An executive officer (only the actual person) of a business partner of the listed company (which does not fall under d,e or f)
- An executive officer of a company with a relationship of mutual appointment of external directors (only the

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- actual person)
- j. An executive officer of a party to which the listed company makes donations (only the actual person)
 - k. Others

Relationship with Lawson (2)

Name	Independent Director	Supplementary Explanation to Corresponding Item	Reason for Selection as Outside Director
Miki Iwamura	○	Vice President, Asia-Pacific, Japan (Marketing), Google Japan LLC	<p>Possesses extensive experience and knowledge as a vice president at a global IT company, and is currently conducting appropriate supervision of Lawson's management.</p> <p>Furthermore, she is highly independent, as she doesn't violate any of the independence standards prescribed in the Guidelines for Managing Listings etc. or any of the Company's Criteria for Determining Independence. She has therefore been designated by the Company's Board of Directors as an independent officer who is unlikely to have a conflict of interest with ordinary shareholders and who will supervise the Company's management from an independent standpoint.</p>
Satoko Suzuki	○	Professor, Hitotsubashi ICS	<p>Possesses extensive knowledge as an academic in consumer behavior, marketing, brand management, etc., has served on joint government and private-sector committees that address topics such as "business management based on omotenashi (Japanese-style hospitality)" and "globalization of service industry." She has also published numerous papers, presented at academic conferences on multiple occasions, and received many awards, and is currently conducting appropriate supervision of Lawson's management.</p> <p>Furthermore, she is highly independent, as she doesn't violate any of the independence standards prescribed in the Guidelines for Managing Listings etc. or any of the Company's Criteria for Determining Independence. She has therefore been designated by the Company's Board of Directors as an independent officer who is unlikely to have a conflict of interest with ordinary shareholders and who will supervise the Company's management from an independent standpoint.</p>

The presence or absence of any committee, which corresponds to the Nomination Committee or the Compensation Committee

Yes

Establishment Conditions of Committee, Committee Structure and Attribute of Committee Chairperson

	Name of Committee	All Members	Full-time Members	Internal Directors	Outside Directors	Outside Employed Person	Other	Committee Chairperson
Committee Corresponds to Nomination Committee	Nomination and Compensation Committee	6	0	1	2	0	3	Other
Committee Corresponds to Compensation Committee	Nomination and Compensation Committee	6	0	1	2	0	3	Other

Supplementary Explanation

The nomination and compensation committee were held 4 times in FY2023. In which, it made a proposal to Board of Directors regarding to compensation for Board of Directors and nomination of executive officers.

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[Matters Related to Audit & Supervisory Board Members]

Establishment of the Board of Audit & Supervisory Board Members	Yes
Number of Audit & Supervisory Board Members under the Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation between Audit & Supervisory Board Members, the Certified Public Accountant and Internal Auditing Division

Lawson's Audit & Supervisory Board Members cooperate closely with the certified public accountant, Deloitte Touche Tohmatsu through the following communication and information exchange:

- | | |
|---|-------------------------------|
| 1. Briefing of the audit plan by the certified public accountant | Once per year |
| 2. Receipt of audit reports (including reviews) and explanation materials for the interim period and the end of the term by the certified public accountant | 16 times per year |
| 3. Monitoring of the independence of the certified public accountant | As required |
| 4. Observation of audit by the certified public accountant | As required during each audit |
| 5. Other meetings to exchange information and opinions | As required |

Lawson's Audit & Supervisory Board Members cooperate closely with the Internal Audit Office through the following communication and information exchange:

- | | |
|--|--|
| 1. Briefing on the internal auditing division's plan for the fiscal year | Once per year |
| 2. Exchange of opinions regarding the content of the internal audit report | For each internal audit report |
| 3. Exchange of information regarding the status of internal controls | As required
(nearly once per month) |

Election of Outside Audit & Supervisory Board Members	Yes
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members that are Appointed as Independent Audit & Supervisory Board Members	3

Partnership with Lawson (1)

Name	Attribute	Relationship with Lawson (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yuko Gomi	Lawyer													

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Keiko Yoshida	Certified Public Accountant																		
Yuko Miyata	Other																		

- * Conditions met regarding the relationship with Lawson
- * ○ denotes that an item currently applies to the person, and △ denotes that it applied in the past
- * ● denotes that an item currently applies to a close relative of the person, and ▲ denotes that it applied in the past
- a. Executive officer of the listed company or subsidiary thereof
- b. Non-executive director or accounting advisor of the list company or subsidiary thereof
- c. Executive officer or non-executive director of parent company of the listed company
- d. Auditor of the parent company of the listed company
- e. Executive officer of a fellow subsidiary of the listed company
- f. A person for whom the listed company is a key business partner, or an executive officer thereof
- g. A key business partner of the listed company, or an executive officer thereof
- h. A consultant, accounting expert or legal expert who receives substantial money or other property from the listed company other than officer compensation
- i. A major shareholder of the listed company (if the major shareholder is a corporation, an executive officer of the corporation)
- j. An executive officer (only the actual person) of a business partner of the listed company (which does not fall under f,g or h)
- k. An executive officer of a company with a relationship of mutual appointment of external directors (only the actual person)
- l. An executive officer of a party to which the listed company makes donations (only the actual person)
- m. Others

Partnership with Lawson (2)

Name	Independent Director	Supplementary Explanation to Corresponding Item	Reason for Selection as Outside Audit & Supervisory Board Member
Yuko Gomi	○	Lawyer with no business relationship with Lawson	<p>Possesses a qualification as a lawyer, is involved in legal and risk management duties, mainly in the field of corporate law, and she is currently conducting appropriate audits of the roles and responsibilities of directors.</p> <p>Furthermore, she is highly independent, as she doesn't violate any of the independence standards prescribed in the Guidelines for Managing Listings etc. or any of the Company's Criteria for Determining Independence. She has therefore been designated by the Company's Board of Directors as an independent officer who is unlikely to have a conflict of interest with ordinary shareholders and who will supervise the Company's management from an independent standpoint.</p>
Keiko Yoshida	○	Certified Public Accountant, Certified Public Tax Accountant with no business relationship with Lawson	<p>Possesses a Certified Public Accountant qualification and serves as representative of an accounting firm; has a considerable degree of knowledge of tax, accounting, and business administration; and is currently conducting appropriate audits of the roles and responsibilities of directors.</p> <p>Furthermore, she is highly independent, as she doesn't violate any of the independence standards prescribed in the Guidelines for Managing Listings etc. or any of the Company's Criteria for Determining Independence. She has therefore been designated by the Company's Board of Directors as an independent officer who is unlikely to have a conflict of interest with ordinary shareholders and who will supervise the Company's management from an independent standpoint.</p>
Yuko Miyata	○	Human Resources Consultant with no business relationship with Lawson	<p>Has global experience, including overseas assignments in the U.S. and the U.K. She has extensive experience in human resources and labor affairs at global companies, having served as Member of the Board, Head of HR and General Affairs of Unilever Japan K.K. and as Executive Officer and General Manager of the Human Resources Division of Bayer Holding Ltd. And also has considerable knowledge of overall business decision-making, governance, and compliance and is currently conducting appropriate audits of the roles and responsibilities of directors. Furthermore, she is highly independent, as she doesn't violate any of the independence standards prescribed in the Guidelines for Managing Listings etc. or any of the Company's Criteria for Determining Independence. She has therefore been designated by the Company's Board of Directors as an independent officer who is unlikely to have a conflict of interest with ordinary shareholders and who will supervise the Company's management from an independent standpoint.</p>

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[\[Matters Related to Independent Directors and Audit & Supervisory Board Members\]](#)

Number of Independent Directors and Audit & Supervisory Board Members	5
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Other Matters Related to Independent Directors and Audit & Supervisory Board Members

Nothing to report

[\[Matters Related to Incentives\]](#)

Status of Implementation of Measures for the Granting of Incentives to Directors	Introduction of Stock Options Program Introduction of Performance Pay System
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Supplementary Explanation Associated with the Relevant Item
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Please refer to section II.1 [Matters Related to Compensation for Directors] “Disclosure of the Policy on Deciding the Amount of Remuneration or its Calculation Method” in this report.

Recipient of Stock Options	In-house directors, outside directors, others
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Supplementary Explanation Associated with the Relevant Items

Stock options are granted to in-house directors, outside directors and senior vice presidents to share not only the merit of the rise in stock price but also the risk of decline in stock price with shareholders in order to raise the motivation and morale to raise stock prices and improve performance.

[\[Matters Related to Compensation for Directors\]](#)

Scope of Disclosure (of Individual Compensation for Directors)	Only partial individual disclosure
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Supplementary Explanation Associated with the Relevant Item
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In total 5 directors received paid compensation in FY2023 of 248 million yen, including 2 outside directors who received 30 million yen.

The above compensation amount consists of the following remuneration in relation to FY2023:

(1) Basic compensation paid in FY2023

134 million yen (91 million yen of fixed compensation and 43 million yen of variable compensation) to 3 directors

26 million yen (26 million yen of fixed compensation) to 2 outside directors

(2) Stock option remuneration

83 million yen to 3 directors

4 million yen to 2 outside directors

Furthermore, the total compensation of which consolidated compensation is over 100 million yen is individually disclosed in the Annual Securities Report.

Policy on Deciding the Amount of Remuneration or its Calculation Method

Yes

Disclosure of the Policy on Deciding the Amount of Remuneration or its Calculation Method

Decision-making process and policy for the amount of remuneration paid to directors.

(1) Basic policy on decisions concerning the amount of remuneration paid to directors

Regarding the amount of remuneration paid to directors, it is the Company's basic policy to design the remuneration system in close correlation with shareholder returns while ensuring that it will function sufficiently as an incentive for the enhancement of corporate value, sustainable growth and improvement of operating performance, and reward each director with a sufficient and adequate amount of compensation for the execution of their duties.

(2) Decision-making process for the amount of remuneration paid to directors

In order to enhance management transparency, the amount of remuneration paid to directors is determined at the board of directors meeting based on recommendations by the Company's Compensation Committee, which consists exclusively of non-executive directors and outside audit & supervisory board members (part-time).

Based on "interviews on performance evaluation", "interviews on goal setting for next fiscal year" and "discussions on basic compensation and performance evaluation of the Company's directors" which the Company's Compensation Committee conducts, the board of directors meeting determines the amount of individual remuneration paid to directors.

Members of the Nomination and Compensation Committee:

Committee Chairperson	:	Yuko Gomi (Outside Audit & Supervisory Board Member)
Vice Committee Chairperson	:	Miki Iwamura (Outside Director)
Committee member	:	Satoko Suzuki (Outside Director)
		Shota Kondo (Director)
		Keiko Yoshida (Outside Audit & Supervisory Board Member)
		Yuko Miyata (Outside Audit & Supervisory Board Member)

(3) Details of remuneration paid to directors

Remuneration paid to the Company's directors is composed of basic compensation through monthly cash payments

and stock price-linked compensation through the granting of stock options.

[Basic compensation]

Basic compensation of directors is composed of fixed compensation with fixed monthly payments and variable compensation, which fluctuates in response to the Company's financial performance for each period.

1) Fixed compensation (60% of the total)

The amount of standard compensation commensurate with the position is determined based on standards stipulated by internal rules.

2) Variable compensation (40% of the total)

In order to link the remuneration of directors with shareholder returns, the Company has adopted a compensation system that is linked to the Company's financial performance.

The amount of variable compensation is determined based on the percentage of budget achievement for EPS (Basic earnings per share) and SDGs targets (CO₂ reduction rate per store, etc.) The final amount of variable compensation is determined after adding a qualitative component (10%) based on an evaluation performed at a meeting with the Nomination and Compensation Committee.

The EPS targets are aimed at better sharing value with shareholders and linking this to the Company's operating results, while the SDGs targets are aimed at achieving the Company's environmental vision of "Lawson Blue Challenge 2050! -Save our blue planet!-" ((1) reducing CO₂ emissions; (2) reducing food waste; and (3) reducing plastic use). In addition, we reviewed some of the targets in March 2023 and added the ratio of achievement of the core operating profit (indicator for operating income under Japanese GAAP that is calculated by subtracting the cost of sales and selling, general and administrative expenses from gross operating revenues) target. By setting the same target as for employees, we will aim to increase our corporate competitiveness.

Regarding 3 non-executive directors, Miki Iwamura, Satoko Suzuki, and Shota Kondo, variable compensation is not applicable as they are focused on their supervisory and advisory roles as the Company's representative directors and in the board of directors' meetings.

[Stock price-linked compensation]

Stock options as stock-based compensation

By incorporating stock options as stock-based compensation linked with stock prices as part of compensation paid to directors, the Company has a system in which management shares with stockholders the benefits from a rise in stock price as well as the risks associated with a price decline. The Company positions stock options as compensation that is linked to medium to long-term improvement of its corporate value.

Exercise price on stock options as stock-based compensation is ¥1 per share and the number of units granted, which is determined in accordance with the position of directors, is adjusted up or down by multiplying it by the percentage of the EPS target achieved. In addition, stock options as stock-based compensation can be exercised only during designated periods after retirement from office; directors are not allowed to exercise their stock option rights during

their term in office.

(4) Limit on the amount of remuneration paid to directors

The limit on the amount of remuneration paid to the Company's directors is determined at the general meeting of shareholders in accordance with laws and regulations.

1) Amount of remuneration paid to directors

Resolutions at the general meeting of shareholders as of May 24, 2001: 400 million yen or less per year

2) Amount of stock options granted to directors

Resolutions at the general meeting of shareholders as of May 27, 2014: 300 million yen or less per year

Policy on Decisions Concerning the Amount of Remuneration Paid to Audit & Supervisory Board Members

1) Basic policy on decisions concerning the amount of remuneration paid to Audit & Supervisory Board Members

Regarding the amount of remuneration paid to Audit & Supervisory Board Members, it is the Company's basic policy to reward each Audit & Supervisory Board Member with a sufficient and adequate amount of compensation for the execution of their duties.

2) Decision-making process for the amount of remuneration paid to Audit & Supervisory Board Members

The amount of remuneration paid to Audit & Supervisory Board Members is determined based on discussions among Audit & Supervisory Board Members and is within the remuneration amount limit resolved at the general meeting of shareholders.

3) Details of remuneration paid to Audit & Supervisory Board Members

The Company's Audit & Supervisory Board Members receive basic compensation (fixed compensation) in cash.

The amount of basic compensation is decided based on discussions among Audit & Supervisory Board Members, taking into consideration whether or not they are working on a full-time basis, and segregation of auditing duties. Regarding retirement benefits, the system itself was abolished.

4) Limit of the amount of remuneration paid to Audit & Supervisory Board Members

The limit of the amount of remuneration paid to the Company's Audit & Supervisory Board Members is determined at the general meeting of shareholders in accordance with laws and regulations.

Amount of remuneration paid to Audit & Supervisory Board Members

Resolutions at the general meeting of shareholders as of May 27, 2020: 100 million yen or less per year

[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

The staff of the Board of Directors is in charge of administrative tasks and communicating with the outside directors. Further, in the event of any incident or accident, the staff submits a report to the directors in each case. The Audit & Supervisory Board Members' Office supports the Audit & Supervisory Board Members and 2 full-time staffs are assigned. The staff members are in charge of assisting audit operations, administrative tasks and communicating with outside Audit & Supervisory Board Members.

In order for independent outside directors to actively contribute to discussions at the Board of Directors' meetings, the Company holds Independent Director Opinion Exchange Meeting to exchange opinions with only independent outside directors at least once a year as an opportunity to exchange information and share awareness based on an independent and objective standpoint.

2. Matters Relating to Execution of the Business, Audit/Supervision, Designation, Compensation Decisions, etc.

The Company's Board of Directors is made up of 5 directors, including 3 males and 2 females, 2 of whom are independent directors. The Board of Directors not only decides important management matters such as issues stipulated by laws and regulations and the Articles of Incorporation, but also monitors the conduct of business operations by its directors. The Board met 15 times in FY2023. Furthermore, the Company has adopted an executive officer system and entrusts authority to executive officers to expedite business execution. Moreover, the Company holds management meetings as a supplementary decision-making body to the Board of Directors. The management meeting comprises personnel who are generally of executive managing officer level or above and members designated by the President and CEO (and met 14 times in FY2023).

To ensure the effectiveness of the compliance system and risk management system, the Company has a Compliance and Risk Management Committee. Meanwhile, the Financial Reporting Internal Control Committee oversees enhancement of internal controls around financial reporting.

Furthermore, in FY2023, the Compensation Advisory Committee headed by committee chairperson Yuko Gomi, an outside Audit & Supervisory Board Member, and vice committee chairperson Miki Iwamura, an outside director, consisting 5 independent directors out of 6 members was convened 4 times. The committee reported to the Board of Directors on methods for deciding the compensation of directors and company executive officers.

The Internal Audit Office, which has 18 members, serves as the Company's internal audit division and reports directly to the president of the Company. This office conducts business audits, including audits of affiliated companies, to identify problems and also provides guidance for improvements.

The Company has 5 Audit & Supervisory Board Members, including 2 males and 3 females, 3 of whom are independent Audit & Supervisory Board Members. Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings where they also express their opinions. They also inspect important documents and conduct other activities in auditing the conduct of duties by directors (The Board of Audit & Supervisory Board Members' meeting was held 17 times in FY2023).

The Company has signed an audit contract with Deloitte Touche Tohmatsu to conduct financial audits. The Company is subject to audits in accordance with the Japanese Company Law and the Financial Instruments and Exchange Act. There are no special relationships involving mutual interests between the certified public accountant (independent auditor) and the Company. In close liaison with Lawson's Audit & Supervisory Board Members and Lawson, the certified public accountant issues a report on its planned auditing work for each business period, and subsequently issues regular reports on the progress of the auditing. During each business period, Lawson's Audit & Supervisory Board Members

and the certified public accountant exchange information and opinions wherever deemed necessary to ensure the efficiency and accuracy of the auditing process.

3. Reason for Choosing the Current Corporate Governance System

Lawson adopts a Audit & Supervisory Board Member system, with 5 Audit & Supervisory Board Members, including 3 outside Audit & Supervisory Board Members (3 of whom are Independent Audit & Supervisory Board Members), auditing the roles and responsibilities of directors. The Company has 5 directors, including 3 in-house directors and 2 outside directors, 2 of whom are independent directors. The number of Board members has been kept to a minimum to speed up the decision-making process. We also ensure that at least one-third of outside directors appointed are independent officers in order to enable the Company to incorporate insights and knowledge from a broader perspective where the Company is unlikely to have a conflict of interest with general shareholders, as well as to make appropriate judgments on important matters related to Company management, including formulation of business strategies.

III Implementation of Measures Associated with Shareholders and Other Stakeholders

1. Approach for Improving Notification regarding the Convening of the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights

	Supplementary Explanation
Early Dispatch of Notice of Ordinary General Meeting of Shareholders	For the 49th Ordinary General Meeting of Shareholders, in addition to distributing the Notice of the Ordinary General Meeting of Shareholders 20 days prior to the meeting, a Notice of Ordinary General Meeting of Shareholders is posted on Lawson's website (an English version is also posted) prior to the date of shipment.
Exercising Voting Rights by Electronic Means	Company shareholders are able to exercise voting rights by electronic means, beginning from the 34th Ordinary General Meeting of Shareholders held in 2009 and thereafter.
Participation in Electronic Voting Platform for Institutional and Foreign Investors and Other Measures to Enhance	Lawson is using the electronic platform for exercising voting rights offered by ICJ, beginning from the 34th Ordinary General Meeting of Shareholders held in 2009 and thereafter.
Availability of Notice of General Meeting of Shareholders (or Summary) in English	An English version of the Notice of Ordinary General Meeting of Shareholders has been prepared and published on the website, beginning from the 26th Ordinary General Meeting of Shareholders held in 2001 and thereafter.
Others	Lawson endeavors to create a friendly atmosphere at ordinary general meetings of shareholders, such as by having reception personnel wear the easily recognizable Lawson store uniform. Furthermore, following the completion of meetings, Lawson provides details of business reports on its corporate website, as well as releases the results of voting. Beginning from the 47th Ordinary General Meeting of Shareholders held in 2022, Lawson has adopted a virtual shareholder meeting in which shareholders can participate online, with video of the meeting distributed live to shareholders. Lawson also discloses details of business reports on its corporate website following the completion of the meetings.

2. Activities Related to IR

	Supplementary Explanation	Explanation Provided Directly by the Representative
Formulation and posting of disclosure policy	We publish the “Basic Principles for Information Disclosure,” which are formulated with reference to our “Basic Rules for Information Disclosure,” an internal regulation, on our website in order to share our basic approach regarding the disclosure of information. For details of the “Basic Principles for Information Disclosure,” please refer to our website. https://www.lawson.jp/en/ir/disclose.html	—
Regular explanatory meeting for analysts/institutional investors	Earnings briefings are hosted by the president and the CFO twice a year for half-year and full-year results. The president describes strategies and the CFO explains results. The meeting is attended by a total of around 100 analysts and investors from inside and outside of Japan.	Yes
Regular explanatory meeting for overseas investors	We hold regular dialogues with institutional investors in the U.S. and Europe.	Yes
Posting of IR materials on Lawson’s website	We have created a dedicated IR page on our website on which we publish materials related to operating results, etc. For details of the IR page, please refer to our website. https://www.lawson.jp/en/ir/	—
Establishment of division (representatives) to handle IR	As a department specialized in IR, the Finance and Investor Relations Department has been established under the Financial Administration Division. The CFO serves as an officer in charge of IR.	—

3. Approach for Respecting the Position of Stakeholders

Supplementary Explanation

Internal Charter That Respects Stakeholders

Lawson's group philosophy is "Creating Happiness and Harmony in Our Communities." In order to make this the corporate philosophy of the entire Group and bring this philosophy to reality, Lawson has set out its basic stance on all stakeholders in the Lawson Corporate Conduct Charter and this is made available on the Company's website.

[Establishment of and compliance with the Lawson Group Human Rights Policy]
We have established the Lawson Group Human Rights Policy. The policy supports and respects international norms on human rights such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Children's Rights and Business Principles. Based on this policy, we respect human rights in our business activities and build relationships of trust with all people involved in our business activities through sincere responses. Anticipating that our customers, business partners, local communities, and other stakeholders who support our business activities will also support this policy, we will continue our efforts to respect human rights through dialogue and consultation with these stakeholders. In addition to implementing human rights due diligence, we promote the development and implementation of educational and awareness programs on human rights as well as the establishment and operation of contact points for consultation.

For details of the Lawson Group Human Rights Policy, please refer to our website.
<https://www.lawson.jp/en/csr/policy/respect/>

Environmental Protection and CSR Activities

The Lawson Group has established the Lawson Group Environmental Policy to express its commitment to conducting business activities in full consideration of the environment and local areas and working proactively to achieve sustainable development and coexistence with local communities. In keeping with its philosophy, the Lawson Group established the policy with the objective of ensuring that future generations will be able to enjoy the natural blessings of the Earth in the same way as people alive today.

Specifically, we are implementing measures to address the following three priority issues: (1) reducing CO₂ emissions; (2) reducing food waste; and (3) reducing plastic use (for containers, packaging, and shopping bags). We are setting related targets (KPIs) in accordance with our environmental vision “Lawson Blue Challenge 2050! Save our blue planet!” formulated in 2019.

For details of Lawson Group Environmental Policy, please refer to our website.

https://www.lawson.jp/en/csr/policy/environmental_policy/

For details of Environmental Vision, please refer to our website.

<https://www.lawson.jp/en/csr/bluechallenge/>

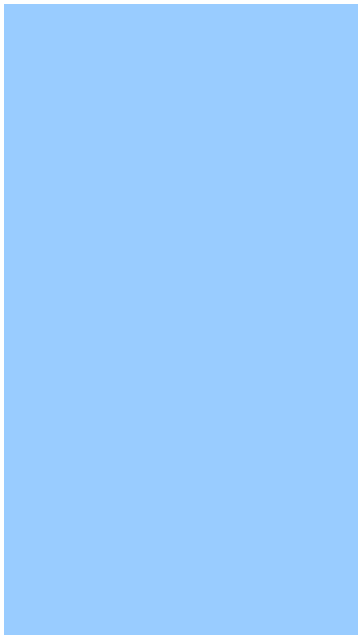
With climate change issues becoming increasingly serious, we are attempting to tackle them by analyzing climate-related risks and opportunities with reference to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Based on analysis results, we carry out measures to mitigate or adapt to climate change, chiefly by introducing energy-saving functions and renewably sourced energy to our stores and offices, while also disclosing information on their impact on the Company’s business activities and financial position. Also, in order to obtain the Science Based Targets (SBT) certification, an acknowledgement of GHG emissions reduction targets that are scientifically consistent with the goals set forth in the Paris Agreement, we are performing a range of necessary tasks, such as identifying target business activities, collecting data, promoting reduction activities, and setting reduction targets.

For details of how to respond to TCFD, please refer to our website.

<https://www.lawson.jp/en/csr/tcfid/>

● Goals (KPIs)

- Reducing CO₂ emissions (per store)
 - 2025 Reduce by 15% over 2013
 - 2030 Reduce by 50% over 2013
 - 2050 Reduce by 100% over 2013
- Reducing food waste (per store)
 - 2025 Reduce by 25% over 2018
 - 2030 Reduce by 50% over 2018
 - 2050 Reduce by 100% over 2018
- Reducing plastic use (for containers and packaging)
 - 2025 Reduce by 15% over 2017
 - 2030 Reduce by 30% over 2017 (50% of materials used for Lawson’s original product containers and packaging are eco-friendly)
 - 2050 (100% of materials used for Lawson’s original product containers and packaging are eco-friendly)
- Reducing plastic use (Plastic shopping bags)
 - 2030 Plastic shopping bags Reduce by 100%



As a member of local communities, the Lawson Group conducts various social contribution activities aiming to create a better future for children. As one example, we place donation boxes in our stores to collect money to support youth education. Donations made by our customers are used, through two charity organizations, to support school greening projects conducted at elementary, junior high, and special-needs schools throughout the country as well as scholarship programs for children from single-parent households.

In addition, to help create an environment that promotes the sound development of children, we provide cooperation for elementary school out-of-school programs by giving children opportunities to experience store operations as well as host fun programs of our own for junior and senior high school students in which they learn about our SDGs activities.

For details of the Social Contributions, please refer to our website.

<https://www.lawson.jp/en/csr/fund/>

As a member of society, we will continue to contribute to the promotion of SDGs through our measures to address social and environmental issues together with franchise stores, customers and business partners.

**Development of Policies,
etc. for Providing
Information to
Stakeholders**

The company published “Basic Principles for Information Disclosure” and the basic ideas of the disclosure of information to stakeholders in company’s website based on “Basic rules for Information Disclosure” established by Board of Directors and relevant rules.

Furthermore, to comply with relevant regulations, the company promotes initiatives to stakeholders at Corporate Strategy and Planning Division, Corporate Communications Division, Franchisee Business Support Division and Financial Administration Division.

IV Matters Relating to the Internal Control System**1. Basic approach to internal control system and status of system development**

Based on the status of development and operation of “2023 Basic Policy for Improvement of Internal Control Systems”, which was resolved at the Board of Directors meeting held on February 15, 2024, the Company passed the resolution called the “2024 Basic Policy for Improvement of Internal Control Systems” as indicated below.

2024 Basic Policy for Improvement of Internal Control Systems

Lawson is involved in a broad range of business domains, high-end supermarket business, entertainment-related business, financial services business, e-commerce business, consulting business and advertising business along with its core convenience store business. Lawson provides multifarious products and services through its immense chain of stores in every prefecture in Japan and overseas in these wide-ranging business domains. In conjunction with these activities, Lawson is subject to a host of laws and regulations and is also exposed to risks of loss (hereinafter “risks”). Because Lawson’s convenience store business uses a franchise system, there is a need to provide proper support to a large number of franchised stores. In light of the nature of Lawson’s business, an important theme for management is the maintenance and operation of internal control systems that can support sound and continuous business growth. Accordingly, Lawson has established “2024 Basic Policy for Improvement of Internal Control Systems” (hereinafter “Basic Policy”), as outlined below, in accordance with the Japanese Company Law and its enforcement regulations, as well as the Financial Instruments and Exchange Act. The Basic Policy will ensure that Lawson’s businesses are conducted effectively, efficiently and in a proper manner, ultimately helping to preserve and increase enterprise value. The Company will constantly review this policy in accordance with the status of the internal control system based on this policy and changes in the business environment, will strive to develop an effective and rational internal control system.

This policy is applicable to all company officers (directors, Audit & Supervisory Board Members, executive committee members and other individuals of similar rank; hereinafter the same) and employees (permanent, temporary, contract workers and other staff members; hereinafter the same).

1. Systems to Ensure Compliance of the Execution of Duties by Directors, Senior Vice Presidents and Employees with Laws and Regulations and the Articles of Incorporation
 - (1) The board of directors shall determine the improvement policies and plans for internal control systems, including those for compliance, and receive status reports thereof periodically.
 - (2) The Board of Directors shall maintain and improve the supervising function regarding the execution of duties by the Directors by electing outside Directors on an ongoing basis.
 - (3) The Audit & Supervisory Board Members shall independently audit the execution of duties by the Directors, including the status concerning the improvement of the internal control systems.
 - (4) The Board of Directors shall raise and maintain the awareness of directors, senior vice presidents and

employees regarding compliance by thoroughly disseminating the Lawson Group's Code of Conduct and the Lawson Ethical Mission Statement as well as measures that shall include, but not be limited to: establishing a specialist committee ("Compliance & Risk Management Committee"), appointing a Chief Compliance and Risk Management Officer and establishing a department that oversees compliance, assigning personnel in charge of compliance to each department and company, streamlining the rules in relation to compliance, and providing training on ethics and conducting compliance awareness surveys on a periodic basis.

- (5) The Legal Department establish foundations for complying with legal requirements by identifying the laws and regulations applicable to the Company's businesses and communicating the content thereof to the relevant departments and sections. Especially for compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, the Subcontract Act, the Act Against Unjustifiable Premiums and Misleading Representations, the Food Labeling Act, the Food Sanitation Act and other consumer-related laws, the Intellectual Property Act, the Labor Standards Act, etc., the Company shall strive to disseminate information regarding applicable laws and regulations to its employees and support the efforts of each department.
 - (6) The Internal Audit Department, which is independent from the business executing bodies, shall conduct efficient and effective audits of the status concerning the improvement of the internal control systems, and recommend improvements thereof, as required.
 - (7) The Company shall establish and upgrade reporting routes for reporting any violations of laws, regulations, or internal rules as well as any negative impacts on human rights in carrying out the Company's business operations (hereinafter, "Violations of Laws and Regulations, etc."). Moreover, by establishing consulting and reporting points (internal contact points, a Group-wide consulting contact point, and a consulting contact point for employees and business counterparties for Lawson's franchised stores) that can be used by informants with anonymity and peace of mind and making prospective users aware of such facilities, the Company shall strive for early detection of Violations of Laws and Regulations, etc. across the entire Lawson Group and Lawson chain. If a Violation of Laws and Regulations, etc. is discovered, the Company shall act promptly to rectify the situation and prevent any recurrence.
 - (8) The Company shall never become involved with antisocial forces or bodies that threaten the order and security of society, and shall take a firm stance on and deal with improper demands by consulting with lawyers, the police and the like.
 - (9) The Company shall rotate personnel periodically to prevent wrongdoings resulting from specific employees monopolizing certain business processes.
2. Systems to Preserve and Manage Information Pertaining to the Execution of Duties by Directors
- (1) The Company shall record, preserve and manage information relating to decision making at important meetings such as those of the Board of Directors and the Management Council, and authorizing documents, including

those approved by the President as well as financial, clerical and risk- and compliance-related information (including information contained in electromagnetic media). Moreover, the Company shall put in place a system allowing relevant parties to inspect the above information.

- (2) The Company shall manage and monitor its information systems in a secure manner, in addition to maintaining the system by sufficiently taking into account contingencies.
 - (3) The Company shall establish and maintain rules regarding the storage and management of documents (including electromagnetic recording media), keep everyone informed about the responsibility and authority for document management, document storage periods and management methods, and periodically monitor the status of document storage and management.
 - (4) The Company shall establish regulations regarding the safeguarding of personal information and management of confidential business information, and shall properly and safely store and manage personal information and important confidential business information.
 - (5) The Company shall establish a special committee (Information Security Management Committee), appoint a Chief Information Security Officer and establish departments to generally control information security and allocate appropriate personnel thereto. The Company shall also strive to establish an information security system for the Lawson Group in order to promote information security risk management and System Technology Security in an interactive and comprehensive manner.
 - (6) The Company shall establish and maintain rules regarding the disclosure of important Company information, and upgrade the system for disclosing information that must be disclosed according to the requirements of laws, regulations and stock exchanges, in an appropriate, timely and fair manner.
3. Rules and Other Systems Regarding Risk Management
- (1) The Company shall appoint a Chief Risk Management Officer, and improve rules related to risk management and group-wide risk-prevention systems during normal operations. Furthermore, each department shall identify risks that might have adverse effects on the Company's management in connection with its business purposes, analyze the probability of such risk factors materializing and their impact, and evaluate whether intensive countermeasures should be taken as part of measures tailored to the nature of risks.
 - (2) To ensure the effectiveness of risk management, the Company shall establish a specialist committee (Compliance & Risk Management Committee), and clarify the authority and responsibility of the committee and its chairperson. Furthermore, the Company shall endeavor to increase awareness about risk management by assigning risk management staff to departments and companies, subsidiaries and affiliated companies (hereinafter "Associated Companies") and conducting risk management training.
 - (3) The Company shall develop contingency systems and formulate policy for contingency-response bodies in advance to prepare for the occurrence or possible occurrence of unanticipated situations or events, which might have adverse effects on management of the Company, in order to provide a quick response to any actual occurrence thereof and to take effective measures to prevent a reoccurrence.

- (4) As a designated public institution, the Company shall work to formulate a business continuity plan (BCP) and establish a business continuity management (BCM) system in order to maintain the essential infrastructure functions of convenience stores and minimize any disruption to operations caused by events that could have a detrimental impact on the Company, including a major disaster or infectious disease outbreak, such as that of a new strain of influenza. In order to be prepared for major disaster, the Company shall conduct disaster prevention drills 3 times a year while working to improve effectiveness of the “Disaster Countermeasure Manuals” and the “BCP Manuals”.
 - (5) As for the risk of human rights violations in terms of business-related risks, the Company implements human rights due diligence based on the Lawson Group Human Rights Policy and promotes initiatives to prevent and mitigate any negative impacts on human rights.
4. Systems to Ensure the Efficient Execution of Duties by Directors
 - (1) The Company shall clarify the functional authority and responsibility of corporate officers and employees for decision making and execution of business affairs. The Company shall also improve rules for the division of duties to ensure and encourage more appropriate division of duties and collaboration among organizational bodies.
 - (2) The Company shall work to raise operational efficiency by simplifying business processes, streamlining the organization and making appropriate use of IT.
 - (3) The Company shall promote digital transformation through the renewal of IT infrastructure.
 - (4) In order to promote the proper communication of information and communications between officers and employees, the Company shall improve systems by which management guidelines and policies are disseminated to employees by corporate officers, and important field information is properly communicated by employees to corporate officers in a timely manner.
 - (5) The company shall endeavor to improve work productivity by promoting work motivation reform and increasing employee’s willingness to work and work motivation.
5. Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company and Its Subsidiaries
 - (1) Systems for reporting to the Company on matters pertaining to the execution of duties by the Associated Companies’ directors, etc., and systems for ensuring that the performance of duties by directors etc. of is efficient.
 - (i) The Company shall establish rules concerning the management of Associated Companies and endeavor to maintain and enhance the Lawson brand through close collaboration with them. However, with regards to affiliated companies, the Company will work to establish and maintain systems through phased implementation, taking into account such factors as relations with other leading shareholders, difference in laws, regulations and business customs and the like of foreign countries.

- (ii) While respecting the independence of Associated Companies, we shall step up action to optimize a system for supervising Associated Companies by taking into account the reasons that the Company has taken a stake in the Associated Company, engaging in negotiations or providing advice to Associated Companies as necessary, operating a system for receiving reports from them, etc.
 - (2) Rules and other systems for risk management by Associated Companies and systems for ensuring that the Associated Companies' directors, senior vice presidents and employees execute their duties in conformity with laws, ordinances, and the articles of incorporation
 - (i) While respecting the independence of Associated Companies, in view of the purpose of the Company's equity participation in Associated Companies, the Company shall establish Group regulations such as basic policies for the management of Associated Companies and management policies thereof, and keep the Associated Companies fully informed of the Lawson Group Code of Conduct.
 - (ii) The Company shall establish an organization with jurisdiction over Associated Companies, and a dedicated department that can provide support to Associated Companies from technical standpoints, and endeavor to ensure the soundness of operations at Associated Companies.
 - (iii) The Company shall appoint designated people at major Associated Companies to be responsible for promoting compliance and risk management (hereinafter, "People in Charge of Compliance and Risk Management at Associated Companies"). Moreover, the departments that oversee risk management and compliance for the Company also meet with the People in Charge of Compliance and Risk Management at Associated Companies on a regular basis to confirm the status of development of internal rules at Associated Companies and give advice if necessary, and thus strive to ensure appropriate business operations across the entire Lawson Group.
 - (iv) The Company will establish a system that the People in Charge of Compliance and Risk Management at Associated Companies will report immediately to the Company if they are aware of the situation could harm Associated Companies.
 - (v) The Internal Audit Department shall cooperate in auditing the status of establishment of internal control systems at Associated Companies, and promote improvements based on the results of audits.
 - (3) The Company will report immediately to the parent company if they are aware of the situation could harm the company and Associated Companies.
6. Necessary Systems to Ensure Proper Financial Reporting by the Company and its Group of Companies
- (1) The Company shall enhance systems for preparing financial statements according to laws and regulations and accounting standards and disclosing same after they have been discussed, examined and confirmed in accordance with regulations governing information disclosure, in order to report financial information in a proper and timely manner.
 - (2) The Company shall establish a dedicated internal organization in order to properly implement the internal control reporting system required by the Financial Instruments and Exchange Act, as an internal control for financial reporting. Furthermore, the Company shall establish a system for self- and third-party evaluation and

improvement through the identification and recording of business processes at important business bases and the status of Companywide internal controls. The Company shall report regularly to the Board of Directors the results of evaluations and improvements made at the Company and important subsidiaries.

7. Matters Concerning Employees Where a Audit & Supervisory Board Member Requests Employees to Assist With Duties
 - (1) The Company shall assign appropriate personnel to the Auditors' Office as employees exclusively to assist Audit & Supervisory Board Members in the execution of their duties (hereinafter "Audit & Supervisory Board Members' Staff").
 - (2) Audit & Supervisory Board Members' Staff may serve concurrently as Audit & Supervisory Board Members of Associated Companies.
 - (3) Audit & Supervisory Board Members' Staff shall have the authority to conduct investigations necessary for audits by Audit & Supervisory Board Members following the instructions of Audit & Supervisory Board Members.

8. Independence of Employees from Directors in the Preceding Item
 - (1) Performance reviews of Audit & Supervisory Board Members' Staff shall be conducted by the Standing Audit & Supervisory Board Members to ensure that Audit & Supervisory Board Members' Staff carry out their duties appropriately. Personnel changes and disciplinary action require the prior consent of the Audit & Supervisory Board Members. Systems for ensuring that directors, senior vice presidents and employees of the Company and directors, Audit & Supervisory Board Members, senior vice presidents and employees of Associated Companies make reports to Audit & Supervisory Board Members and other systems concerning reports to Audit & Supervisory Board Members.
 - (2) Directors, senior vice presidents and employees of the Company shall report important corporate management and business administration matters, as well as the status and results of the execution of their duties, to Audit & Supervisory Board Members so that the Audit & Supervisory Board Members can carry out their duties effectively. Such important matters include compliance and risk-related issues and other matters relating to internal control.
 - (3) Should directors, senior vice presidents and employees of the Company and directors, Audit & Supervisory Board Members, senior vice presidents and employees of Associated Companies become aware of any fact or event that will likely cause the Company or Associated Companies to suffer significant damage or loss, they shall immediately so inform Audit & Supervisory Board Members of the Company.
 - (4) Reports to Audit & Supervisory Board Members shall basically be made in good faith without fail, and shall be made promptly if required in addition to periodic reports.
 - (5) The Company will establish a system for cross-external consultation and reporting content will be reported to the auditors in a timely manner.

CORPORATE GOVERNANCE

- (6) No person shall be subject to disadvantageous treatment by reason of having made a report to Audit & Supervisory Board Members.

9. Other Systems to Ensure Effective Audits by Audit & Supervisory Board Members

- (1) The Representative Directors and Audit & Supervisory Board Members shall have regular meetings to enhance smooth communications with each other.
- (2) Directors shall cooperate with the Audit & Supervisory Board Members with regards to communications, the collection and exchange of information and so on between the Audit & Supervisory Board Members and the corporate directors and the like of Associated Companies so that the Audit & Supervisory Board Members can perform their duties appropriately.
- (3) Directors shall also cooperate in conducting surveys of significant business partners, which the Audit & Supervisory Board Members deem necessary.
- (4) Directors shall enable the Audit & Supervisory Board Members to collaborate with outside experts such as lawyers and certified public accountants, if any Audit & Supervisory Board Member deems it necessary in executing his/her duties.
- (5) Legal Department, Risk Management Department, Internal Audit Department, Finance and Accounting Department and others will assist in the necessary audit investigation by the request of the auditor.
- (6) Expenses etc. incurred by Audit & Supervisory Board Members in the performance of their duties shall be promptly reimbursed, except in cases where the Company has proven that they were unnecessary for said performance of duties.

Present Status of Internal Control Systems

1. Present Status of Compliance System and Risk Management System

Lawson has appointed a Chief Compliance and Risk Officer (CRO) in charge of the promotion and establishment of compliance; has established a Legal Department to supervise compliance, and a Risk and Information Security Management Department to supervise risk management under the CRO's direction; and has assigned a position of Compliance & Risk Management Officer (CR manager) in each division and company. As leaders for promoting initiatives, CR Managers formulate, disseminate, and implement their own organization's compliance and risk response measures, and promote the creation of a culture that emphasizes compliance with social norms.

The Legal Department and the Risk and Information Security Management Department cooperatively serve as cross-departmental secretariats for the Compliance & Risk Management Committee Meeting and manage the progress of measures implemented in these areas by individual departments throughout the Group to promote an effective compliance risk management system. In addition, by working closely with the IT Department, the Risk and Information Security Management Department acts as the secretariat of the Information Security Committee Meeting and further enhances measures to manage information security risks. Meanwhile, 4 subcommittees (Risk Management Subcommittee, Safety Measures Subcommittee, Intellectual Property and Premiums and

Representations Subcommittee, and Overseas Business-Related Compliance Subcommittee) have been separately established under the Compliance & Risk Management Committee Meeting in an effort to manage the progress of key measures and prevent risks.

(1) Present Status of Compliance Systems

To continually comply with the law, and always maintain corporate conduct in line with generally accepted morals and societal expectations, Lawson maintains and refines its rules related to compliance. Along with that, The Company has established The Group Code of Conduct as its code of conduct, published them in the “Lawson Group C&R Handbook,” Lawson Group Human Rights Policy, Lawson Group Purchasing Policy, and distributed the handbook to all employees in an effort to thoroughly disseminate its content with the aim of ensuring the propriety of business operations across the Group.

On the educational/training front, the Company aims to further improve ethical awareness and the ability to withstand crises by conducting compliance and risk management training for all employees every year. In addition, the Company has established an educational system to enable systematic learning by providing training upon joining the Group and upon promotion to a managerial position, training by job types, training conducted by external lecturers for company management, and optional study group activities. The Company is seeking measures to ensure that employees of various job positions and job types will be able to share problems to improve their operations by maintaining these educational/training programs while revising their content in line with changing in social environment, etc.

In addition to the employee awareness survey targeting all our employees, Lawson has sent out questionnaires to business partners (product delivery and store construction). Through such questionnaires, we have gained an understanding of the problems and issues related to compliance promotion activities and transaction styles, and based on this knowledge, we are reviewing and improving our compliance system from a wide perspective. In addition, the Company provides thorough guidance and improvement proposals based on the results of audits conducted by the Internal Audit Department.

With respect to whistleblowing reports, the Company has established a consultation contact point exclusively for sexual harassment and power harassment, which is offered by the Human Resources Department, as well as an internal consultation and reporting contact point (internal consultation services, group-wide external consultation services, and consultation services available to FC store owners, staff, and business partners) for compliance and risk management matters including those related to human rights violations, misconduct/corruption, and labor issues to maintain a system for detecting and coping with internal problems at an early stage. The Company shall seek to strengthen self-rectification within the organization by treating instances of whistleblowing appropriately, reviewing the system to prevent recurrence, and introducing specific cases at meetings and through training programs and internal notifications.

(2) Present Status of Risk Management System

We at Lawson maintain and refine the rules concerning risk management, and places particular emphasis on “food safety and hygiene management,” “information security,” “disaster relief,” and “security measures” and it has

prepared a structure for responding to emergencies and resolving problems rapidly. Meetings of the Compliance & Risk Management Committee and the Information Security Committee as well as of the 4 subcommittees are convened regularly under ordinary circumstances to assess risks and to formulate and promote measures to avoid them and prevent their occurrence.

In the event of significant risk events, the countermeasures headquarters is convened in an effort to swiftly solve issues and minimize damage. Once the problems have been resolved, the Company analyzes the factors contributing to their occurrence and reviews and improves the relevant countermeasures to prevent any recurrence. Furthermore, we are reinforcing our emergency response capabilities through efforts such as formulating the Business Continuity Plan (BCP) and implementing disaster mitigation measures. Our aim is to institute a business continuity (BC) framework that prevents interruption of important business activities, even in the case of significant damage due to a large-scale disaster, etc.

With regard to the food safety and hygiene management system, we strictly enforce food safety and hygiene management in the process of developing, manufacturing and selling original products. We use raw materials that have passed examination based on our voluntary standards, and after the examination of product specifications, we take samples from the production line to confirm their safety. At our original product manufacturing plants, we have adopted a factory management method based on the HACCP concept, and we have established a system to record each priority management item, such as cooking time, product temperature, and the presence of metallic foreign objects, etc., and to immediately investigate the cause of any problems and take measures when they occur. Product information (thermal label) is displayed in compliance with laws and regulations, and the Quality Control Department and a third-party organization check the content of the labeling. In order to ensure thorough hygiene management at our stores, voluntary inspections at our stores and hygiene inspections by the headquarters are conducted every month, and surprise inspections are conducted by external organizations.

With regard to the information security system, the “Lawson Group Privacy Policy” has been formulated and a management system has been established under the supervision of the CRO to establish management system for personal information protection. To help employees put the Privacy Policy into practice, the Company produces and publishes various manuals illustrating potential mistakes and complaints that may arise at the stores, accompanied by practical responses to them, for stores in an effort to raise awareness. For headquarters employees, the Company has compiled matters to be observed in the form of the Information Security Guidebook and periodically conducts tests to confirm that the rules are being followed. In light of the increased risk of cyber-attacks in recent years, we are working to strengthen our cyber security by taking measures from multiple perspectives, including technical, process/personnel, and physical aspects. In addition, in preparation for the unlikely event of a problem, we conduct security drills during normal times in an effort to reduce such risks.

With regard to Disaster Response System, we are formulating The Disaster Relief Manual that defines the approach to disaster preparedness and the standards of conduct for employees and the organization in the event of a disaster. The Disaster Relief Manual is composed of a “Common Section,” “Initial Response Section,” and “Emergency Response Section” describing the disaster response rules and procedures to be followed by all employees across all

organizations in accordance with the disaster level. When large-scale disasters occur, our first priority is to confirm the safety of the Company's employees and our FC owners and crews. The Company conducts Companywide disaster prevention drills 3 times a year in which participants acquire experience in implementing a variety of measures, including responding by telephone, email and disaster message dialing and applying the safety check system. This prepares every individual to respond smoothly should emergencies arise. Manuals elucidating the requisite disaster preparedness and responses are distributed to the stores. In the event a disaster occurs, disaster relief headquarters are set up immediately in 3 locations: headquarters, area offices, and branches that oversee operations in the disaster-struck areas. The Company takes advantage of a Disaster Information Map System designed to enable personnel to confirm the disaster situation in real-time and implement support measures for shops, factories and delivery centers, so that stores in the disaster area can be reopened for business at an early timing. The disaster relief headquarters and franchised stores work together to ascertain potential hazards as well as evacuation site locations, widely sharing the information with employees in preparation for an evacuation. For crime prevention, we conduct education to ensure that store personnel act with the highest priority placed on personal safety and with crime prevention in mind, in ways such as greeting customers in a cheerful and spirited manner. Our headquarters is cooperating with the police and the Japan Franchise Association in efforts to prevent crimes against the convenience store industry as a whole.

2. Present Status of System Concerning the Storage and Management of Information Relating to the Execution of Duties by Directors

(1) Present Status of System for Recording, Storing and Managing Information Relating to Decisions Made by the Board of Directors, Executive Committee and other Decision-making Bodies, Information Relating to Decisions Made by Representative Director and Other Important Decisions, and Information Relating to Compliance and Risk Matters

1) Storage and Management of Information Relating to Decisions Made by the Board of Directors, Executive Committee and Other Decision-making Bodies

To ensure the accountability of the representative director, written proposals and minutes of meetings are recorded and stored. The original minutes of Board of Directors' meetings for the most recent ten years are properly maintained in a book vault at the executive office of the headquarters, and after ten years the original proposals and minutes of the Board of Directors' meetings are stored permanently in outside storage under strict security. The minutes relating to decisions made by the Executive Committee and other decision-making bodies for the most recent year are properly maintained in the book vault in the executive office of the headquarters, and after one year these minutes are stored permanently in an outside storehouse under strict security.

2) Storage and Management of Approval Documents and Written Contracts

In November 2012, we introduced an electronic approval system, totally eliminating the need to use paper for approval documents including attachments. Information relating to decisions made by the President and other important decisions prior to the introduction of the system is recorded and stored as follows to ensure the

accountability of the representative director and other decision-makers:

A. Approval documents by representative director with attachments for 2 years are maintained in the executive office of the headquarters. After 2 years, such documents are stored in an external storehouse under strict security.

B. Approval documents other than those by representative director, including approval documents for branches are collected by the head office, and these documents are transferred after one year to be stored in an external storehouse under strict security.

Written contracts are stored as follows: Meanwhile, electronic contracts are also being gradually introduced, and services with high security reliability are selected and appropriately managed.

A. Franchise agreements and store lease agreements including any attached memorandums, which constitute the foundation of Lawson's business, are stored in an external storehouse under strict security immediately upon conclusion of the agreement.

B. Other written contracts are stored in secure locked locations at each responsible division or in an external storehouse under strict security control for 7 years after expiration of the contract period.

3) Storage and Management of Information Relating to Compliance and Risk

To ensure the accountability of the CRO, the written background and minutes of meetings are recorded and stored under strict security. With the approval of the CRO, the Risk and Information Security Management Department's general manager deals with requests for access to such documents.

4) Storage and Management of Minutes of Meeting Bodies Other Than the Above and Other Important Documents

The staff of responsible divisions store and manage these documents at their own discretion.

(2) Present Status of System Concerning Management and Monitoring of Information System as Well as Proper Maintenance of Such Systems for Contingencies

Under Lawson's Information Security Policy, the Information System Management Rules prescribe matters that should be observed by related divisions for the purpose of maintaining and improving information security and enhancing the reliability, effectiveness and efficiency of our information system. In this way, we maintain the secure management and operation of systems and implement proper preventive measures and procedures in the event of a contingency.

These rules apply to matters relating to the planning, development, maintenance and operation of the information system, information system equipment, and related facilities. They prescribe not only matters to be observed by users, but also management in the event of a failure in the information system, the management of changes in the system, the management of outsourcing, the management of system security, access management, project risk management, business continuity management, compliance and other relevant matters.

3. Internal Control by the Certified Public Accountant

Lawson has an audit contract with Deloitte Touche Tohmatsu ("Tohmatsu"). There are no special relationships

involving mutual interests between Lawson and Tohmatsu or any of the staff of Tohmatsu engaged in auditing work for Lawson. In close liaison with Lawson's Audit & Supervisory Board Members and Lawson, the certified public accountant issues a report on its planned auditing work for each business period, and subsequently issues regular reports on the progress of the auditing. During each business period, Lawson's Audit & Supervisory Board Members and the certified public accountant exchange information and opinions wherever deemed necessary to the efficiency and accuracy of the auditing process. The Audit & Supervisory Board Members received a notification from the accounting (independent) auditors that they are taking steps to improve the "system for ensuring appropriate execution of duties" (matters specified in the items under Article 131 of Corporate Accounting Rules) in accordance with the "Quality Control Standards Relating to Auditing" (Business Accounting Deliberation Council, October 28, 2005) and other standards, and requested explanations when necessary.

If an accounting (independent) auditor violates or infringes the Corporate Law of Japan, or the Certified Public Accountants Law, and if the Board of Directors deems it necessary, the Board of Directors shall submit a proposal to the General Meeting of Shareholders to dismiss or not reappoint the aforesaid accounting (independent) auditor after receiving the agreement of the Board of Auditors. If it is deemed that the aforesaid accounting (independent) auditor fits any of the circumstances prescribed in any item of Clause 1 of Article 340 of the Corporate Law, the Board of Auditors can dismiss the aforesaid accounting (independent) auditor by unanimous decision.

4. Present Status of System to Ensure Appropriate Business Activities in Group Companies

Lawson has designated a Company Compliance & Risk Management Officers at its major affiliated companies. Regarding CRO, Company Compliance & Risk Management Officers and the person in charge of affiliated companies at Lawson attend Lawson Group Compliance and Risk Management meetings, while Overseas Business-Related Compliance Subcommittee meetings are held for overseas subsidiaries, thus ensuring that information and knowledge is shared with the Lawson group. In this way, Lawson not only can prevent misconduct and other issues from occurring, but also can maintain and implement a system for a swift response to any such incident. Company Compliance and Risk Officers at its major affiliated companies, strive to enhance awareness among employees by formulating the code of ethics and providing training while conducting employee awareness surveys and questionnaire surveys for business counterparts in collaboration with the Company.

To support sound management at its affiliated companies, Lawson dispatches or loans directors/Audit & Supervisory Board Members and employees to these companies. In this way, Lawson not only helps to ensure the businesses of the affiliated companies operate appropriately and efficiently, and but also communicates and shares information with the affiliated companies. The Company has established a department for supervising Associated Companies, and a system is in place whereby if a risk emerges at an Associated Company, it is reported to the Company. Furthermore, information relating to risks at the Company and Associated Companies is reported to the parent company in a timely and appropriate manner.

The Company has established an organization with jurisdiction over Associated Companies and a dedicated department that can provide support to Associated Companies from technical standpoints and is endeavoring to ensure

the soundness of operations at Associated Companies. The internal audit department of the Company normally conducts an audit of the operations of its affiliated companies once a year to mutually confirm problems as appropriate, such as the maintenance of necessary regulations for the affiliated companies, and to provide advice and guidance for their improvement, etc.

At the time of annual, quarterly, and monthly closing of accounts, the Company receives reports from the affiliated companies on their business conditions and issues, and provides guidance and advice, etc. necessary to resolve management issues.

In addition, the Company provides necessary cooperation and support to the auditors of each affiliated company to enable them to properly perform their duties by inviting them to attend the Group Auditors' Liaison Meetings hosted by the Company's auditors to mutually confirm the progress of audit activities and, when necessary, explain points to keep in mind during the audit.

2. Basic Approach towards the Exclusion of Antisocial Forces and its Present Status

1. Basic approach towards the exclusion of antisocial forces

Lawson, considers the prevention of damage from antisocial forces to be an important part of ensuring proper business activity and in its “2024 Basic Policy for Improvement of Internal Control Systems” it clarifies this by “The Company shall never get involved with antisocial forces or bodies that threaten the order and security of private society, and shall take a firm stance on unjustified demand in cooperation with lawyers, the police and the like.”

2. Present status of the exclusion of antisocial forces

Lawson provides a statement of principle concerning the exclusion of antisocial forces in the Lawson Corporate Conduct Charter and the Lawson’s Code of Ethics and the entire organization takes a collective response to such matters.

With respect to internal controls, the office that integrates the response to a matter concerning an unjustified demand by antisocial forces (hereinafter “office responding to antisocial forces”) provides central control of information relating to antisocial forces. Not only will it give support to organizational frameworks to sever relations with antisocial forces, it will also work in cooperation with the National Police Agency and the prefectural or metropolitan police department. The office responding to antisocial forces will consult the above institutions when responding to an unjustified demand from antisocial forces.

We formulated the “Transaction Policies of the Lawson Group” to deal with this issue across the entire supply chain.

1. Matters Related to Defense against Takeover

Matters Related to Defense against Takeover	None
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Supplementary Explanation Associated with the Relevant Item

Nothing to report

2. Other Matters Related to the Corporate Governance System

[Outline of the timely disclosure system]

(1) Lawson has assigned the Director of the Corporate Communications Division to be in charge of timely disclosure, with departmental responsibility falling to the Corporate Communications Division. They shall promote understanding of the importance of timely disclosure within the Company.

(2) The Company's employees are required to report to and consult the person in charge of timely disclosure with regard to any information they deem important. Furthermore, the person in charge of timely disclosure passes on such information to the Director of the Financial Administration Division in order to determine whether the information constitutes insider information.

(3) With regard to information regarding which consultation or reporting is made, the person in charge of timely disclosure seeks the advice of the director in charge, the Director of the Corporate Strategy and Planning Division, the Director of the Financial Administration Division and other relevant departments concerning the necessity of disclosing the information in a timely manner, what to disclose, and the timing of disclosure in order to ensure timely disclosure of appropriate information.

(4) Lawson set basic regulations governing information disclosure in August 2006 to establish an internal system for the disclosure of important information. With regard to insider trading, the Company established regulations to prevent insider trading in July 2000 and develop a monitoring system.

[Reference: Organization]

Corporate Governance and Internal Control Systems

(As of May 22, 2024)

