

# Compliance and Risk Management

## Internal Control

### Basic policy regarding the internal control system

The business of the Lawson Group encompasses a wide-range of operations, from the core business of convenience stores to high-end supermarkets and entertainment-related business, to financial, e-commerce, and consulting services. We operate a large number of LAWSON stores, covering every prefecture in Japan and several markets overseas, each of which offers a wide variety of products and services. As such, we are not only required to observe various laws and regulations but must also assess the diverse range of possible risks and implement the appropriate countermeasures. In light of these characteristics, Lawson has established the “Basic Policy for Maintaining the Internal Control System” to support its efforts to achieve healthy, sustainable growth. We are promoting maintenance of our internal control system based on this policy, while responding to changes in our management environment, conducting periodical reviews of the policy itself, and endeavoring to maintain and enhance an effective, practical internal control system.

The main revisions of the aforementioned Basic Policy implemented in fiscal 2021 are described below:

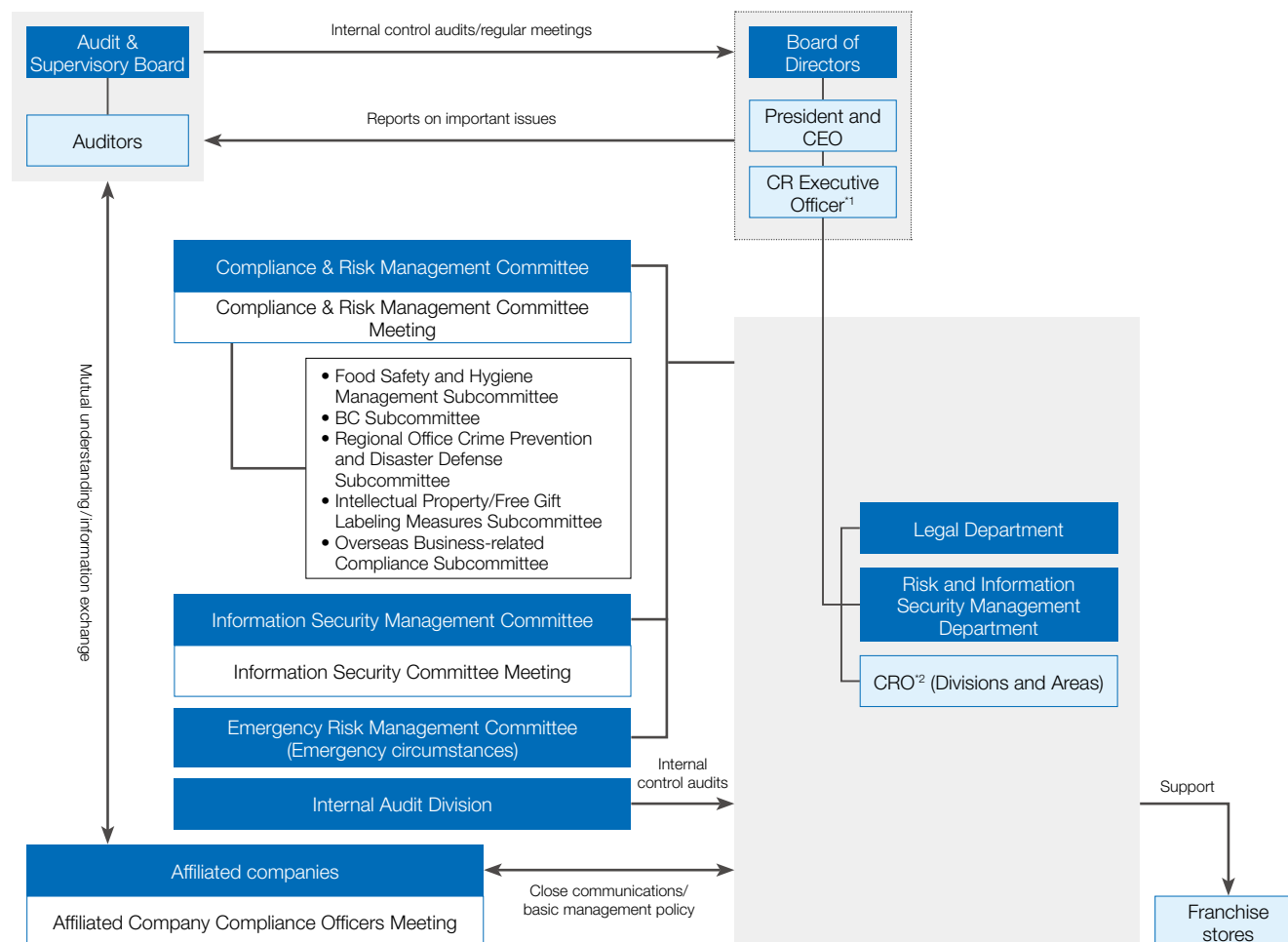
#### ■ Specified infectious disease outbreaks as a risk

In light of the COVID-19 pandemic, we have reconfirmed that epidemics of infectious diseases present a severe business risk. We have therefore added specific mention not only of new strains of influenza but also various other infectious diseases as assumed risks in the formulation of Lawson’s business continuity plan (BCP).

#### ■ Added promotion of digital transformation (DX)

As the headquarters that supports the franchise business, we have newly added the promotion of DX through the renewal of IT infrastructure and other measures as a means to realizing our future vision.

Lawson’s internal control system (as of June 1, 2021)



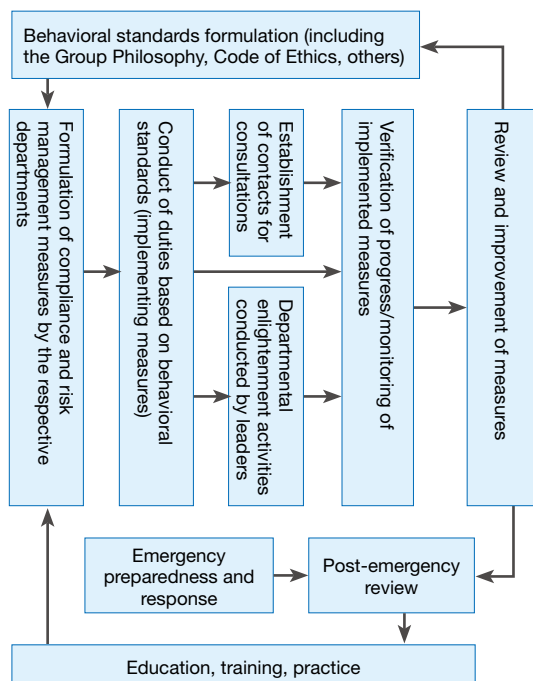
<sup>1</sup> CR Executive Officer: The executive with overall responsibility for the development and implementation of a framework for identifying misconduct and problems concerning legal compliance and preventing risks from arising

<sup>2</sup> CROs (Compliance and Risk management Officers): Persons responsible for compliance in the various divisions who support the CR Executive Officer and assume overall responsibility for the development and implementation of a framework for identifying misconduct and problems concerning legal compliance and preventing risks from arising

## Compliance and Risk Management System

Lawson has established a compliance and risk management framework based on its Corporate Conduct Charter and Code of Ethics. We seek to conduct business as a good corporate citizen, acting honestly and considerately according to high ethical standards, implementing the PDCA (Plan-Do-Check-Action) cycle, and organically linking our behavioral standards with our education and training programs, communication functions and monitoring activities.

### Management organization



### ■ Formulation of behavioral standards

We have established the Code of Ethics to indicate the important points from an ethical perspective when taking action based on Group Philosophy and Lawson's Way. We have also established the Lawson Group Human Rights Policy, the Lawson Group Privacy Policy, and the Lawson Group Purchasing Policy to ensure business conduct throughout the Group. In addition, we have organized these into the Lawson Group C&R Handbook, which is issued to all employees in order to raise awareness.



Lawson Group C&R Handbook

### ■ Appointment of CR promotion officers

We have appointed an executive officer responsible for CR (compliance and risk) with responsibility for promoting compliance and risk management. Compliance and risk management officers (CROs) assigned to each department at headquarters and the regional offices are tasked with establishing and raising awareness of compliance measures and risk countermeasures in their respective departments and with contributing to creation of a culture that emphasizes compliance with social norms.

### ■ Full implementation of education and training

Lawson conducts compliance and risk management training for all its employees each year for the purpose of improving their ethical awareness and risk response capabilities. It has developed a training system to support structured, systematic learning, moreover, that begins with training of newly recruited employees and extends to training of newly appointed management personnel and specialized occupational training as well as compliance training for management members provided by outside instructors. Our ongoing implementation of these training programs is designed to encourage personnel in every position and with every job description to share in the problem-solving process leading to business enhancement. We are currently reviewing the program contents in light of our changing risk environment.

### ■ Establishing and raising awareness of the Consultation/ Whistleblower Hotline

In addition to Human Resources Department personnel who specialize in consulting concerning sexual harassment and abuse of power and legal personnel who provide consultations on legal matters, Lawson has established consultation contacts to receive internal notifications and provide consultations concerning compliance and risk management issues. Besides establishing the Lawson Group Outside Consultation/ Whistleblower Hotline involving law firms and other external organizations, it has created a framework for providing business partners' employees and store crew members with anonymous consultations and contacts to receive consultations from franchise owners.

Lawson is working harder today than ever to increase awareness and understanding of these services and frameworks by communicating about them with employees and other concerned parties.

### ■ Reinforced operational management and monitoring

Lawson has established the Legal Department to supervise compliance and the Risk and Information Security Management Department to supervise risk management under the CR Executive Officer's direction. These departments 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. The Risk and Information Security Management Department, jointly with the IT Department, serves as the secretariat for the Information Security Committee Meeting to further enhance information security management. Five separate subcommittees (the Food Safety and Hygiene Management Subcommittee, the BC Subcommittee, the Regional Office Crime Prevention and Disaster Defense Subcommittee, the Intellectual Property/Free Gift Labeling Measures Subcommittee and Overseas Business-related Compliance Subcommittee) have been established under the Compliance & Risk Management Committee Meeting and tasked with managing the progress of important measures while preventing the emergence of risks.

The subcommittees collaborate with the Corporate Auditors Office, receiving reports on the results of compliance audits as needed while also providing detailed guidance for implementing measures and offering proposals for improvements.

Besides awareness surveys involving all the employees, the monitoring activities extend to circulation of questionnaires among business partners concerning such matters as delivery of merchandise to stores and store construction as part of efforts to review the compliance systems from a broad perspective.

#### ■ Enhanced cooperation among Group companies

Officers responsible for compliance and risk management have been appointed by the Group companies as well, and Lawson also holds meetings of affiliated companies' compliance officers. Besides formulating codes of ethics and providing training to heighten employee awareness, it conducts the same employee awareness surveys and business partner questionnaires at the Group companies as at Lawson. The Corporate Auditors Office conducts audits of operational duties at the Group companies to provide guidance and assistance in establishing and improving their compliance, risk management and information security frameworks.



Group officer training

### Improvement of the information security framework

The “Lawson Group Personal Information Protection Policy” has been formulated to promote protection of personal information. To ensure that the relevant personnel understand specific details of the contents and are prepared to implement them, the Company publishes potential mistakes and complaints that may arise at the stores, accompanied by practical responses to them, in various manuals produced for the stores in an effort to raise awareness. Headquarters employees are tested periodically to ensure that they are all reliably following the rules based on the “Lawson Office Security Rules,” in which matters to be observed are compiled.

We have established a system for specifying methods of gathering and storing information as well as information storage periods and for designating persons responsible for handling customers' valuable information in each instance after advance checking by specialist departments.

When consigning responsibility for handling personal information to outside organizations, we require that a detailed investigation of the organization's security framework be conducted in advance and that consignment of the responsibility be made only to organizations that satisfy Lawson's conditions.

An onsite or documented inspection is conducted annually, moreover, to ensure that the conditions are maintained.

We are also evaluating our information security framework from a variety of other perspectives to ensure that it remains robust by implementing information security audits by our internal audit departments and employing specialized outside companies to carry out surveys of office security and diagnose any vulnerabilities in our information systems.



Lawson Office Security Rules

Business risks

| Main risk factors   | Risk details   | Response measures to risk, etc.  |
|---|--|--|
| Risk related to changes in economic conditions                | <ul style="list-style-type: none"> <li>Interest rate fluctuation <span>Frequency: Medium</span> <span>Impact: Low</span></li> </ul>  | <ul style="list-style-type: none"> <li>Suppress the impact of interest rate fluctuations by monitoring market trends, diversifying fund procurement sources and lending periods, and using procurement at fixed interest rates.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>Fluctuation in exchange rates <span>Frequency: Medium</span> <span>Impact: Low</span></li> </ul>  | <ul style="list-style-type: none"> <li>Mitigate the impact of exchange rate fluctuations by diversifying the contract volume and timing for products and raw materials, etc., procured overseas.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>High prices of raw materials <span>Frequency: Medium</span> <span>Impact: Low</span></li> </ul>   | <ul style="list-style-type: none"> <li>Secure substitute materials and multiple procurement channels from different production areas for the same materials.</li> </ul>  |
| Risks related to business activities                          | <ul style="list-style-type: none"> <li>Changes in business activity due to factors such as consumer trends, changing competition situation, and requests to stay at home <span>Frequency: Medium</span> <span>Impact: High</span></li> </ul>   | <ul style="list-style-type: none"> <li>Respond to changes by pursuing ideal store formats, including stronger merchandising and product lineups.</li> <li>Promote infection prevention in stores and remote working for the Company's employees.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>Food safety and hygiene management and labelling <span>Frequency: High</span> <span>Impact: Medium</span></li> </ul>  | <ul style="list-style-type: none"> <li>Work with suppliers to ensure rigorous application of quality management, hygiene management, and expiry date management, as well as appropriate labelling, from the production process through to delivery and sales.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>M&amp;As and business alliances <span>Frequency: Medium</span> <span>Impact: Medium</span></li> </ul>   | <ul style="list-style-type: none"> <li>Conduct adequate study such as third-party surveys, etc., when acquiring shares or entering business alliances, etc., and formulate accurate business plans and clear standards for withdrawal when making a decision.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>Inability to recover receivables <span>Frequency: Medium</span> <span>Impact: Medium</span></li> </ul>  | <ul style="list-style-type: none"> <li>Conduct credit investigation of new business partners as necessary and implement thorough receivables management.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>Impairment of property, plant and equipment <span>Frequency: Medium</span> <span>Impact: Medium</span></li> </ul>   | <ul style="list-style-type: none"> <li>Establish and test accurate investment profitability hypotheses when acquiring property, plant and equipment.</li> </ul>  |
| Risks related to laws and regulations, etc.                   | <ul style="list-style-type: none"> <li>Changes in various laws and regulations related to store development, store operation, hygiene management, trading, and environmental protection, etc., and changes in government guidelines in areas where stores are opened <span>Frequency: Medium</span> <span>Impact: Medium</span></li> </ul>   | <ul style="list-style-type: none"> <li>Constantly gather and analyze information about legal and regulatory revisions, etc., and respond beforehand.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>Handling of personal information <span>Frequency: Medium</span> <span>Impact: High</span></li> </ul>  | <ul style="list-style-type: none"> <li>Conduct information security measures and thoroughly promote information security measures and the Lawson Group Privacy Policy inside the Group.</li> <li>Partially transfer risk by taking out insurance.</li> </ul>   |
| Risks related to the franchise store business                 | <ul style="list-style-type: none"> <li>Cancellation of a large number of franchise agreements due to deterioration of trust with franchise store owners <span>Frequency: Medium</span> <span>Impact: Medium</span></li> <li>Impact of misconduct at a franchise store on the brand image of the entire chain and the Group's performance and financial position</li> </ul>   | <ul style="list-style-type: none"> <li>Provide sufficient information and appropriate support through daily communication with franchise stores to prevent misconduct incidents, etc., and build partnerships with franchise stores by conducting various initiatives for continued stable store operations.</li> </ul>                            |
| Risks related to the banking business                         | <ul style="list-style-type: none"> <li>Administrative measures such as stoppage of operations due to improper execution of laws and regulations applicable to Lawson Bank, Inc. or guidance from the supervisory agency <span>Frequency: Medium</span> <span>Impact: High</span></li> </ul>  | <ul style="list-style-type: none"> <li>Compliance with laws and regulations through compliance training, etc., at Lawson Bank, Inc.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>Restriction of products and services development due to new establishment, changes, or removal of laws and regulations, and guidance from the supervisory agency <span>Frequency: Medium</span> <span>Impact: High</span></li> <li>Delay in responding to environmental changes such as rapid expansion in cashless settlements and sharp decrease in cash circulation</li> </ul> | <ul style="list-style-type: none"> <li>Respond to environmental changes by sharing information through regular communication between Lawson Bank, Inc. and the Company, and examination of synergy creation.</li> </ul>  |
| Risks related to disasters, climate change, and trouble, etc. | <ul style="list-style-type: none"> <li>Physical damage to facilities such as vendors' plants or disruption of product deliveries due to natural disasters such as earthquakes, tsunamis, floods, storm surges, typhoons, and blizzards <span>Frequency: Low</span> <span>Impact: High</span></li> </ul>  | <ul style="list-style-type: none"> <li>Formulate business continuity plans (BCPs) and established business continuity management (BCM) structure.</li> <li>Ensure effectiveness of the Disaster Relief Manual and the BCP Manual by conducting disaster drills three times a year, and partially transfer risk by taking out insurance.</li> </ul> |
|   | <ul style="list-style-type: none"> <li>Temporary store closures or major changes in corporate activities, social activities, and consumer behavior due to the spread of infectious disease or related state or emergency declaration <span>Frequency: Low</span> <span>Impact: High</span></li> </ul>  | <ul style="list-style-type: none"> <li>The Lawson Group Sweeping Transformation Executive Committee will lead our challenge to respond to the new normal by anticipating new needs.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>Climate change <span>Frequency: Low</span> <span>Impact: Medium</span></li> </ul>   | <ul style="list-style-type: none"> <li>Analysis of risks and opportunities related to climate change, ascertainment of impacts on business strategy, and examination of climate change mitigation and adaptation measures.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>Information technology (IT) system trouble <span>Frequency: Medium</span> <span>Impact: Medium</span></li> </ul>  | <ul style="list-style-type: none"> <li>Strengthen IT system security and train for problem situations through multifaceted countermeasures covering technological aspects, process and human aspects, and physical aspects.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>Quality issues with products or services, incidents or accidents occurring at stores, etc., brand value decrease due to misconduct, etc., by Group executives or franchise stores, and sales downturn, etc. <span>Frequency: High</span> <span>Impact: Medium</span></li> </ul>   | <ul style="list-style-type: none"> <li>Prevent issues from arising through compliance training.</li> </ul>   |

\* Low frequency refers to a probability of the maximum conceivable risk event occurring once in 10 or more years. High impact indicates a maximum conceivable damage impact of 10 billion yen or more.

\* The above data is based on our determination as of May 25, 2021. It does not necessarily cover all of the risks related to the Group's business, and it also contains some uncertainty. Actual results may be different.

## Response to TCFD



To sustain the blessings of Earth for future generations, the Lawson Group will consider the environment in every aspect of our business activities and strive to achieve sustainable development and coexistence with local communities. We have made coexistence with local communities and striving to achieve sustainable development basic principles of our Lawson Group Environmental Policy.

Furthermore, in determining the Group's material issues, we consider the issue of climate change, which is becoming more severe year by year, to be an extremely important issue. As the core company of the Lawson Group, Lawson endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in April 2020, and we are following its recommendations to promote disclosure of information on governance, strategy, risk management, and metrics and targets.

### Governance

Lawson created the SDGs Committee in March 2019, aiming to help realize a sustainable society through its business activities. The committee meets four times a year and is under the direct supervision of the president and CEO, representative director. Its members are made up of all division managers up to the rank of director. The committee has declared its intention to engage in "sustainable environment preservation activities toward a carbon-free society," in order to realize "Environmental (Machi) friendliness." The committee is promoting the formulation of action plans with set targets (KPIs) and progress management.

A working group has been established under the SDGs Committee, tasked with promoting the disclosure of information related to climate change. The personnel in charge of management planning and accounting, who undertake business strategies, the personnel in charge of investor relations (IR), and the departments that manage risk are promoting disclosure of information related to governance, strategy, risk management, and metrics and targets, as recommended by the TCFD. The working group analyzes risks and opportunities related to climate, grasps their impact on business strategy and revises the strategy, and examines various countermeasures for

mitigating and adapting to climate change. The working group will also lead efforts to strengthen disclosure of the results of these examinations.

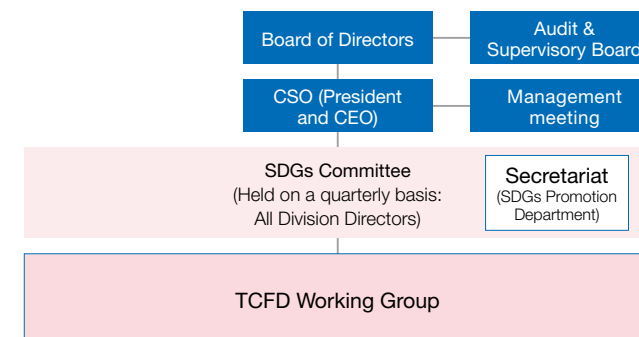
On March 1, 2021, we established the position of Chief Science Officer (CSO), which has been assumed by the president and CEO, representative director. On the same day, we also established the SDGs Promotion Department as a dedicated department to further strengthen our initiatives with a new structure.

### (1) Identification of risks and opportunities

Risks and opportunities associated with climate change include those associated with the transition to a low carbon economy, such as regulations on greenhouse gas (GHG) emissions, and those associated with the physical changes caused by climate change, such as weather disasters of increased intensity.

Lawson recognizes that these risks and opportunities will emerge at different times. In the following table, they are organized into short term (less than 3 years), medium term (3–10 years), and long-term (10 years and above) perspectives.

### Organizational structure



### Roles of the working group

- Analysis of risks and opportunities related to climate change
- Ascertainment of impacts on business strategy
- Examination of climate change mitigation and adaptation measures
- Disclosure of information regarding climate change-related initiatives

|                 |   | Main risks and opportunities   | Timing of emergence or realization |
|-----------------|---|--|------------------------------------|
| Transition risk | Introduction and increase of carbon prices                                    | Increase in store operation costs due to introduction of carbon prices   | Medium term                        |
|                 | Strengthening of GHG emissions regulations                                    | Increase in costs of raw material procurement and manufacturing due to introduction of carbon prices                                 | Medium term                        |
|                 | Increase in electricity prices  | Increase in energy cost due to increase in electricity prices  | Medium term                        |
|                 | Strengthening of fluorocarbon regulations                                     | Increase in costs of raw material procurement and manufacturing due to increase in electricity prices                                | Medium term                        |
|                 | Strengthening of plastic regulations  | Increase in investment cost for non-fluorocarbon equipment, etc., in stores  | Short term                         |
| Physical risks  | Changes in consumer lifestyles and preferences                                | Increase in procurement cost for substitute raw materials compliant with plastic restrictions  | Medium term                        |
|                 | Degradation of brand image due to delayed response to environmental awareness |  | Medium term                        |
| Opportunities   | Increased severity of weather disasters                                       | Damage due to flooding in stores, decrease in sales due to suspension of operations  | Short term                         |
|                 | Average temperature increase  | Increase in electricity usage at stores, distribution centers, etc.  | Long term                          |
| Opportunities   | Introduction and increase of carbon pricing                                   | Decrease in raw material procurement costs due to increased efficiency in suppliers' business processes and facilities               | Medium term                        |
|                 | Technological development in renewable energy                                 | Decrease in transport cost due to increased efficiency in logistics  | Medium term                        |
|                 | Changes in consumer lifestyles and preferences                                | Decrease in energy cost due to installation of reduced-cost solar cells  | Long term                          |
|                 | Average temperature increase  | Increase in sales due to development of environmentally conscious products and services  | Medium term                        |
|                 |   | Increase in sales due to development of products and services tailored to changes in customer preferences due to higher temperatures | Short term                         |

**(2) Scenario analysis**

We are conducting scenario analysis for the entire Group regarding the impacts on business of risks and opportunities. To begin, we have started scenario analysis on the following analysis targets.

|                             |   |
|-----------------------------|---|
| <b>Target businesses</b>    | Domestic convenience store business   |
| <b>Scope of analysis</b>    | Lawson and franchise stores   |
| <b>Analysis period</b>      | 2030, 2050  |
| <b>Analysis target</b>      | Impact on stores of the increase in store operation costs due to carbon price introduction, increase in energy cost due to increased electricity prices, and increased intensity of weather disasters |
| <b>Referenced scenarios</b> | IEA WEO 2019, SDS STEPS (2°C), CPS (4°C) IPCC Fifth Assessment Report, RCP2.6 (2°C) RCP8.5 (4°C)  |

**Carbon prices and energy cost**

We conducted a scenario analysis of the case where Lawson conducts initiatives to save energy, which it is implementing as a material issue, and the case where it does not conduct the initiatives, taking into account the future carbon prices, electricity sector emissions, and projected electricity prices. We also conducted an analysis of the procurement cost of the renewable energy needed to achieve 100% reduction in CO<sub>2</sub> emissions per store by 2050, which Lawson has set as an initiative for promoting the SDGs. The result of this analysis indicates that if a carbon price of \$100 to \$140 per ton of CO<sub>2</sub> were introduced to keep the increase in temperature below 2°C at both 2030 and 2050, even taking into consideration a decrease in emissions factors for the electricity sector due to decarbonization, the Company will experience a certain amount of financial impact if it does not take measures to reduce energy consumption.

On the other hand, if the company has taken steps to save energy, it will be able to reduce not only the store operation cost due to introduction of carbon prices, but also electricity charges, allowing the financial impact to be controlled within a tolerable range. Furthermore, to achieve a 100% reduction in CO<sub>2</sub> emissions per store by 2050, we must not only promote energy saving, but also procure renewable energy. We found that although the fluctuation in procurement prices causes a small variation in the impact amount, the financial impact can be controlled within a tolerable range.

**Weather disasters**

Our analysis results shows that the financial impact of increased flood damage under both the 2°C and 4°C scenarios through to 2050 is limited and within a tolerable range. On the other hand, an analysis by region showed that there are some cases where stores are located in areas with high risk of water damage. We will therefore examine further disaster prevention countermeasures going forward.

**(3) Policy and initiatives going forward based on analysis results**

Lawson has identified climate change-related risks and opportunities, and conducted analysis of their impact on business based on the 2°C and 4°C scenarios. This initiative has only just started, and it will be necessary to further enhance and examine the content of the initiative going forward.

In addition, with the recent increase in momentum on climate change issues around the world, there has been significant activity in Japan and globally in terms of creating policies, laws, and regulations regarding climate change. Under these conditions, we will work to revise our business strategies and increase the accuracy of our analysis, partly to promote countermeasures that contribute to climate change mitigation and adaptation. Furthermore, by disclosing the results of this analysis, we aim to respond to the demands of our stakeholders.

**Metrics and targets**

We are pursuing steady efforts to achieve the KPIs we determined in fiscal 2019 with respect to the issues and conditions faced in the social environment in 2030. Furthermore, in an effort to contribute to the formation of a decarbonized society and the vision of the SDGs, we have taken on the challenge of even higher targets (reducing CO<sub>2</sub> emissions, reducing food waste, reducing plastic) in our environmental vision, Lawson Blue Challenge 2050! – “Save our blue planet!”

**KPIs**

| Reducing CO <sub>2</sub> emissions |   |
|------------------------------------|---|
| 2030                               | Reduce CO <sub>2</sub> emissions per store by 50% v. 2013 levels (Target revised upward in June 2021) |
| 2050                               | Reduce by 100%  |
| Reducing food waste                |   |
| 2030                               | Reduce food waste by 50% v. 2018 levels   |
| 2050                               | 100% reduction of the same  |
| Reducing plastic                   |   |
|                                    | Reduce plastic for containers and packaging by 30% v. 2017 levels                                     |
| 2030                               | Use 50% eco-friendly materials for plastics used in original product containers and packaging         |
|                                    | Reduce plastic shopping bags by 100%  |
| 2050                               | Use 100% eco-friendly materials for plastics used in original product containers and packaging        |

## Responses to emergencies

Lawson places particular emphasis on “food safety and hygiene management,” “information security” and “disaster relief,” 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 five subcommittees are convened under ordinary circumstances to assess risks and to formulate and promote measures to avoid them and prevent their occurrence.

Should a serious risk situation arise, an Emergency Risk Management Committee is organized to resolve issues swiftly and minimize damage. Once the problems have been resolved, the Company analyzes the factors contributing to the occurrence and reviews and improves the relevant measures to prevent any recurrence.

We are reinforcing our emergency response capabilities, moreover, 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 when emergencies involving serious damage occur.

### “Resilience Certification”

**Lawson is certified as an enterprise that contributes to the building of national resilience against disasters.**

In accordance with the “Guidelines relating to certification of groups contributing to the building of national resilience against disasters” established by the National Resilience Promotion Office, Cabinet Secretariat in February 2016, Lawson was recognized by the Association for Resilience Japan as the first convenience store to contribute to the building of national resilience against disasters.



## Assuring continuity of business operations

### Fundamental policies and objectives for maintaining BC

Interruption of important business activities shall be avoided, even when emergency situations involving serious damage occur, while maintaining a priority on securing people’s safety and wellbeing. Even if business operations are unavoidably interrupted, critical functions shall be resumed quickly in order to avoid undermining our customers’ satisfaction or corporate value.

#### ■ Three main goals for maintaining BC

##### • Fulfilling Lawson’s mission as a “community lifeline”

We will endeavor to ensure uninterrupted provision of products and services to customers by keeping stores open whenever possible.

##### • Continuation of the franchise business

We will determine specific periods and methods for resuming operations and maintain the requisite level of franchise headquarters operations.

##### • Securing appropriate earnings

We have implemented measures in consideration of the impact emergencies could exert on earnings and of social conditions in order to secure an appropriate level of earnings necessary to the Company’s survival.

Practical procedures are compiled in the BCP, and we are pursuing efforts to establish a BC framework in line with the BCP, and to sustain and enhance it, as important issues for management.

### Mechanism for enhancing BC capabilities

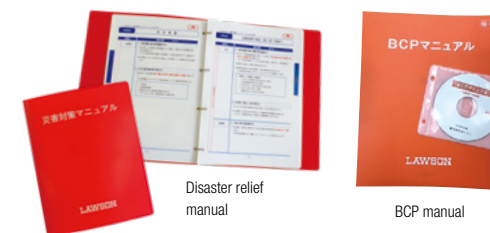
Activities conducted to improve response capabilities are essential for sustaining a corporate climate adapted to responding sensitively to a variety of crises. Lawson is continually reviewing such business components as “hardware” factors involving office buildings and lifelines, “software” factors involving its BCP and manuals, and “skills” factors involving employees

and franchise stores. The Company uses its findings to implement improvements in crisis response capabilities throughout the Group.

### Formulation of the Disaster Relief Manual and BCP Guidelines

Lawson has formulated the “Disaster Relief Manual” defining the approach toward disaster relief and the standard of conduct of the organization and its employees in the event of a disaster. There are different versions of the manual, “Concept of Operations,” “Initial Actions,” and “Response and Recovery Actions,” in which the response rules and procedures for measures according to the disaster level for all employees and the entire organization are described.

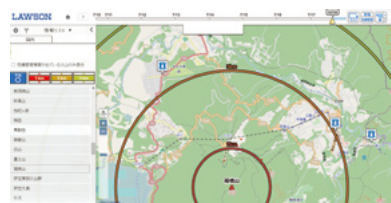
Additionally, in the event of a major incident impacting the headquarters operations, to ensure the continuance of important business activities as the franchise headquarters, we have formulated the “BCP manual” defining the organization’s standard of conduct. The BCP manual describes the operating procedures, etc., in the occurrence of the Tokyo Inland Earthquake.



## Disaster preparedness and response

When large-scale disasters occur, our first priority is to confirm the safety of Lawson employees and our franchise owners and crews. Lawson conducts Companywide training three 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.

When disasters occur, disaster relief headquarters are set up immediately in three locations in the affected area: headquarters, regional offices and local sites. Lawson 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 date.



Disaster Information Map System  
A comprehensive Disaster Information Map System for mapping disaster information in real time. The information is monitored and collected 24 hours a day, 365 days a year.

## Response to torrential rains in July 2020

In July 2020, torrential rains in Kumamoto Prefecture forced many stores to suspend their operations.

In the carparks of stores whose operations were suspended due to flooding inside, we sold products from mobile sales vehicles (rice balls, bakery items, daily necessities, etc.).



Lawson mobile sales vehicle

## Cooperation with local governments at times of disaster

In its capacity as a community lifeline, Lawson is making progress toward concluding agreements with local governments concerning cooperation in the provision of goods and assistance to stranded commuters in times of disaster.

### <Entities concluding agreements on provision of goods in times of disasters\*>

- Local governments: 47 prefectures, 23 cities and wards
- Mass transit systems: 11
- Electric power companies: 4
- Others: Tokyo Fire Department and Japan Ground Self-Defense Force, fuel companies

### <Entities concluding agreements on assistance to stranded commuters\*>

- Local governments: 43 prefectures, 10 ordinance designated cities

\* As of June 1, 2021

### Appointment to the designated public institution based on the Disaster Countermeasures Basic Act

As of July 1, 2017, Lawson was appointed a designated public institution by the Prime Minister based on Article two, Item five of the Disaster Countermeasures Basic Act.

During times of normal operation, the Company formulates disaster prevention work plans, conducts disaster drills and stockpiles goods and materials in preparation for playing an important role in disaster prevention, emergency response and restoration. In so doing, it works closely with the relevant government and municipal offices.

## Crime prevention at stores

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. In addition to the following measures implemented by headquarters, we are cooperating with the police and the Japan Franchise Association in efforts to prevent crimes against the convenience store industry as a whole.

### Actions taken as crime prevention measures

#### 1. Promotion of security camera installation

Security cameras are installed at every store to discourage potential perpetrators from committing crimes and to support investigations that may lead to the arrest of perpetrators in the unlikely event an incident should occur. We have upgraded to a digital security camera system, moreover, which provides sharper images and improved recording capabilities.

#### 2. Creation of an environment for store crew education

Reminders to raise awareness of crime prevention are distributed for display on POS cash registers and store computers, and crime prevention DVDs are also delivered to stores for use in educating their store crew members. Various tools and manuals, such as crime prevention self-check lists, have also been prepared.

#### 3. Enhancing guidance provision during patrols

In addition to the regular store patrols, we also provide crime prevention support for stores during late-night and crime prevention patrols to raise awareness together with franchise stores.

#### 4. Conducting crime prevention drills

Employees are trained under police direction in methods of responding to robberies, including throwing of anti-crime color paintballs. In recent years, we have also been conducting special fraud prevention drills.



A DVD on measures to prevent robberies and other crimes



A crime prevention self-check list