

Corporate Citizenship Report 2010



Happiness and Harmony
in Our Community



Corporate Philosophy

Happiness and Harmony in Our Community

Code of Conduct

Acting with utmost consideration for others
Challenging with innovative ideas and actions
Having a strong will to attain the objectives



•From the Editorial Team

LAWSON cares deeply about the health of our planet and local community life, and endeavors to contribute to both society and the environment in various ways based on its corporate philosophy of working for “happiness and harmony in our community.” This report — our 12th — presents our initiatives for working with and for society and the environment in three key parts focusing respectively on the environment, local communities, and people. Each part contains special features and other information on the ways in which we are striving to help create a sustainable society, and on our relationship with our customers, franchise owners and store crews, business partners and society as a whole, laid out in what we hope is an easy readable format. We sincerely hope that this report will help you to understand the ways in which we are working for the betterment of our society.

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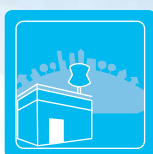
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Caring for Our Planet

We are committed to addressing environmental issues so as to leave the Earth in a healthy state for future generations.

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Enriching the Community

We seek to create stores that add to the happiness and harmony of local communities.

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Motivating People

We strive for broader and closer communication with our franchise owners, store crews and all other members of the LAWSON family.

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• Scope of Report

Scope: This report focuses on LAWSON as a parent company, its franchised stores and specific affiliated companies, and includes examples of the cooperative efforts of our business partners involved in logistics, manufacture of food products and waste management.

Period: The primary period covered by this report is fiscal 2009 (March 1, 2009 through February 28, 2010), but information on activities from previous fiscal years and fiscal 2010 has been included where appropriate.

Date of Issue: October 2010 (previous report: August 2009; next report: planned for July 2011)

Reference Guidelines: Environmental Reporting Guidelines (fiscal 2007 version, Japan's Ministry of the Environment)

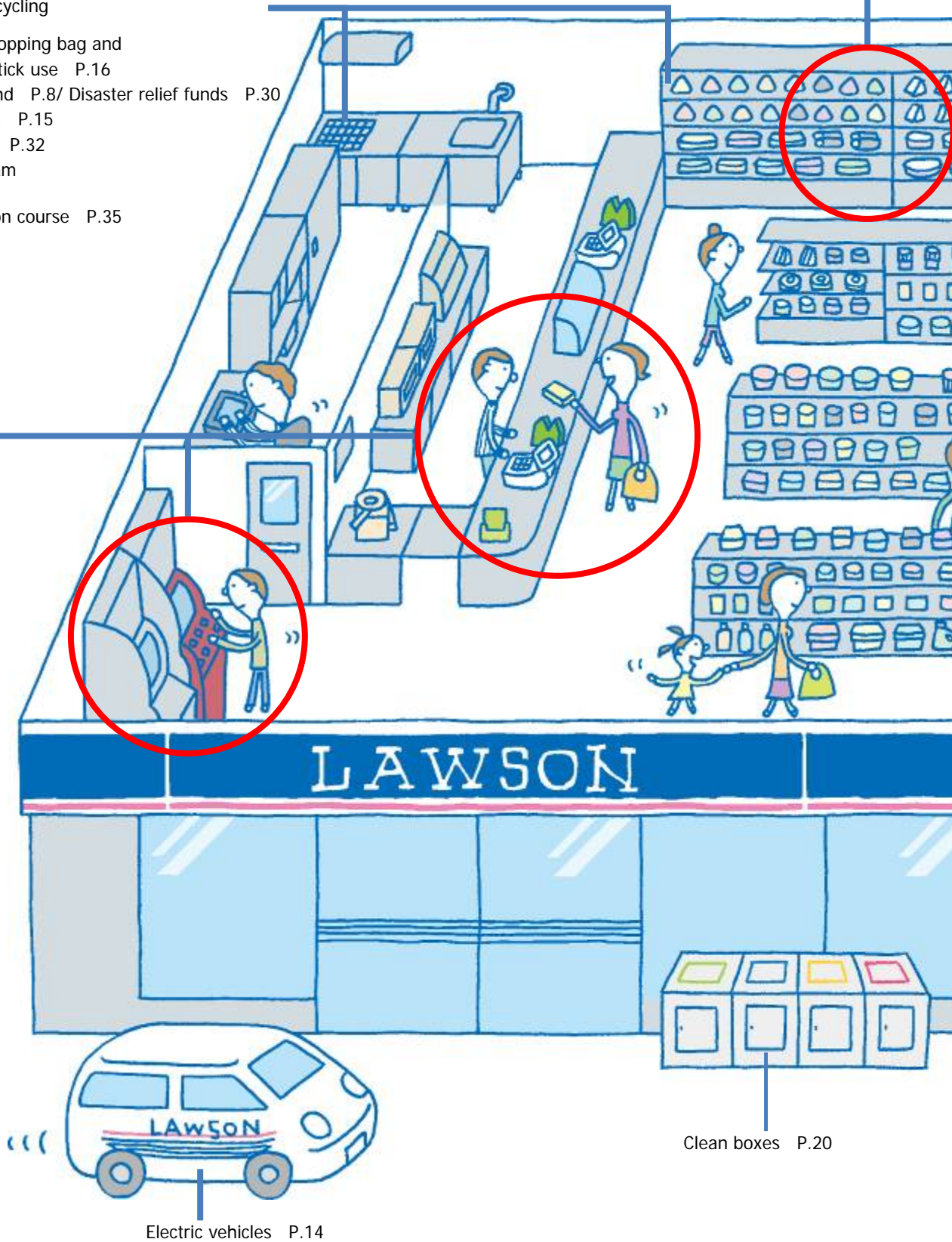
LAWSON Stores: Environmental Protection

LAWSON works with others in society to implement initiatives aimed at protecting the environment and contributing to society. These efforts are evident in many different areas of store operation.

Food recycling (into animal feed and compost) P.19
Used cooking oil recycling

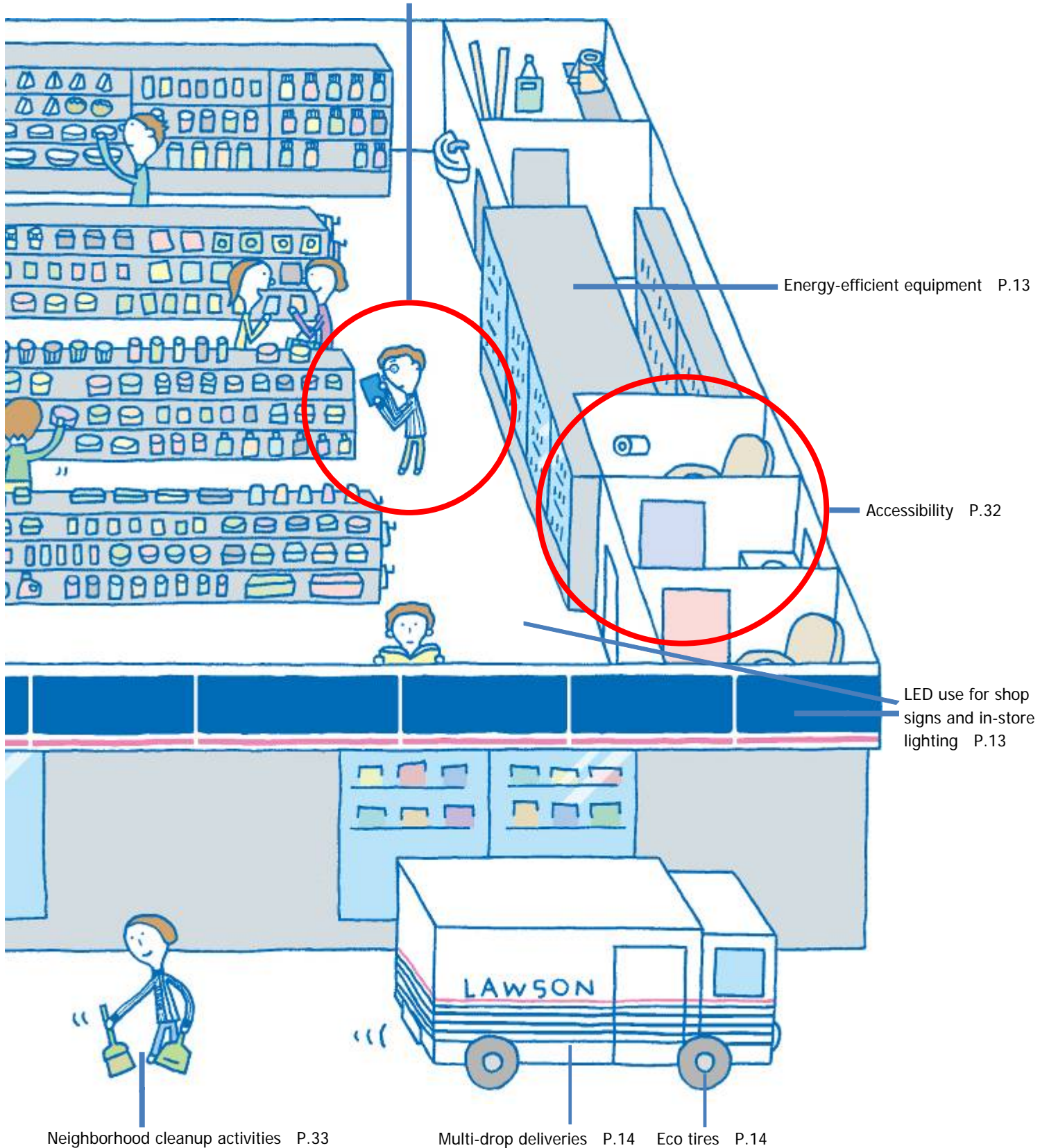
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and Corporate Citizenship Activities

Dynamic order terminal rechargeable battery recycling P.18
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Serving Society through Our Business, and Working for Happiness and Harmony in Our Community

Why Enterprises Exist

What exactly are enterprises for? This was the theme of a preconference workshop in which I participated in November 2009 at the World Economic Forum Annual Meeting held every year in Davos, Switzerland.

The excessive pursuit of profit led to the collapse of Lehman Brothers and a global financial downturn from which countries throughout the world are still struggling to recover. With this failure of American-style capitalism, we find ourselves in a period of transition away from the all-out pursuit of profit to a stance that puts greater priority on working with and for society. Given these circumstances, reexamining the *raison d'être* of enterprises from the ground up struck me as being a particularly meaningful exercise. I am of the opinion that it is society that gives enterprises their meaning, and that a company will prosper if people are better off for its presence. I believe that we are facing a new era of capitalism in which no enterprise can survive unless it serves society.

The LAWSON Group celebrated its 35th birthday this ↗

↘ year. Under our corporate philosophy of working for happiness and harmony in our community, we have striven to serve society through our business by supplying fresh, safe food products and providing convenient new services, and it is precisely because of this focus on serving society that we have generated a profit and succeeded in keeping our business going. As we go about our business, we will continue to ask ourselves whether we are serving society and our customers, and ponder the kind of enterprise we want to be in ten or twenty years' time.

What role can we play, for example, in helping to protect the health of the people living in the local communities in which we operate as Japan's population ages? We're currently experimenting with a videophone system in the pharmaceutical product sales section of some of our stores that customers can use to consult directly with pharmacists. The system will cost us, but I feel that it's something that we need to do in an increasingly aged society.

Towards the Environmental Economy

As capitalism enters a phase of transition, we are seeing a major shift in the global paradigm away from unlimited growth and towards the environmental economy. Enterprises will no longer be allowed to burn masses of fossil fuels and emit CO₂ in the pursuit of profit, and will instead be expected to pool their resources to leave the Earth in a healthy state for future generations. More specifically, we will see a shift away from a fossil fuel-driven economy to one based on solar and other renewable sources of energy. Electric vehicles (EVs) will be a major driving force behind this shift. To help promote the spread of EVs, in fiscal 2009 we started to equip all of our supervisors with such vehicles for doing the rounds of stores they are ↗

↘ responsible for. We are also aiming to equip more and more stores with battery chargers to help build the infrastructure that will enable customers to switch to EVs with confidence.

Other initiatives include the installation of LED lighting and other cutting edge energy-saving technology in our stores, and joint research with the University of Tokyo to develop even more energy-efficient stores. We hope that these efforts will enable us to achieve our self-imposed target of reducing CO₂ emissions based on electricity consumption per store to 10 percent below the fiscal 2006 level by fiscal 2012.

New LAWSON Group Environmental Policy

We provide our customers with opportunities to participate in protecting the environment as they shop through our Bring Your Own program to reduce the use of plastic shopping bags and disposable chopsticks by encouraging customers to use their own bags and chopsticks, our CO₂ Offset program to help customers reduce their own CO₂ emissions, and the LAWSON Green Fund to support forest improvement activities. Preserving biodiversity is a particularly important issue, and through the LAWSON Green Fund, we work with our customers to help conserve forest for future generations. As an operator of convenience stores that have become an integral part of local communities, we ↗

↘ seek to provide our customers with ideas for contributing to the environment through their everyday lives, and to work with them to protect the environment and create a low-impact, low carbon society.

These efforts are underpinned by our strong desire to work for happiness and harmony in our community. As one way of better achieving this wish, we drew up a new LAWSON Group Environmental Policy in June of this year. Based on this policy, we will continue our efforts to consider the environment in all aspects of our business and to work for the local communities in which we operate.

Balancing Oriental Business Philosophy with Western Capitalism

One thing that cannot be overlooked in implementing environmental management is economic practicality. Enterprises cannot survive without generating a profit, and need to take a business-oriented approach to environmental issues and ensure that they tackle them in a way that does not endanger the continuity of their business operations.

At the same time, however, enterprises need to exercise discipline and put priority on working with and for society rather than devoting themselves single-mindedly to the pursuit of profit. Eiichi Shibusawa, who is known as the father of Japanese-style capitalism, famously said that "The abacus should go hand in hand with the Analects of Confucius." Shibusawa was, in other words, espousing the importance to business of a sense of ethics in the mold of the Analects, and the need for enterprises to work with and for society. The sustainable enterprise is one that generates profits through satisfying its customers and becomes an indispensable part of society by contributing to that society through its business.

We are still facing a tough business climate, but we can grow only by setting our sights on the next innovation frontier and committing ourselves to the development that will shape our future. Taking Shibusawa's abacus and Analects adage to heart, we at the LAWSON Group will strive to contribute to the happiness of customers in the local communities in which we operate through leveraging technology to boost our role as a new infrastructural component of society.



Takeshi Niinami
President and CEO, LAWSON, INC.

Leaving the Earth in a Healthy State for Future Generations

The New LAWSON Group Environmental Policy

Our Environmental Policy constitutes the basis and driving force for our environmental protection activities. We reviewed our previous LAWSON Environmental Policy from the perspective of protecting biodiversity and mitigating global warming, and in June 2010 adopted a new LAWSON Group Environmental Policy to demonstrate our commitment to tackling environmental issues on a group-wide basis.

The new Environmental Policy states our commitment to considering the environment in all aspects of our business and to working with and for the local communities in which we operate. By applying this Environmental Policy to our business activities, we will seek to help leave the Earth in a healthy state for future generations.

The LAWSON Group Environmental Policy

Basic Commitment

The LAWSON Group is committed to leaving a rich world for future generations. We will consider the environment in every aspect of our business activities and strive to achieve sustainable development and coexistence with local communities.

Policies

1. Helping build a low-carbon society

To help combat global warming, we will work in our business activities to conserve energy and resources, and to reduce waste.

2. Considerations in the development of products and services

We will give proper consideration to the effect on the natural environment and local communities at every stage in the cycle of products and services, from procurement of raw materials, through to sales and disposal.

3. Active participation in social contribution activities

We will actively participate in social contribution activities, getting involved as a member of local communities in efforts to promote greenery and beautification of local areas, and other initiatives.

4. Continuous improvements

We will strive to preserve the environment by utilizing our environmental management systems to make continuous improvements, which will be measured against objectives and targets.

5. Observing laws and regulations

We will observe laws and internal rules relating to environmental preservation activities.

6. Promotion of communication

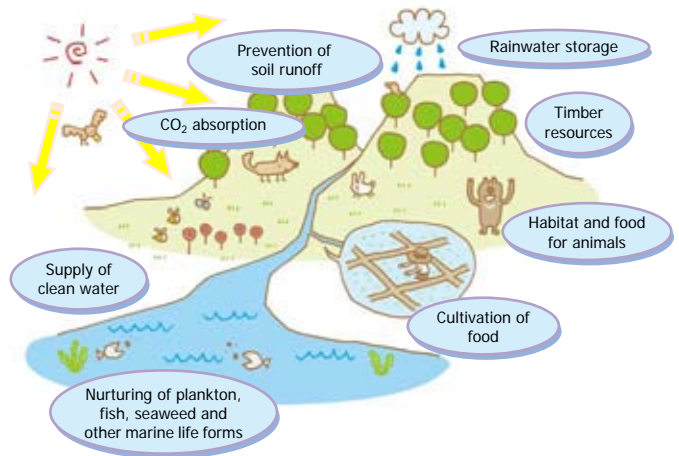
We will foster greater awareness about environmental preservation by promoting education, and will also promote communication with stakeholders.

What is Biodiversity?

The Earth is made up of grasslands, forests, oceans and many other kinds of habitat that are home to over 10 million species interacting in myriad ways to create ecosystems. Nature is shaped by many different relationships between organisms, from the relationship between herbivores and the carnivores that prey on them to symbiotic relationships existing between, for example, bees that collect nectar from flowers, and the plants whose flowers are pollinated by those bees. We human beings too depend on the bounty of the Earth for food, water, timber and other resources essential to our everyday lives.

The diversity of life forms interacting with and depending on each other is known as biodiversity. In addition to species biodiversity, there is also ecological and genetic biodiversity, and the way in which all types of biodiversity are declining as a result of explosive human population growth and concomitant urban development, overexploitation of resources, global warming and other consequences of human activity has become a major problem.

A healthy natural environment marked by closely interwoven relationships between a diversity of life forms



Protecting Biodiversity

To protect biodiversity, the LAWSON Group conducts all of its business activities from procurement of raw materials to sale of products and disposal of waste in a way that minimizes impact on the environment and local communities. We focus in particular on forest improvement activities.

Forests absorb and store CO₂, prevent landslides, supply clean water, provide habitat and food for animal life, and serve in many other ways too as indispensable habitat for preserving biodiversity. We launched the LAWSON Green Fund in 1992 to help ensure the survival of precious forest resources, and donations by customers along with LAWSON headquarters donations over the past 19 years amounted to 3.01 billion yen as of the end of February 2010.



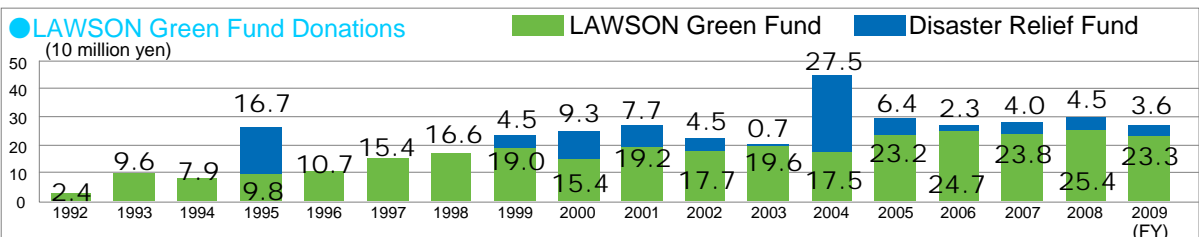
These donations have supported a great many forest improvement projects undertaken by NPOs both in Japan and overseas through the National Land Afforestation Promotion Organization. Franchise owners, store crews and employees have also participated in some of these projects and played a part in the protection of biodiversity. As of the end of February 2010, we have also supported 199 school greening projects nationwide.

● LAWSON Green Fund Activities Overview

Donations	3.01 billion yen
Projects supported	2,298 locations in Japan and overseas
Area covered*	5,704 hectares
No. of trees in improved forest stands*	approx. 14.25 million

(From September 1992 to the end of February 2010)

Note: Area and number of trees are calculated from LAWSON Green Fund donation totals and past results of LAWSON Green Fund activities.



Note: Lawson Green Fund collection boxes are replaced for a period by Disaster Relief Fund collection boxes in the event of a major disaster (see P.30 for information about Disaster Relief Funds).



LAWSON Flower and Greenery Day

Out of a wish to see local communities bedecked in flowers and greenery, we have designated the third Sunday in May as “LAWSON Flower and Greenery Day.” On this day, we hand out packets of seeds to customers at LAWSON Group stores throughout the country. In 2010 we offered customers a choice of sunflower or morning glory seeds, handing packets out to approximately 1.05 million customers at 9,790 stores nationwide.

Since 2000, we have also used this day to restore the rich ecosystem of a 34 hectare tract of typhoon-damaged forest on the slopes of Mt. Fuji, Japan’s most famous landmark, by using the LAWSON Green Fund to support tree-planting and other forest improvement activities by NPOs and others.



Mt. Fuji forest watching event



Packets of seeds handed out to customers



Forest improvement activity



Participating in the Umi-no-Mori (Sea Forest) Project to Transform Reclaimed Land in Tokyo Bay into a Beautiful Forest

The LAWSON Group has been participating since 2009 in the Umi-no-Mori (Sea Forest) project to transform reclaimed land made from waste and surplus soil in Tokyo Bay into a beautiful



How the forest will look when completed

forest through donations by the public and the planting of saplings by volunteers. Under the project, about 88 hectares of the Inner Central Breakwater Reclamation Area are being planted with 480,000 Japanese Chinquapin (*Castanopsis sieboldii*), tabunoki (*Machilus thunbergii*), enoki nettle (*Flammulina velutipes*) and other species.

We endorsed this project, and used our LAWSON Green Fund as a vehicle for collecting donations for it at about 900 of our Tokyo stores from June to the end of August in 2009. We collected a total of 6.26 million yen — enough to purchase 4,500 saplings — for the project, and on March 28, 2010, about 200 franchise owners, headquarters employees and their families planted the saplings.

We will continue to support this project, which is turning a desolate landscape into a beautiful forest inhabited by insects, birds and other small animals. The forest will also draw winds from the sea and channel them toward the city.



Impressions of a community greening project participant

“I’d like customers to know how their donations are being used.”

Yukari Shibata
Store Manager,
LAWSON Hayama
Kamiyamaguchi Store



I participated in the Umi-no-Mori and Mt. Fuji projects for the first time this year. Planting

trees and learning about forests in places that I couldn’t normally visit was an unusual experience that I thoroughly enjoyed. The more I learned, the more I wanted to take part again.

Recently I was surprised to find out that my daughter’s elementary school pruned its cherry trees and planted saplings with support from the LAWSON Green Fund. Collecting donations from all of our shops really does make all sorts of activities possible. I’d like customers to know more about how their donations are being used, and I want to see if I too can do something to let them know.



Two Groups Awarded Prize in Contest for Corporate Activities on Biodiversity

The LAWSON Group supported the first Contest for Corporate Activities on Biodiversity held in Minato-ku, Tokyo in June 2010 by presenting a LAWSON Green Fund Prize to two organizations in recognition of their activities. This contest was newly established as one of the projects of the National Commission of International Year of Biodiversity to give publicity to enterprises and volunteer organizations involved in practical activities for the protection of biodiversity or sustainable use of resources and so forth, and to pay recognition to particularly outstanding activities.

Prizewinner Comment

“We want to leave a rich natural environment for future generations.”

Hitomi Tanaka, Representative Director,
Tsukuba Environment Forum

We at the Tsukuba Environment Forum see Mt. Tsukuba and the surrounding lowland woodlands as comprising a single natural environment and seek to protect that environment as a whole under our motto of "Coexistence between Nature and People." In addition to growing paddy rice and tidying *satoyama* (exploited woodlands around rural communities), we also put priority on environmental education such as field-based nature classes for small children and their mothers to learn first-hand about the workings of nature.

We have received financial assistance from the LAWSON Green Fund since 2007, and we've also been much encouraged by the participation of franchise owners and employees. Our mission is to preserve biodiversity for future generations, and since this prize shares the same objective, we are very grateful for .



We supported this contest to inform a wider audience about the greening projects supported by the LAWSON Green Fund, and to raise awareness about the importance of protecting biodiversity through forest improvement. Using funds from the LAWSON Green Fund, we selected two groups whose activities were particularly outstanding as recipients of the LAWSON Green Fund Prize.

We will continue to support the further expansion of greening and forest improvement activities both in Japan and overseas.



Award Ceremony of the Contest for Corporate Activities on Biodiversity

LAWSON Green Fund Prize

Funded Projects Category

- Tsukuba Environment Forum (NPO)
Mt. Tsukuba/Kasumigaura Watershed Forest Project



School Greening Category

- Shiga Prefectural Kora Special Needs School
Fruit Tree-Lined Path



Participation in Greening Projects in Fiscal 2009

Projects participated in

97

Forest improvement 47
School greening 50

Participants

933

 people

Hokkaido Region

Hokkaido	Sapporo	Mt. Moiwa Forest Restoration Project
	Sapporo	<i>Mori no Gakko Genki no Mori</i> Forest Project
	Asahikawa	Taiyu Elementary School
	Muroran	<i>Mottainai Kids Muroran Kodomo-kai</i> 50th Anniversary Tree Planting Project
	Kushiro	Hokkaido Kushiro Special Needs School
	Obihiro	Morinosato Elementary School
	Sunagawa	"One Tree Per Person" Ishikari River Basin 3 Million Tree Planting Project
	Nanae	Nanae Beautiful Forest Project
	Mori	<i>Genki no Mori</i> Forest Project
	Otobe	Otobe Forest, River and Sea Beautification Project Tree Planting Day
	Yoichi	<i>Nobori/Tanken no Mori</i> Forest Improvement Project

Toyama Prefecture	Toyama Takaoka	Okubo Elementary School Coastal Area Greening and Coastal Improvement Project
	Takaoka	Futatsuka Elementary School
Ishikawa Prefecture	Tsubata	Woodland Resource Utilization Based Forest Improvement Through Forest Thinnings Volunteer Project
	Tsubata	Haginodai Elementary School
Fukui Prefecture	Fukui	Jjirasato Restoration Historic Roads Forest Project
	Fukui	Houei Elementary School
	Ono	Kamisho Elementary School
Yamanashi Prefecture	Koshu	Yamato Elementary School
	Fujikawaguchiko	Kawaguchiko Shizen Gakko Forest Trekking and Forest Experience
Nagano Prefecture	Azumino	Woodland Treasure Future Inheritance Project
Gifu Prefecture	Ogaki	Koubun Junior High School
	Takayama	Miya Elementary School
	Gujo	Pilot Project Fostering Leaders to Improve Plantation Forests Through Creation of Forest Thinnings Products

Yamaguchi Prefecture	Yamaguchi	Hirakawa Elementary School
	Yamaguchi	Hikami Sanno Shrine Ruins Improvement Project

Shikoku Region

Tokushima Prefecture	Komatsushima	Shibata Elementary School
	Yoshinogawa	Kamojima School for Special Needs Education
Ehime Prefecture	Matsuyama Imabari	Hiura Elementary School Imabari Area Residents and Future Leaders Tonda River Watershed Forest Project
	Iyo	Midori Elementary School
Kochi Prefecture	Kochi	Kochi Forest Volunteer Festival
	Tosa	Tosacho Elementary School
	Ino	Thinnings Utilization Forest and Mountain Village Restoration Project

Kyushu Region

Fukuoka Prefecture	Kitakyushu	Kitakokura Elementary School
	Kitakyushu	Ikawa Elementary School
	Kitakyushu	Otani Elementary School
Nagasaki Prefecture	Sasebo	Sasebo Hundred Year Forest Tree Planting Festival
	Hirado	Tabira Higashi Elementary School
	Matsuura	Osaki Elementary School
	Iki	Ishida Elementary School
Miyazaki Prefecture	Nobeoka	Himeshara Joint Forest Tree Planting Festival
Kumamoto Prefecture	Asagiri	Global Warming Mitigation Forest Improvement Project
Kagoshima Prefecture	Kagoshima	Sakurajima <i>Donguri Korokoro</i> Tree Planting Festival
	Minami-kyushu	Forest Thinning for Watershed Forest Protection Global Warming Mitigation Project
	Isa	Fresh Water Conservation Forest Project
	Kamou	Beautiful Hometown Forest Project
	Minami-osumi	Dai-ichi Sata Junior High School
Okinawa Prefecture	Nanjo	Sashiki Elementary School
	Kunigami	Shurijo <i>Koji no Mori</i> Forestation Project

Tohoku Region

Aomori Prefecture	Aomori	Okunai Elementary School
	Fukaura	Omagoshi Area Pine Sawyer Beetle Eradication Project Tree Planting Festival
Iwate Prefecture	Morioka	School for the Disabled Affiliated with the Faculty of Education, Iwate University
	Iwate	Ikkatai Elementary School
Akita Prefecture	Akita	<i>Mottainai Kids</i> Afforestation Project Akita Tree Planting Day
	Kitaakita	Takanosu Chuo Elementary School
Miyagi Prefecture	Ishinomaki	Coexisting with Wildlife Forest Conservation Project

Shizuoka Prefecture	Hamamatsu	Seibu Special Needs School
	Fujinomiya	Mt. Fuji LAWSON Forest Project
	Kakegawa	Tokinosu Forest Restoration Project
Aichi Prefecture	Seto	Sanage Forest Volunteer Project
	Kariya	Ogakie Higashi Elementary School
	Chita	Souri Elementary School
Mie Prefecture	Tsu	Kawai Elementary School
	Nabari	Suzurandai Elementary School
	Inabe	Project for Effective Utilization of Forest Thinnings and Materials for Abandoned Forest Restoration

Kinki Region

Shiga Prefecture	Yasu	Forest Volunteer Project
	Kora	Kora Special Needs School
	Takatsuki	Nanasato Elementary School
Kyoto Prefecture	Joyo	Joyo City Cultural Center Tree Planting Project
	Oyamazaki	Oyamazaki Elementary School
Nara Prefecture	Yamato-koriyama	2 nd <i>Manyo no Mori</i> Tree Planting Festival
	Uda	Utano Elementary School
Osaka Prefecture	Osaka	Hirano Elementary School attached to Osaka Kyoiku University
	Suita	Suita Dai-ni Elementary School
	Katano	Woodland Bamboo Forest Improvement and Tree Planting
Hyogo Prefecture	Shinonsen	Okuhatta Elementary School

Kanto Region

Ibaraki Prefecture	Hitachiota	Zuiryu Elementary School
	Tsukuba	Mt. Tsukuba/Kasumigaura Watershed Forest Project
Gunma Prefecture	Numata	Tambara Kogen Beech Tree Restoration Forest Improvement Volunteer Project
	Minakami	Momono Elementary School
Saitama Prefecture	Hanno	Agano Forest Restoration Project
Tokyo	Hachioji	Takao Forest Tree Planting Festival
	Tachikawa	Matsunaka Elementary School
Kanagawa Prefecture	Yokohama	Azuma Elementary School
	Isehara	Ishida Elementary School
	Hadano	Thousand Year Forest of Life Project Tree Planting Festival
	Atsugi	Sanda Elementary School
	Nakai	Bamboo Forest Improvement and Shiitake Mushroom Growing Log Experience
Chiba Prefecture	Sodegaura	Otsuki River Basin Woodland Restoration Project

Chugoku Region

Shimane Prefecture	Matsue	Woodland Restoration and Local Energy Production and Use Project
	Utsunomiya	Nishi Elementary School
Okayama Prefecture	Okayama	Saidaiji Elementary School
	Akaiwa	Eco-Camp 2009
Hiroshima Prefecture	Fuchu	Ashida River Watershed Forest Project and <i>Midori no Kyoshitsu</i> Local Afforestation Project



Forest Volunteer Project (Yasu, Shiga Prefecture)

Caring for Our Planet



The LAWSON Group's Position on the Environment

The LAWSON Group positions the creation of a low carbon society as a major management priority, and actively pursues policies to reduce CO₂ emissions.

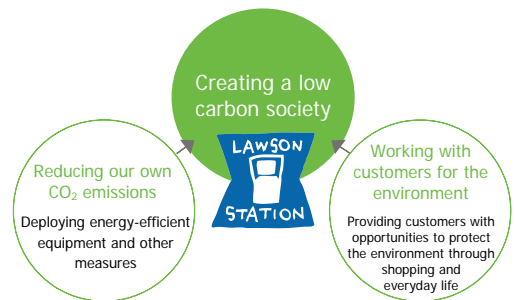
Towards a Low Carbon Society

LAWSON's Environmental Management

LAWSON is taking two key approaches to environmental management. One of those approaches is the setting and achievement of voluntary targets for reducing CO₂ emissions from our business activities. The other is the provision of services that will help our customers to reduce CO₂ emissions. Through these two approaches, we are working as one with our customers, franchise owners and store crews to help create a low carbon society.

The voluntary target that we set ourselves in 2008 was to reduce CO₂ emissions by 10 percent per store over fiscal 2006 levels by fiscal 2012 based on electricity consumption. This amounts to a yearly reduction of 60,000 tons in emissions compared with fiscal 2006.

● LAWSON's Environmental Management

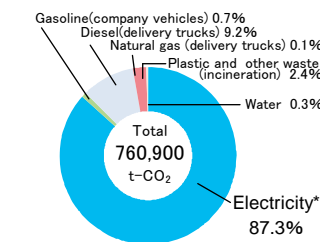


Using ISO14001 Processes to Monitor CO₂ Emissions

To achieve our environmental targets, we use an ISO14001 environmental management system to monitor progress and implement a Plan-Do-Check-Act (PDCA) cycle.

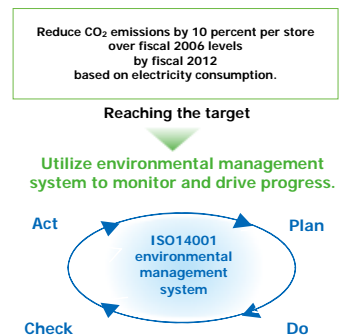
Company sections and group companies strive to reduce environmental impacts by setting their own targets for energy saving and other environmental objectives. In addition to annual in-house environmental audits, we use the auditing services of the Japan Quality Assurance Organization to monitor the progress status of our initiatives.

● Fiscal 2009 CO₂ Emissions Breakdown



Note: CO₂ emissions from electricity consumption were calculated based on fiscal 2008's emission coefficient of 4.0 t-CO₂/10,000 kWh.

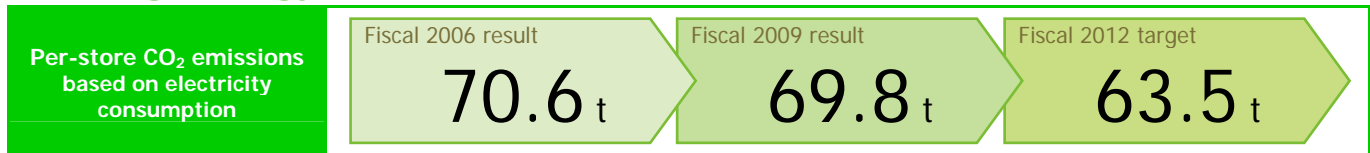
● CO₂ Emissions Voluntary Reduction Target



Measures to Reduce Energy Consumption

LAWSON is building energy-efficient stores to reduce electricity consumption that accounts for most of its CO₂ emissions.

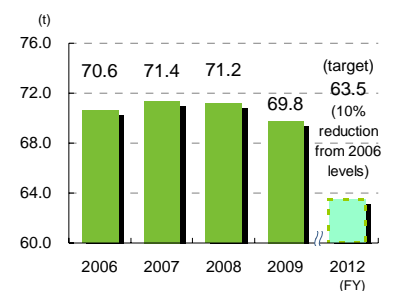
Building Energy-Efficient Stores



Measures for Reducing Electricity Consumption

Electricity consumption by our stores accounts for 87.3% of our total annual CO₂ emissions of about 760,000 t-CO₂. We are deploying the latest energy-efficient equipment to reduce the electricity consumed by freezers, refrigerators, air conditioners and lighting. The 2,291 stores opened since July 2004 have all been fitted with Energy Saver Pack combined refrigeration and air conditioning systems, and from June 2009, LEDs have been used for the signage and in-store lighting of newly opened stores, with 294 stores fitted with LED signage and 274 with LED in-store lighting as of the end of February 2010. The use of LEDs reduces lighting-related electricity consumption by 35% compared with conventional fluorescent lighting.

● Per-Store CO₂ Emissions Based on Electricity Consumption*



Note: Fiscal 2006's emission coefficient of 3.68 t-CO₂/10,000 kWh was used to compare CO₂ emissions from electricity consumption.

Joint Research with University of Tokyo on CO₂ Reduction

We are conducting joint research with the Yashiro Lab in the University of Tokyo's Institute of Industrial Science on reducing store CO₂ emissions. Under the Yashiro Lab's guidance, Woodnote Corporation has developed an advanced automatic energy monitoring and control system. Deploying this system in our stores enables the implementation of comprehensive measures that consider impacts from outside buildings as well as store equipment and operational improvements.

We started field-testing the system in June 2008, expanding the project in July 2009 to conduct tests in eight stores in differing environments nationwide. We will consider further deployment in other stores based on the results of these tests.

Lithium-Ion Battery System Used to Store Electricity at New Low-CO₂ Emission Pilot Store

In October 2008, we opened a pilot store, the Kure Hiro Koen Store, in the city of Kure in Hiroshima Prefecture that is designed to reduce CO₂ emissions and other environmental impacts. We are currently running tests on the use of solar, wind and other renewable energy, and also use of rainwater for cooling purposes. We also partnered with Daiwa House Industry Co., Ltd., to reconstruct the Matsuyama Higashi Ishii 6-Chome Store in Matsuyama City, Ehime Prefecture, as a next-generation low-CO₂ pilot store that opened in June 2010. In addition to a solar power system that supplies electricity for in-store LED lighting, checkout tills and other equipment, the store also uses a lithium-ion battery system to store electricity for more efficient use. This battery system can also serve as an emergency power supply in the event of power outages caused by earthquakes or other events.

We plan to expand the number of such pilot stores to further study CO₂ emission reduction benefits.



LED lighting



The advanced automatic energy monitoring and control system



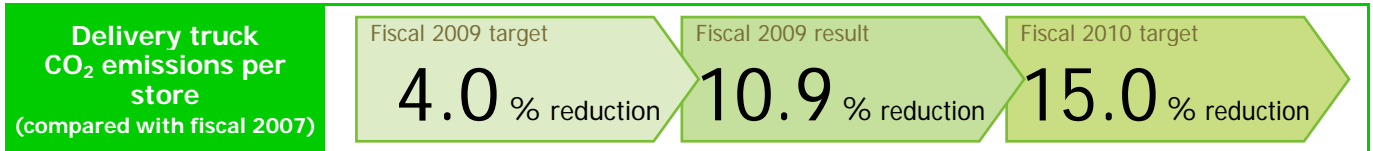
Solar power system



Lithium-ion battery system

The LAWSON Group operates a nationwide logistics network to ensure the delivery of safe and healthy products to its stores in prime condition. We are doing our utmost to boost the efficiency of this network and reduce CO₂ emissions through the use of eco tires and other measures.

Reducing CO₂ Emissions through Improving Logistics Efficiency and Using Eco Tires



Reduction of Delivery Truck CO₂ Emissions

We are reducing the number of deliveries to our stores through implementing multi-drop delivery and reviewing delivery frequency and other aspects of our logistics system. By using dual partition, dual temperature management trucks that enable the simultaneous delivery of products with different temperature requirements, and reworking deliveries of sundries, processed and frozen foods and other improvements, we have succeeded in reducing average daily deliveries per store from 16 in 1989 to 7.29 (excluding newspapers and cigarettes).

Starting in fiscal 2008, we have fitted eco tires to 767 delivery trucks to reduce fuel consumption, and all delivery trucks carrying chilled products* are equipped with an operation management system that monitors vehicle operation to promote efficient driving and discourage engine idling during deliveries. We also curb idling and noise pollution through driver training, and endeavor to raise awareness of eco-driving by, for example, presenting letters of appreciation to contractors who promote eco-driving.

Note: Chilled products are rice, dairy, dessert and other products that require temperature control.



Delivery trucks



Swallow Butsuryu Hamamatsu Co., Ltd. was presented with a letter of appreciation for outstanding performance in the 2009 Eco Drive Contest held by the Ministry of the Environment and Environmental Restoration and Conservation Agency

Postal Business Collaboration (Joint Deliveries)

Under our comprehensive alliance with Japan Post Holdings Co., Ltd., we are conducting a joint delivery experiment in Kochi Prefecture aimed at ensuring fuller loads and reducing CO₂ emissions through making use of our nationwide networks to integrate logistics operations. In October 2009 we expanded this experiment to cover the whole of Kochi Prefecture and launched full operation. We anticipate that transporting LAWSON products and mail together will enable a reduction of delivery numbers that translates into a total of 22% reduction in CO₂ emissions compared with emissions before integration.



Japan Post delivery truck fitted with a temperature-controlled container to deliver products with different temperature requirements

Deploying EVs as Company Cars

Our store supervisors use about 1,600 vehicles nationwide to cover their rounds. Since fiscal 2006 we have replaced the 1,200 of these vehicles that are not four-wheel-drive with hybrid cars and cars fitted with automatic idling prevention systems to reduce CO₂ emissions.

In January 2009, we also started a pilot deployment of Mitsubishi Motors Corporation electric vehicles (EVs) for supervisor store visits to test running performance, recharge time and so forth. Based on results showing these EVs to be suitable for use in large cities, we started introducing them in August 2009, and as of the end of March 2010, we had deployed 40 EVs in Tokyo, Kanagawa, Osaka and elsewhere. We have also started equipping the car parks of surrounding stores with EV battery recharge points to help promote the spread of EVs. (As of March 31, 2010, we had deployed 3 high-speed rechargers, 2 double-speed recharge stands, and 43 200V sockets.)

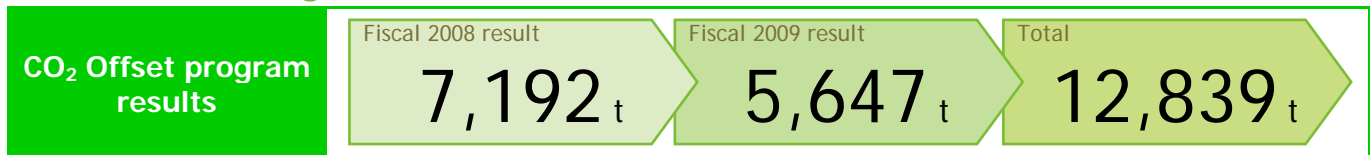


Some stores are being fitted with EV recharging points.

Working with Our Customers for the Environment

As part of our efforts to reduce greenhouse gas emissions, we are running a CO₂ Offset program to work with our customers to reduce CO₂ emissions as we strive to cut our own emissions through reducing store electricity consumption.

CO₂ Offset Program



LAWSON's Approach to Reducing CO₂ Emissions

In April 2008, LAWSON launched its CO₂ Offset program as a means of enabling its customers to participate in environmental protection through their local convenience stores. Customers can exchange *Ponta* multi-partner shopping points (see P.31 for details) for CO₂ offsets, or purchase CO₂ offsets with cash using the *Loppi* multimedia terminals in our stores. We have also enlisted the cooperation of local authorities and manufacturers to sell beverages and sundries with attached CO₂ offsets.

As another initiative, we enable eco-points earned under the Japanese government's Green Household Appliance Promotion Policy to be exchanged for LAWSON prepaid cards. We allocate 6 yen from each card to our CO₂ Offset program, and donate the resulting certified emission reductions (CERs) to the Japanese government's retirement account.

To further support the efforts of customers to reduce their CO₂ emissions, we have also added a simple household CO₂ emissions calculation console to our website that anyone can use to check their household CO₂ emissions.

As a result of these initiatives, total offsets purchased as of the end of February 2010 amounted to 12,839 t-CO₂, with cumulative participants totaling 17 million. We will continue with our efforts to draw attention to CO₂ emission reduction and provide customers with opportunities for easy participation in initiatives that contribute to the health of the Earth.

Note: CO₂ offset is a mechanism for offsetting all or a portion of one's own CO₂ emissions by purchasing CO₂ emissions reductions — emission credits — achieved in developing countries and other regions.

Offset Products

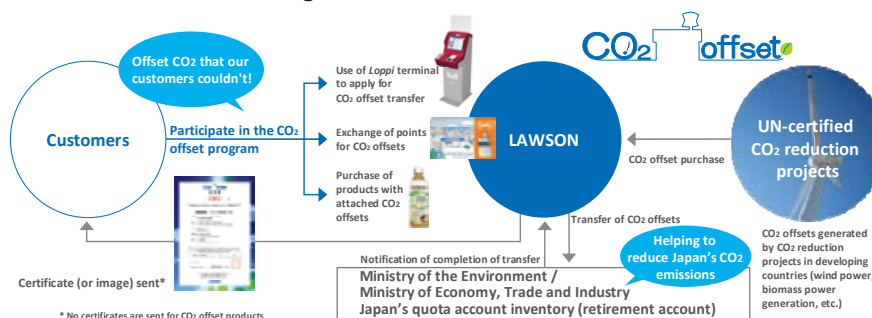


Coca-Cola (Japan) Co., Ltd.'s Georgia Green Planet Café au Lait and Real Rescue



Suntory Beer & Spirits Ltd.'s Kin-Mugi Stop Global Warming
Hamakko-Doshi, adopted by Yokohama City as its official bottled water

How Our CO₂ Offset Program Works



LAWSON prepaid card

CO₂ Offset Program Earns Minister of the Environment Award for Global Warming Prevention Measures

On December 3, 2009, our CO₂ Offset program received a 2009 Environment Minister's Award for Activities to Fight Global Warming (practical countermeasures category).

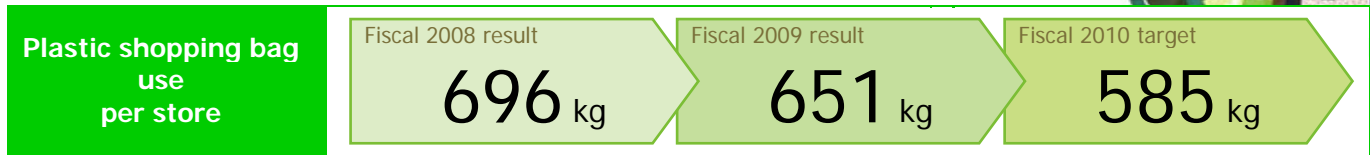
We launched this campaign out of our desire, as a chain of neighborhood convenience stores, to work with our customers to reduce CO₂ emissions. A cumulative total of 17 million people have participated in the campaign so far, offsetting 12,839 t-CO₂ in the process. The Environment Minister's Award pays recognition to the part played by our CO₂ Offset program in preventing global warming.



As a network of neighborhood convenience stores, LAWSON endeavors to work with its customers to help create a sustainable society through suggesting ways in which customers can help protect the environment through their everyday lives, such as encouraging them to use their own shopping bags and chopsticks.



"Bring Your Own" Program to Reduce Plastic Shopping Bag Use



Over 2.4 Million "Bring Your Own" Bags Distributed

To reduce plastic shopping bag use, LAWSON created its Convenience Store Eco-Bag to best fit the boxed lunches and plastic bottles that are the most frequent items purchased. To get as many customers as possible to use them, we started handing them out free at some stores from March 2007. We have also made the bag's specifications publicly available and have called on like-minded companies to make use of them to promote more widespread use of these bags. In the three years that have passed since we launched the program, we have distributed 2.45 million bags.

"Bring Your Own" Bag Distribution

Bags distributed at LAWSON stores and by Group companies	1,767,000
Bags made by cooperating companies and organizations	680,000
Total bags distributed	2,447,000

(As of February 28, 2010)

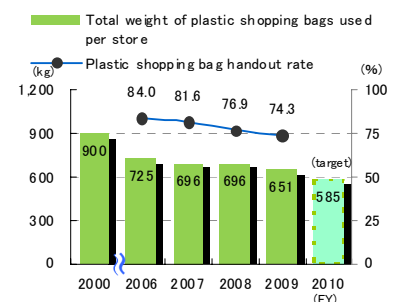
Aiming to Reduce Plastic Shopping Bag Use Per Store by 35%

The total weight of plastic shopping bags used per store for fiscal 2009 was 27.7% lower than for fiscal 2000. Plastic shopping bag handout* rate has also declined by about 10% since fiscal 2006 to 74.3%, suggesting that our efforts—posters, in-store broadcasts and the practice of asking customers if they need a bag, as well as the distribution of Bring Your Own bags—are paying off.

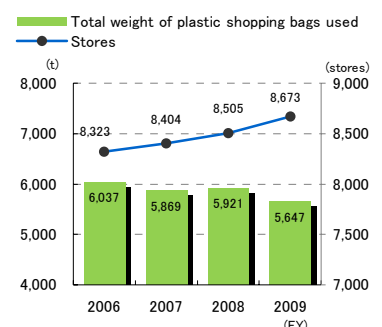
We plan to combine such measures to reduce plastic shopping bag use per store in fiscal 2010 by 35% compared with fiscal 2000 (the shared target of the 11 convenience store chains belonging to Japan Franchise Association).

Note: Plastic shopping bag handout rate = plastic shopping bag number ordered ÷ customer number

Total Weight of Plastic Shopping Bags Used Per Store



Total Weight of Plastic Shopping Bags Used for All Stores



Reducing Plastic Shopping Bag Use with the Help of Customers

In all of our Hokkaido and some NATURAL LAWSON and other stores, we have since fiscal 2008 awarded one point to Ponta cardholders foregoing plastic shopping bags at checkout. This resulted in a reduction of 9.4% in plastic shopping bag handout rate in our Hokkaido stores since commencing the program.

To address requests by universities and local authorities to reduce plastic shopping bag use, in our Kyoto University, Miyagi Prefectural Office and Sendai City Hall stores, we switched to providing such bags only when customers ask for them. By also selling our Bring Your Own bags, we have greatly reduced the handout rate at these stores.

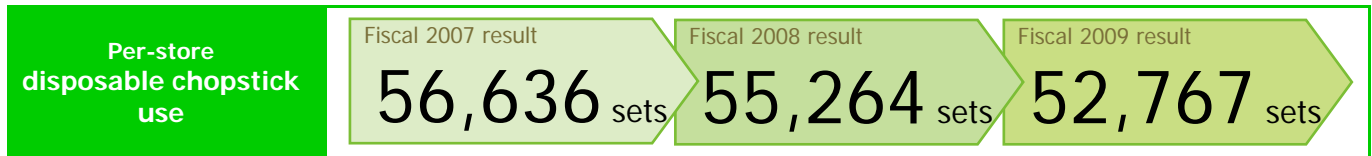
Helping with Kyoto's Eco-Conveni Miyako Style Project

From June to November 2009, we helped operate the Eco-Conveni Miyako store opened in a corner of Kyoto City Hall's ground floor. A joint project between the City of Kyoto and Kyoto 2R System Project, this pilot store promoted eco-awareness by selling beverages to customers bringing their own bottles rather than selling bottled drinks, and by not stocking plastic shopping bags and disposable chopsticks so as to encourage customers to bring their own shopping bags and chopsticks.



Working with Our Customers for the Environment

Reducing Disposable Chopstick Use through "Bring Your Own" Program



Creating a "Baseball Bat Forest" through "Bring Your Own" Chopstick Use

To reduce the use of disposable chopsticks, LAWSON started to promote Bring Your Own chopsticks in April 2007, using chopsticks made from baseball bat factory ash wood discards with the help of Mizuno Technics Corporation and Oak Village Co., Ltd.

As of February 28, 2010, about 40,000 sets of these Bring Your Own chopsticks had been distributed through *Loppi* multimedia terminal sales, presentation to LAWSON employees and the cooperation of companies supporting this initiative.

These Bring Your Own chopsticks are also helping to protect and grow a forest, since LAWSON donates 100 yen to the nonprofit organization *Donguri no Kai* for each set distributed. The money funds a "Baseball Bat Forest" being nurtured by *Donguri no Kai* for preserving ash, which grows slowly and has not undergone significant replanting.



Growing a Baseball Bat Forest (Takayama City, Gifu Prefecture)

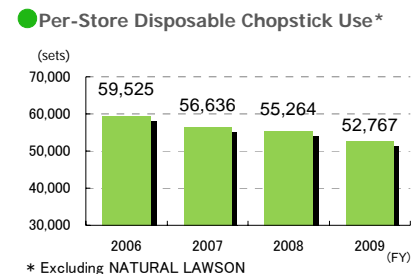


Bring Your Own chopsticks

Reducing Disposable Chopstick Use to Encourage Less Wastefulness

LAWSON store crews ask customers whether they need disposable chopsticks or not to ensure no chopsticks are handed out unnecessarily. We also use in-store broadcasts to encourage customers to help reduce disposable chopstick use.

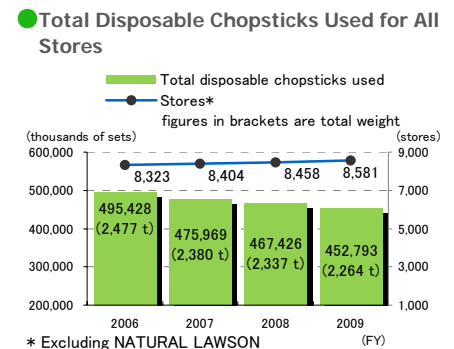
Through such measures, we aimed to reduce disposable chopstick use in fiscal 2009 by 20% compared with fiscal 2006. We managed to reduce per-store use by 11.4%, and overall use by weight by 8.6%. We will continue to ask customers before handing out chopsticks so as to encourage less wastefulness.



Using Japanese Timber to Preserve Forests

We help to protect Japan's forests and promote CO₂ absorption by actively utilizing Japanese timber. Lunch boxes purchased at NATURAL LAWSON stores come with disposable chopsticks made from Japanese cypress plantation forest thinnings from Yoshino in Nara Prefecture. (Plantation forests are thinned to encourage growth of the best trees, a practice that also enhances CO₂ absorption.) The disposable chopsticks also carry advertisements, part of the revenue from which is used to defray forest thinning costs. This system accordingly boosts the utilization of forest thinnings and helps to protect Japan's forests.

We also build wooden stores using local timber, and use paper made from Japanese forest thinnings for business reports and other headquarters publications.

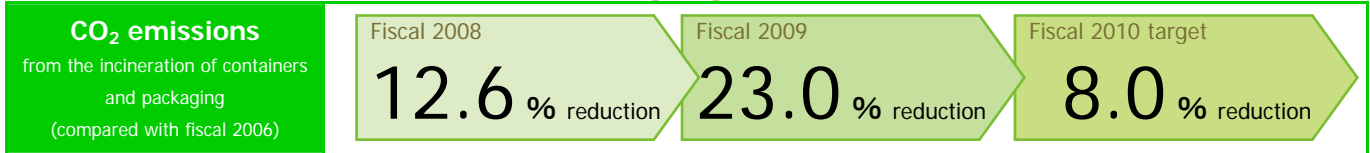


Chopsticks made from Japanese timber that are handed out at NATURAL LAWSON stores

Making Good Use of Resources

LAWSON makes every effort to contribute to environmental protection and the building of a sustainable society through the wise use of finite resources.

Resource Conservation in Packaging and Uniforms



Eco-Friendly Packaging

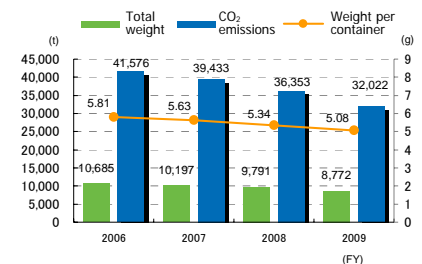
LAWSON uses raw materials which do not emit harmful chemical substances during packaging production or use, in its packaging for boxed lunches and ready-made dishes. We also use containers made from eco-friendly polylactic acid (PLA) for certain rice and ready-made dishes. PLA is a biodegradable resin made from corn and other plants. Since the CO₂ emissions from its incineration are offset by the CO₂ absorbed when the corn and other materials are grown, PLA use reduces CO₂ emissions over the product lifecycle.

We endeavor to conserve packaging-related resources through the use of foam, thin packaging and different shapes which reduce overall weight, while not compromising safety. Our efforts have resulted in a 12.6% reduction in the weight per container and a reduction of about 1,900 tons overall compared with fiscal 2006, which is equivalent to an approximately 9,600 ton (23.0%) reduction in CO₂ emissions from reduced incineration of packaging.



PLA salad container

Packaging Weight and CO₂ Emissions



Recycling Rechargeable Batteries from Dynamic Order Terminals

In March 2007, LAWSON began recycling the rechargeable battery packs used in its dynamic order terminals. Rechargeable battery packs whose cells have been replaced perform just like new packs. We recycled approximately 2,140 such packs in fiscal 2009, reducing annual waste by about 360 kg by reusing casings and recycling rare metals recovered from replaced cells.

100% Uniform Recycling

We replaced our old uniforms with new uniforms in autumn 2009, and recycled the old uniforms as a material. We have collected and recycled approximately 600,000 old uniforms (about 300,000 winter uniforms in fiscal 2009 and 300,000 summer uniforms in fiscal 2010), weighing approximately 150 tons, and cut CO₂ emissions by about 270 tons. The new uniforms can be chemically recycled, which means that they can be broken down and converted to other usable materials at the molecular level, with almost no waste products. Our use of an anaerobic process with no CO₂ emissions also reduces the environmental impact of the recycling.



New uniform

Switch to Electronic Store Delivery Receipt Forms

In the past, LAWSON printed delivery receipt forms each time goods were delivered to our stores. These forms confirm the product types, quantities and other particulars. LAWSON digitized those functions from February 2009, eliminating the need to print some 90 million forms in fiscal 2009 alone by switching to electronic data exchange. This eliminates the need for paper document storage space as well, and reduces document management costs.

LAWSON is also reducing paper consumption by loading store management manuals onto store computers for regular access, and only printing only the minimum items required.

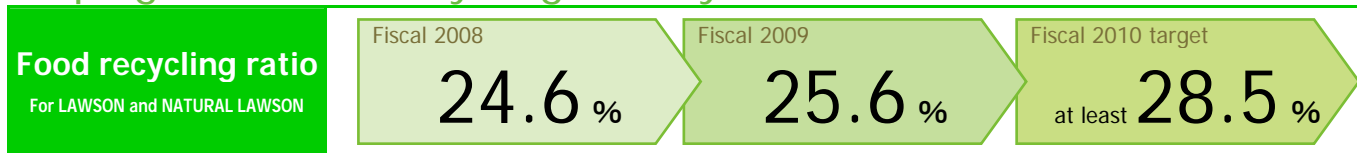


Store computer

Boosting Recycling and Reducing Waste

Our stores generate a wide range of waste from the cardboard boxes in which products are packaged to boxed lunches, bread products and other foodstuffs that have passed their sell-by dates. The LAWSON Group is working to reduce the impact of this waste on the environment by trying to cut waste generation as much as possible and by promoting food recycling.

Helping to Build a Recycling Society



Reducing and Recycling Food Waste

LAWSON stores generate an average of about 11.5 kg per day of food waste, which includes oil used to fry *Kara-age Kun* chicken nuggets as well as boxed lunches and other foodstuffs that have passed their sell-by dates.* We strive to reduce such food waste through curbing output and through materials recycling (used cooking oil recycling, production of animal feed and compost from food waste) and thermal recycling (recovery of heat energy).

From fiscal 2008, LAWSON adopted a target of increasing our food recycling ratio by at least 2 percentage points per year from the fiscal 2007 level (22.5%), aiming at a ratio of at least 32.5% in fiscal 2012. The food recycling ratio rose to 24.6% in fiscal 2008 and 25.6% in fiscal 2009 (26.5% including waste generation reduction under the Food Waste Recycling Act [Act on Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources]).

Note: Sell-by date: a date preceding the "eat-by date," which we set voluntarily, to take into account the time likely to elapse between purchase and consumption.

Number of Stores Recycling Food Wastes by Fiscal Year (April 1 to March 31)

	FY2007	FY2008	FY2009
Used cooking oil recycling	7,403	7,599	7,817
Animal feed, compost	906	1,013	1,266
Thermal recycling	—	124	135
Food recycling ratio (not including waste generation reduction)	22.5%	24.6%	25.6%

Note: Number of stores as of March 31, 2010.



Used oil processing plant



Products manufactured using recycled oil

Curbing Waste Generation

LAWSON is working to reduce waste generation. At the manufacturing stage, we have introduced a production management system designed to eliminate the production of surplus products by measuring the weights of raw materials, final products, portion amounts and other items in gram units.

In our stores, we are reducing waste generation by improving product assortment. Each store uses its computer to check past sales performance according to day of the week, weather, local events and other factors to form hypotheses, adjust product assortment accordingly, and reduce waste.

Promoting Reuse and Recycling

LAWSON started to recycle used cooking oil in January 2006 and steadily expanded the areas covered so that stores nationwide were participating from August of that year. As of the end of June 2010, 7,896 LAWSON stores (90.1% of all stores) were recycling used cooking oil. The oil is collected by industrial waste collection businesses for recycling as an additive in animal feed, and for use in construction industry paint, bio-diesel fuel for public buses, additive-free soap and other products.

LAWSON began food waste recycling in January 2010 starting from Kanagawa Prefecture, and 1,307 LAWSON and NATURAL LAWSON were recycling food as of the end of June 2010. Food products that have passed their sell-by dates from stores in Tokyo Prefecture, Kanagawa Prefecture, Saitama Prefecture and Kyoto City are being recycled as pig feed, while those from stores in Kumamoto City, Nagoya City, Aomori City, Mie Prefecture and Matsue City are being recycled as compost. We are working to expand the areas covered while securing food waste recycling plants, cooperating with collection companies and resolving processing cost issues. We began recycling food wastes from stores in Kagawa Prefecture and Maebashi City (Gunma Prefecture) into compost in August 2010. The 242 LAWSON STORE100 outlets in Tokyo, Kanagawa and Saitama Prefectures are also recycling food waste as of the end of May 2010.

● Recycling Food Waste as Feed (Partners: Marco Corporation; Shonan Organic Recycling Inc.)



Note: This step is implemented by the Yokohama YR Cooperative.

Utilization of Unsold Foodstuffs

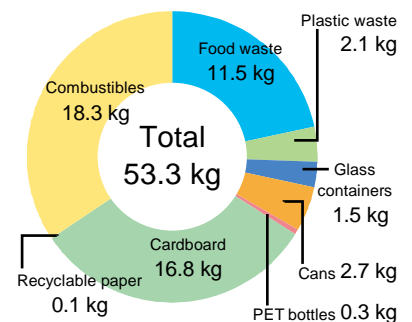
In cooperation with the City of Yokohama, two local LAWSON stores and a rice products plant have been providing unsold boxed lunches and bread products that have passed their sell-by dates to the non-profit organization *Sanagitachi* since June 2006. *Sanagitachi* operates a cafeteria in Yokohama's Kotobuki district. The cafeteria uses the unsold foodstuffs before their eat-by dates, not just as they are, but rather as raw materials to prepare inexpensive meals.

Store Waste Output

A year-long survey (April 2009 to March 2010) of the waste output of 342 Tokyo stores shows that the average daily waste output per store was 53.3 kg. Much of this is either combustible waste such as waste paper, disposable chopsticks and wrapping paper (18.3 kg) or the cardboard boxes in which products are delivered (16.8 kg). Food waste accounts for another 11.5 kg.

The volume of waste has been increasing year by year, rising from 50.9 kg in fiscal 2007 to 52.0 kg in fiscal 2008 and 53.3 kg in fiscal 2009, mostly because of an increase in customers disposing their household waste when they come to shop. This is increasing the sorting and disposal expenses at the stores.

● Store Waste Output Survey Result (Average Daily Waste Output per Store)



From the Frontline: Business Partners 1

“We want to recycle food waste into food products.”

To make feed from food waste, we need to keep the discarded food that's the raw material fresh as it's transported to the production facility. The running costs are high compared with compost production, but we're doing this because we want to recycle food waste into food products. Nothing is more satisfying to us than recycling properly and producing quality products.

To make pig feed, we need to be careful to keep out any foreign matter. The collecting company cooperates by thoroughly sorting materials. We conduct visual inspections before passing the food waste through our machinery, then use a sieve machine and magnets at the production stage, and do whatever else we can to make sure that all foreign matter is removed.

Feed Manufacturer:
Kiyoshi Sugiyama
President, Shonan Organic Recycling Inc.



From the Frontline: Business Partners 2

“We take pride in making a valuable product.”

Unlike regular waste products, food waste can be transformed into feed, which is an excellent product, so we have a team of drivers who collect only food waste. They use refrigerated trucks and handle the waste carefully. Looking ahead, we're eager to work with our customers to comply with the Food Recycling Law. We take pride in serving as a link in the recycling loop, and in knowing we're making a valuable product. Our employees also find this work very rewarding.

Collection Company:
Yoshio Asami
Managing Director, Marco Corporation



Group Company Environmental Initiatives

We see meeting the many challenges involved in building a low-carbon society to be the mission of the entire LAWSON Group. We will continue to actively implement environmental management and enhance our corporate value.

Ninety-nine Plus Inc.

Accepting LAWSON Green Fund Donations at All Stores

Ninety-nine Plus Inc. operates 996 LAWSON STORE100 and SHOP99 outlets (as of February 28, 2010), which sell fresh foods, ready-made dishes and other daily use food products in small portions mostly priced at 105 yen. The company works to reduce plastic shopping bag, disposable chopstick and spoon use at its stores by displaying posters requesting cooperation and asking customers directly whether they need shopping bags or chopsticks.

Ninety-nine Plus Inc. began accepting donations to the LAWSON Green Fund at all its stores from May 2010. The generous donations given by customers are given to the National Land Afforestation Promotion Organization. Employees have also participated in that group's forest planting and thinning projects, helping to leave the Earth in a healthy state for future generations.



Check out counter display announcement asking for cooperation in reducing the use of shopping bags, disposable chopsticks and spoons. A LAWSON Green Fund donation box is located next to the cash register.

LAWSON ATM Networks Inc.

Introducing LED Signage

LAWSON ATM Networks Inc. is engaged in the installation, management and operation of joint ATMs at LAWSON stores and other locations. The company was operating 7,624 ATMs in 43 prefectures as of July 31, 2010, and began installing new ATMs at these locations from last year. The new ATMs use paper rolls that can issue 1.5 times as many receipts as the old ATMs, reducing maintenance visits and saving energy. A total of 1,284 new ATMs were installed during fiscal 2009, surpassing the initial plan for installing 800 new ATMs.

The company plans to install 800 new energy-efficient type ATM signs with LED lighting during fiscal 2010. This switch to LED lighting will reduce energy consumption by about 75% compared with the former signage.



New ATM



Signage with a nighttime lighting timer

LAWSON ENTERMEDIA INC.

Supporting the Tokyo International Film Festival and the LAWSON Green Fund

LAWSON ENTERMEDIA INC., which sells concert, sports, film and other tickets primarily via *Loppi* multimedia information terminals inside LAWSON stores, co-sponsored the Tokyo International Film Festival held October 17-25, 2009 as part of its support for environmental awareness events and concerts. While the annual Tokyo International Film Festival began in 1985, the festival has adopted green electricity, a green carpet and other environmental themes in recent years with the rising awareness of global warming and other environmental problems.

LAWSON ENTERMEDIA advertised the film festival with printed announcements attached to LAWSON Green Fund donation boxes at LAWSON stores, and solicited donations to the LAWSON Green Fund at the festival through the Green Carpet Club's "Green Activities Donations." The donated funds are being used to support forest improvement projects in Japan and overseas. LAWSON ENTERMEDIA will continue supporting for environmental awareness events and concerts in fiscal 2010.



Tokyo International Film Festival announcement



Green Carpet

LAWSON Environmental Activities Report

Environmental Activities: Targets and Results

FY2009 Environmental Activities Results²

Item	Activity	Targets	Achievement status	Achievement levels ³
Saving energy	Reduce store air conditioning, refrigeration and lighting electricity consumption.	Install energy efficient equipment in 90% of new stores.	Installed in 489 out of 527 new stores (92.8% deployment).	🌱
		Introduce lighting adjustment systems or LED lighting fixtures in 90% of new stores.	Installed in 500 out of 527 new stores (94.9% deployment), with LED lighting also installed at 274 stores.	🌱
	[Delivery trucks] Reduce CO ₂ emissions by promoting eco-driving and introducing eco tires.	Reduce CO ₂ emissions per store by 4.0% (364 kg-CO ₂ per store) compared with FY2007.	<ul style="list-style-type: none"> Reduced per store CO₂ emissions by 10.9% (991 kg) compared with FY2007 to 8,094 kg-CO₂. Eco tires being used on 767 out of 1,248 vehicles (46.2% deployment). 	🌱
	[Company cars] Reduce CO ₂ emissions by promoting eco-driving and safe driving, and introducing electric vehicles.	(1) Improve company car fuel efficiency by 10% compared with FY2008. (2) Introduce 40 electric vehicles.	(1) Improved fuel efficiency by 7.1% year-on-year (96.7% of the target). (2) Introduced 38 electric vehicles (40 as of March 31).	△
	Reduce store electricity consumption through installation of energy-efficient equipment.	Reduce electricity consumption by 326 kW per store-month by introducing new store equipment (store computers, <i>Loppi</i> registers, etc.) during the fiscal year.	Completed installing new store equipment at all stores (Cumulative: 8,607 stores).	🌱
	Promote companywide mitigation of global warming (reduction of CO ₂ emissions).	(1) Compile CO ₂ emissions database. (2) Create an energy efficient store model.	(1) Outsourced database development. (2) Assessed winter benefits and considered additional measures.	△
Saving resources	Reduce plastic shopping bag use.	(1) Reduce by asking customers if they want shopping bags. (2) Promote Bring Your Own Bag program. Reduce shopping bag handout rate per store by 3% compared with FY2008. (Reduce the weight of shopping bags used per store by 32% compared with FY2000.)	Achieved a handout rate per store of 74.3% (vs. the 73.9% target). (Weight of shopping bags used per store reduced by 27.7% compared with FY2000.)	△
	Reduce disposable chopstick use.	(1) Reduce by asking customers if they want chopsticks. (2) Promote Bring Your Own Chopsticks program. Reduce the number of sets used per store by 20% compared with FY2006.	Reduced chopstick use per store to 52,767 sets, a reduction of 11.4% compared with FY2006. ³	△
	(1) Reduce packaging weight. (2) Use non-plastic packaging (paper, biodegradable plastic) where possible.	Reduce CO ₂ emissions from incineration of packaging by 7% compared with FY2006.	Reduced CO ₂ emissions from incineration of packaging by 23.0% compared with FY2006.	🌱
	Reduce store sales slips.	Reduce paper consumption by 80 million sheets per year.	Reduced paper consumption by 90.04 million sheets.	🌱
	Efficiently develop sales promotion materials, and comply with laws on disposal.	Develop materials based on advertising display standards, and comply with laws on disposal.	(1) Reduced the volume of materials used by 1.4% compared with FY2008. (2) Confirmed manifest receipts upon disposal.	🌱
	Reducing waste	Increase food recycling ratio.	Increase food recycling ratio by at least 4 percentage points compared with FY2007 (to at least 26.5%).	Achieved food recycling ratio of 25.6%. ⁴ (1) Waste oil recycling: 7,817 stores (2) Recycling into feed and compost: 1,266 stores (3) Thermal recycling: 135 stores
Contributing to local communities	Continue collecting donations through the LAWSON Green Fund.	(1) Collect donations for the LAWSON Green Fund at all stores. (2) Promote participation in greening projects. (3) Promote and educate, and support projects by regional branches.	(1) FY2009 collections: 0.23 billion yen Total collections to date: 3.01 billion yen (2) Greenery projects: 97 in FY2009	🌱
Promotion and education	Combat global warming through activities with customers. (Promote CO ₂ Offset program)	(1) Promote CO ₂ Offset program (Use points, <i>Loppi</i>). (2) Continue selling products with attached CO ₂ emissions credits.	FY2009 CO ₂ offset volume: 5,647 tons Total CO ₂ offset to date: 12,839 tons	△

1. Achievement Levels: Quantitative assessment: 100%: 🌱, 70% or more: △, Less than 70%: ×

Qualitative assessment: Implementation completed: 🌱, Implementation in progress: △, Not implemented: ×

2. Excluding LAWSON STORE100 outlets

3. Excluding NATURAL LAWSON outlets

4. Food recycling ratio including curbing of food waste generation according to the Food Waste Recycling Law: 26.5%

FY2010 Environmental Targets

Item	Activity	Targets
Saving energy	Reduce store air conditioning, refrigeration and lighting electricity consumption.	Implement energy conservation measures at 100% of new stores. (1) LED lighting or automated lighting adjustment systems (2) Combined refrigeration and air conditioning systems (3) Energy efficient signs (4) Toilet sensors
		Implement energy conservation measures at existing stores. (1) Replace freezers. (2) Replace air conditioners. (3) Install condensation prevention heater control units.
	[Delivery trucks] Reduce CO ₂ emissions by promoting eco-driving and introducing eco tires.	Reduce CO ₂ emissions per store by 15% compared with FY2007.
	[Company cars] Reduce CO ₂ emissions by promoting eco-driving and safe driving, and introducing electric vehicles.	(1) Improve company car fuel efficiency by 3% by the end of FY2010 compared with FY2009. (2) Introduce 30 electric vehicles.
Promote companywide mitigation of global warming (reduction of CO ₂ emissions).	(1) Compile CO ₂ emissions database. (2) Create energy efficient stores.	
Saving resources	Reduce plastic shopping bag use.	(1) Reduce by asking customers if they want shopping bags and expanding the point system. (2) Promote Bring Your Own Bag program Reduce shopping bag handout rate per store by 3% compared with FY2009 (to 71.3%). (Reduce the weight of shopping bags used per store by 35% compared with FY2000.)
	(1) Reduce packaging weight. (2) Use non-plastic packaging (paper, biodegradable plastic) where possible.	Reduce CO ₂ emissions from incineration of packaging by 8% compared with FY2006.
	Eliminate handout of paper materials by stores.	Reduce paper consumption by 3 million sheets per year by using computer systems for the distribution of materials to stores.
	Adhere to advertising display standards for sales promotion materials, and comply with disposal laws.	(1) Develop materials based on advertising display standards. (2) Check disposal volumes and comply with disposal laws.
Reducing waste	Increase food recycling ratio.	Increase food recycling ratio by at least 6 percentage points compared with FY2007 (22.5%).
Contributing to local communities	Continue collecting donations through the LAWSON Green Fund.	(1) Collect donations for the LAWSON Green Fund at all stores (2) Promote participation in greening projects (3) Promote and educate, and support projects by regional branches.
Promoting use / education	Combat global warming through activities with customers. (Promote CO ₂ Offset program)	FY2010 CO ₂ offsets of 7,000 tons (1) Promote CO ₂ Offset program (Use points, <i>Loppi</i>) (2) Continue selling products with CO ₂ emissions credits.

LAWSON Environmental Activities Report

Environmental Conservation Costs (Main Investments and Expenses Based on the Environmental Accounting Guidelines of the Ministry of the Environment)

Period: March 1, 2009 - Feb. 28, 2010 Scope: LAWSON headquarters¹ and franchise stores

1. Includes LAWSON Okinawa, Inc.

(thousands of yen)

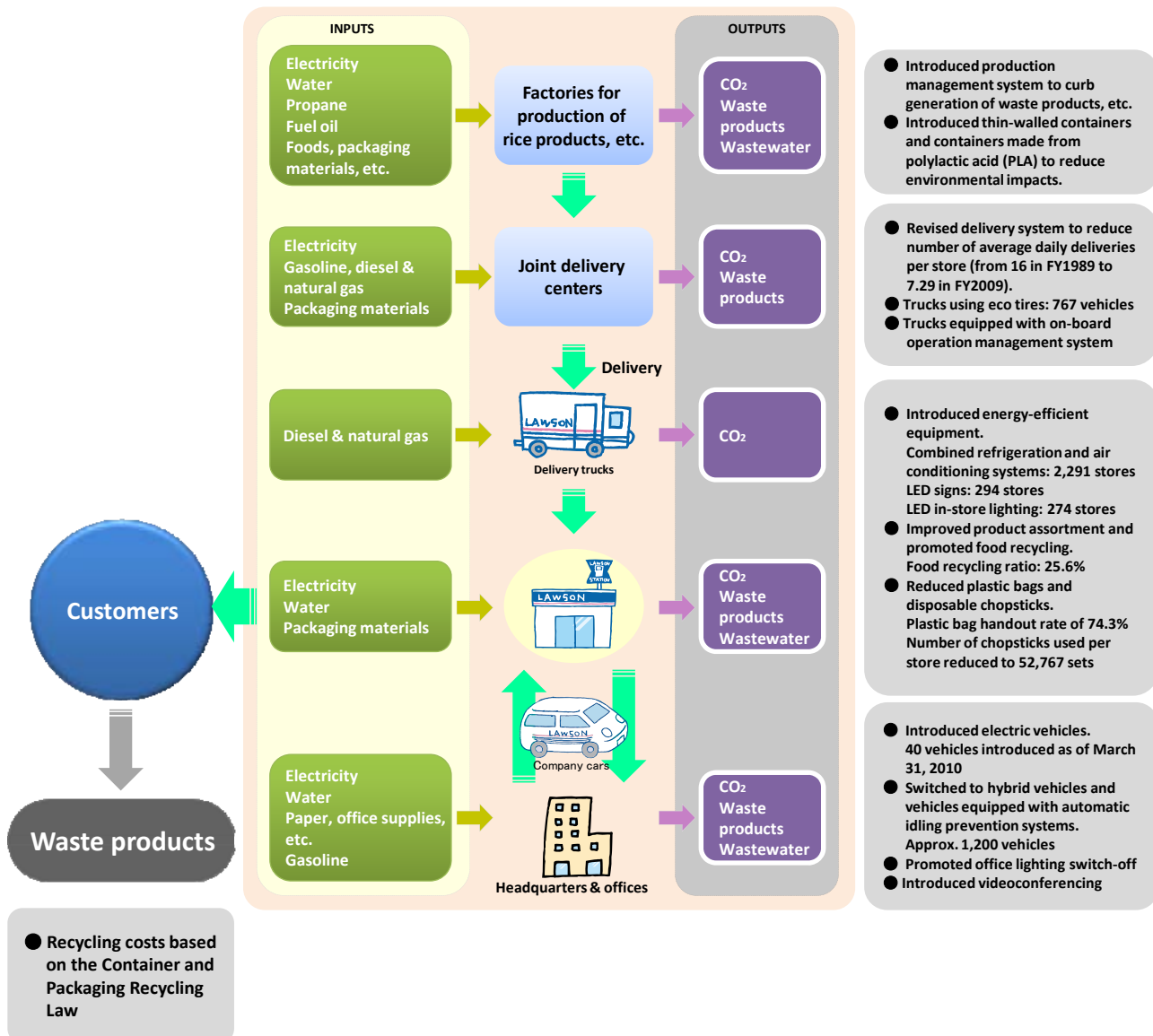
Categories	Main Activities	Investment	Expenses	Benefits	
(1) Business area costs	(1)-I. Global environmental conservation costs	Introduction of energy efficient equipment: CO ₂ Offset program	5,536,590	102,115	CO ₂ reduction
	(1)-II. Resource recycling costs	Waste-related expenses ²	0	4,553,341	Legal compliance
(2) Upstream/downstream costs	Costs related to the Container and Packaging Recycling Law	0	414,870	Legal compliance	
(3) Administration costs	Preparation of environmental reports, ISO14001 inspections	0	13,614	Promotion of environmental activities and education	
(4) Research & development costs	Energy-efficient store research	28,960	13,627	CO ₂ reduction	
(5) Community engagement activity costs	Greening activities, neighborhood cleanup activities, donations to NPOs	0	36,276	Biodiversity conservation, local community beautification	

2. Store waste product processing and recycling costs are estimated using the figures at typical stores as a sample.

LAWSON Materials Flow

Our store operations consume electricity, gasoline, water and other resources, and generate CO₂ emissions and waste products as a result. We strive to monitor and reduce the environmental impacts of our business activities.

Store Operations Materials Flow



Working with Society

We owe our existence to the fact that residents of the local communities in which we operate are happy to have us there. We at LAWSON feel that enterprises need to serve society, and base our business activities on our corporate philosophy to work for "happiness and harmony in our community."



Supporting Employment of Youths Suffering from Social Withdrawal and Other Problems

Naomi Ishizuka, Owner, Shizuoka Shikichi Store, Shizuoka Prefecture

It was through my mother, who is deputy director of the Youth Employment Support Network Shizuoka, that I started supporting young people in the NEET (Not in Education, Employment or Training) category four years ago. NEET youths are socially withdrawn or have other problems that make them difficult to employ. I was reluctant to help at first, but then I got around to thinking about how I could serve society through LAWSON as a long-time franchise owner, and realized that supporting employment was probably the best way I could help.

That support consists basically of taking on a NEET youth for six months with the aim of nurturing the social skills required to enable the youth to find work. Many NEET people lost confidence in themselves after failing to find work in the tough times after the bubble economy collapsed, and they need to be brought out of their shells, but we don't give them special treatment. I go out of my way to treat them just as I would anyone else. I start them off doing backroom work like tidying up waste, and once they've got the idea and are able to work things out for themselves, I take them to the LAWSON training center to listen to franchise training lectures, and learn about serving customers at checkout counters.

I've had such youths give up along the way, and have often been tempted to stop taking them on, but it's seeing others who've stayed the course that's kept me going too. I've also gained a lot from all the people in the Youth Employment Support Network and LAWSON who've given their support, and so I intend to stick to it.



LAWSON, INC. and its Shizuoka Shikichi Store were presented with certificates of appreciation by the Youth Employment Support Network Shizuoka at Shizuoka Prefectural Office on September 22, 2008 for their cooperation in Shizuoka's employment support program.

Participating in Workplace Experience Program Brings Us Closer to the Local Community

Etsuko Ishida, Owner, Kawaguchi Ryoke 3-chome Store, Saitama Prefecture

We've been giving middle school students workplace experience opportunities for eight years now, after being asked to do so by some mothers in the neighborhood. We take on three students for three days each year, teaching them how to greet customers, stack shelves, clean the store, and serve customers at the checkout counter. Greeting customers is particularly important, and we stress the importance of greeting them with a genuine sense of gratitude. Greetings need to be heard too, and so we have them stand at both ends of the store and practice greetings in big enough voices to be clearly heard by each other. Also, once they're wearing LAWSON uniforms, they're one of us and we treat them as adults and tick them off sternly when necessary. The children too know what's expected of them, and keep at it until they master tasks, and they really appreciate being praised. Regular customers also watch over them and give them encouragement. People in the neighborhood have come to treat us as one of them as a result of our providing such workplace experience, and that makes us feel good too. We started providing such

opportunities out of a desire to serve the local community in some way, and we'll go on doing so.



Thank you letters from children



"We also welcome elementary school hometown exploration groups."

Building Networks Spanning Convenience Store Chains

to Promote Community Crime Prevention and Disaster Preparedness

Satoshi Masugi, Owner, Otsu Shimanoseki Store, Shiga Prefecture

When I first opened this store 15 years ago, all of the convenience store chains in Otsu City were having problems with shoplifting and loiterers. When we sought police advice, they suggested forming a crime prevention association, and so we got together with other likeminded owners and created an association. We meet once a month to discuss and plan activities. We also help hand out crime prevention flyers at Otsu and Zeze Stations, and participate in crime prevention drills.

I've served as the chairman of the association since its founding, and it has grown into a network spanning different convenience store chains. When we hold crime prevention drills here at the store four times a year, other stores in the neighborhood also participate, which is very gratifying. Two former crew members have become policemen, and a current member of my crew who will graduate this year is aiming to become a policeman. It makes me happy to think that our everyday crime prevention and disaster preparedness efforts have had some influence on their career choice.



"We also attend Shiga Prefectural Police courses on youth education."



Shoplifting prevention banner displayed in the store

Repaying the Community through Regular Street and River Litter Collection by Volunteers

Yuichiro Yamamoto, Kyoto Sales Manager, Shusei Co., Ltd., Kyoto Prefecture

Shusei operates 12 stores in Kyoto City, and president Hideki Yomoda and his wife, together with employees and store crew who volunteer, hold regular litter collections along the Kamo River in the Sanjo Ohashi area under the name *Machikkurin* (short for Shusei Community Cleanup Campaign). The Kamo River is a symbol of Kyoto, and we decided to serve the community by helping to keep its environs clean at the suggestion of Takanori Fujisawa, manager of our Sanjo Ohashi store. We don gloves, grab waste bags and spend about an hour each time picking up litter along neighborhood streets and the river bank. We enjoy it. Working as they do inside little stores, our employees and store crew members find it a refreshing change to get out into the open, catch the breeze, and mix with staff from other stores.

Shusei also belongs to the local Kamo River Cleanup Association, and we plan to participate as much as possible in cleanup hikes and other events aimed at keeping the local community clean and tidy.



Shusei staff participating in volunteer cleanup activities



Collecting litter along the banks of the Kamo River

Supporting the Independence Efforts of People with Disabilities by Selling Akita Prefecture Vocational Aid Center Products

Eriko Kato, Owner, Akita Araya Toriki-machi Store, Akita Prefecture

At Akita Araya Toriki-machi Store, which opened in April 2010, we sell sundries made at vocational aid centers* throughout Akita Prefecture as one aspect of a comprehensive cooperation agreement exchanged between Akita Prefecture and LAWSON in October 2009 to support the independence efforts of Akita residents with disabilities. (See P.29 for further information on the agreement.) We owe our existence to the people in this community, and so we decided to sell these goods as a means of doing what we could to contribute to the community.

The products, which are all handmade by the users of three facilities—Dream Company Ayumi, *Taiyo no En*, and *Yamabato En*, are of 15 types, including woven pouches, eco-scrubbers, and soap made from waste oil. Being carefully made one by one, they all have a handcrafted feel that makes each of them special.

Note: Vocational aid center: Facilities where people with physical or intellectual disabilities or whose employment opportunities are limited by household circumstances are given opportunities to gain work skills and achieve a certain level of independence.



The products from vocational aid centers are displayed in a special corner near the entrance.



Owner Eriko Kato being interviewed by a member of the press

Mobile Sales for Senior Citizens without Means of Transport

Kyoji Adachi, Owner, Kofu-cho Store, Tottori Prefecture

I operate five supermarkets in Hino-cho and Kofu-cho. This area is a hilly rural zone in which senior citizens make up more than 40% of the population. One- or two-member households that lack their own means of transport account for 30% of the total, and so I decided that instead of waiting for customers to come to my stores, we'd go and sell stuff near to where these people are. We started mobile sales in 1993, and after opening the LAWSON Kofu-cho store in April 2008, we've also been offering LAWSON products.

Currently we do three routes twice a week, with each route going through eight to ten villages. We sell about 800 products, including about 30 LAWSON products. Meat, fish and new products such as sweet buns are very popular. People say they look forward to seeing our *Himawari* (Sunflower) truck, and that they find it a real help as they can't go shopping themselves. Our mobile sales are helping both to provision people in the local community and to watch over their wellbeing, since we go and check the homes of any regular customers who don't appear.

We're also providing jobs by doing this business. I want to go on offering the old people in these marginal villages the same products that people buy in Tokyo, and continue to play a part in keeping these communities going.



The *Himawari* (Sunflower) mobile sales truck is fully equipped with refrigerated and frozen food sections.

"Every Store Can Contribute" and "Safety Station" initiatives

We launched our Every Store Can Contribute initiative in 1997 to get each of our stores involved in community engagement activities tailored to neighborhood needs. By opening their doors to elementary and middle school student workplace experience programs or helping to keep surrounding areas litter-free and so forth, our stores aim to serve as valued and welcome members of their local communities.

We also participate in the Safety Station initiative launched by the Japan Franchise Association. Under this initiative, which is backed by government agencies and law enforcement authorities, we position our stores as neighborhood safe havens and help to keep young people out of trouble. The Safety Station initiative provides convenience stores with an industry-wide platform for fulfillment of social responsibility through helping to prevent crime, serving as havens for women and children who feel threatened, and offering assistance to elderly people.



Exchange of MOU with the National Hospital Organization on Supply of Meals in Emergencies

On June 16, 2010, the Chugoku/Shikoku block of the National Hospital Organization (NHO) and LAWSON exchanged a memorandum of understanding on the supply of meals in emergency situations. Under this MOU, LAWSON has agreed to supply patient meals to hospitals unable to do so themselves owing to kitchen fires, power failures or other contingencies. The NHO asked for our cooperation because of our capabilities for providing a steady supply of meals to facilities spread over a wide area, and we agreed to help as we welcome the opportunity to be of service to public healthcare facilities. In the event of emergencies, we will respond to requests from any of the 23 hospitals (9,717 beds) of the NHO's Chugoku/Shikoku block of nine prefectures to supply boxed lunches, bread, beverages and other provisions for inpatients who do not have special meal requirements.



Enriching the Community



LAWSON Group Initiatives for the Community

The LAWSON Group seeks to offer products and create stores that meet local customer and neighborhood needs while making use of the advantages offered by a nationwide network. We hope to give everyone a lift through a wide range of initiatives to enrich the local communities in which we operate.

Stores that Enrich the Community

As society and lifestyles evolve, customer needs are diversifying. To keep abreast of these changing needs, the LAWSON Group is implementing various reforms that try to take convenience stores to the next level.

NATURAL LAWSON—For Health-Conscious Consumers and Working Women

NATURAL LAWSON stores put priority on health, beauty and comfortable lifestyles, and are located in business districts of large cities to cater to the large number of working women. They offer healthy, low-calorie ready-to-eat foods and boxed lunches, sweets made from select ingredients, detergents and cosmetics made from natural materials, and other products that can be used with peace of mind. NATURAL LAWSON stores have won a following among health-conscious men as well as women.



LAWSON STORE100—Popular with Housewives and the Elderly

These stores sell fresh foods, prepared foods and other foods delivered daily in small portions and mostly priced at 105 yen, which meets the needs of housewives, the elderly and small households. We sell only the freshest and best quality fresh foods, putting priority on selling seasonal vegetables and fruits.



LAWSON KOBE HOT DELI—Foods Made Fresh In-Store

LAWSON KOBE HOT DELI provides that freshly made restaurant taste — anytime, anywhere, conveniently. Combining the three services of a live kitchen where customers can watch their meals being cooked right in front of them, a bountiful self-service buffet with an extensive range of dishes, and freshly made boxed lunches cooked right there in-store, we provide meals for all kinds of situations, including lunches at school and work, and meals for housewives and seniors.



Together with the Local Community

LAWSON aims to fulfill its role as the “Hot Station in the Neighborhood” with each store throughout Japan bringing out the best characteristics of its particular neighborhood, and contributing to a safe and comfortable life for its customers.

Collaboration with Communities through Comprehensive Agreements with Local Authorities

LAWSON aims to be the “Hot Station in the Neighborhood” through store management rooted in the local community and activities that contribute to the local community. As part of these efforts, we partner with local authorities on joint projects to improve neighborhoods and promote local development.

By the end of May 2010, we had entered into comprehensive agreements with 36 local authorities. We are involved in a wide variety of efforts including the development of products that use local produce for both local and nationwide consumption.

The blue portions of the map denote local authorities that have comprehensive agreements with LAWSON. Sapporo City and Yokohama City have agreements with LAWSON separate from those of their prefectures.

●Niigata Prefecture
Rice flour buns:
Two types of rice flour breads made with 100% new *Koshi-ibuki* rice harvested in the Kaetsu district of Niigata Prefecture—rice flour sweet potato paste buns and rice flour steamed chestnut buns.

●Hyogo Prefecture
Hyogo *Mansai* boxed lunch:
Boxed lunch packed with foods from Hyogo Prefecture including sea bass, nori seaweed, simmered sand eel, firefly squid, onions, cabbage and Banshu 100-day chicken. The simmered food is flavored with ginger and soy sauce in the Himeji oden style.

●Miyazaki Prefecture
Lucmi melon buns:
Melon buns made with the *Lucmi* lactobacillus drink developed by Miyazaki Prefectural Takanabe Agricultural High School and *Hyuga-natsu* citrus grown in Miyazaki Prefecture. These buns were put back on sale at the earnest request of students, who wanted to give Miyazaki a much-needed lift after its livestock industry suffered a foot-and-mouth disease outbreak. A portion of the sales proceeds are donated to the Miyazaki Prefecture Fund for Foot-and-Mouth Disease Damages.

●Kochi Prefecture
Ryoma legend salted yakisoba noodles:
Simply salted yakisoba noodles with deep-fried Shimanto chicken, named after a tributary of the Shimanto River where the legendary Sakamoto Ryoma traveled after he left his clan.

●Gifu Prefecture
Rice topped with miso-flavored sautéed chicken:
Boxed lunch of cooked rice topped with miso-flavored sautéed chicken—a popular local cuisine in the Hida and Okumino districts.

●Hokkaido Prefecture
Rice balls with herring roe mayonnaise and hand-rolled sushi with herring roe mayonnaise:
Rice balls and hand-rolled sushi made with herring roe processed in Rumoi City. The slight spiciness of the mustard mayonnaise combined with the crunchy texture leaves you asking for more.

●Miyagi Prefecture
Shiroishi umen noodles:
Wheat noodles in a bonito-based broth using Sendai miso accented with spicy miso-flavored ground pork with hot ginger.

Sapporo City
Yokohama City

LAWSON Opens In-Store Prefecture Promotion Shops

LAWSON has opened Prefecture Promotion Shops inside its stores to promote individual prefectures with which it has comprehensive agreements by providing tourism information and selling goods from the prefectures concerned. In March 2009, we opened a Tokushima Prefecture Promotion Shop in our Toranomon Tomoe-cho Store, Tokyo, followed by a Saitama Prefecture Promotion Shop in our NATURAL LAWSON Shinjuku Station West Store in September 2009. In 2010, we opened similar shops for Nagano Prefecture in the NATURAL LAWSON Tsukiji Togeiki Building Store in April, for Okinawa Prefecture in the LAWSON Meieki South Hirokoji Store in May, and for Chiba Prefecture in the LAWSON Yokohama Sumiyoshi-cho 4-chome Store in July. The five Prefecture Promotion Shops operating as of July 31, 2010 sell between 70 and 300 recommended products from their respective prefectures.



Serving as One of Society's Lifelines

The LAWSON Group works with local governments and other authorities to prepare for disasters and contribute to safety in the community.

We aim to exploit our unique capabilities as a nationwide chain of about 9,800 stores encompassing all 47 of Japan's prefectures to implement disaster response measures promptly and efficiently, and contribute to the early restoration of normality in areas struck by natural disasters.

Contributing to Peace of Mind in the Community

Disaster Assistance Agreements

LAWSON stores strive to become major support lifelines in the event of large-scale natural disasters by continuing to operate without interruption in disaster-stricken areas. As of May 31, 2010, we had concluded Provision Procurement Agreements with 57 local authorities and other organizations to supply as many essential provisions as possible to affected areas.

As of May 31, 2010, we had also concluded Displaced People Assistance Agreements with 37 local authorities, promising to do our utmost to lend toilet facilities and provide tap water, information updates and so forth to disaster victims forced to travel on foot due to the collapse of roads and means of transport in disaster-stricken areas.



● Provision Procurement Agreements Concluded Since Fiscal 2009 (As of May 31, 2010)

Agreement Date	Agreement Partner
March 26, 2009	Aichi Pref.
May 21, 2009	Yokohama City
June 17, 2009	Nara Pref.
January 18, 2010	Kyoto Pref.

● Displaced People Assistance Agreements Concluded Since Fiscal 2009 (As of May 31, 2010)

Agreement Date	Agreement Partner
March 23, 2009	Shimane Pref.
March 30, 2009	Tottori Pref.
November 26, 2009	Nagasaki Pref.
January 20, 2010	Kumamoto Pref.
January 28, 2010	Kochi Pref.
May 12, 2010	Miyazaki Pref.

Disaster Relief Fundraising

LAWSON provides help to areas stricken by large-scale disasters by replacing its LAWSON Green Fund collection boxes with a special disaster fund appeal for a limited period. In 2009, we contributed approximately 31 million yen to the Japanese Red Cross Society's Haiti earthquake victim support efforts and other funding to three domestic disaster relief efforts as outlined on the right, delivering donations of people from across the country to the victims of disasters. We sincerely thank our customers for their generous donations.



● Disaster Relief Funds Collected in Fiscal 2009

Fund	Yamaguchi Pref. July 21 Heavy Rains Disaster Relief	Fukuoka Pref. July Heavy Rains Disaster
Area	949 stores in Chugoku/Shikoku region	894 stores in Kyushu region
Period	July 26 to August 8, 2009	August 1 to 14, 2009
Total donations	¥2,499,012	¥1,610,388
Fund	Hyogo Pref. Typhoon #9 Heavy Rains Disaster Relief	Haiti Earthquake Relief
Area	501 stores in Hyogo Pref.	All 8,755 stores nationwide
Period	August 13 to 26, 2009	January 17 to 30, 2010
Total donations	¥1,307,478	¥31,008,711

Disaster Response

When a large-scale disaster occurs, the LAWSON Group establishes a Disaster Response Office and promptly implements disaster countermeasures to ensure continuation of the supply lifeline to the disaster area, and provides aid to the disaster area in the form of provisions. In fiscal 2009, we supplied provisions to three areas that suffered damage from heavy rains and typhoons.

● 2009 Hyogo Pref. Typhoon #9 Heavy Rains Damage (August 10, 2009)

Item	Number
500 ml bottles of water	1,848
500 ml bottles of green tea	1,200
500 ml bottles of soda	552

● 2009 Fukuoka Pref. Heavy Rains Damage (July 27, 2009)

Item	Number
Ice	100 packets

● 2009 Yamaguchi Pref. Heavy Rains Damage (July 25, 2009)

Item	Number
Rice Balls	1,000
Boxed lunches	880

Aiming to Become a Vital Part of Neighborhood Life

Leveraging its nationwide network of stores, LAWSON seeks to offer convenience in the form of essential services such as payment of public utility charges. We are also in the process of making our stores barrier-free and accessible to all.

Delivering Convenience and Comfort Every Day

Providing a Wide Range of Services

Participating in *Ponta* Multi-Partner Shopping Points Program

We are participating in the *Ponta* multi-partner shopping points program launched in March 2010, enabling customers to collect points at other *Ponta* partner outlets as well as ours when they shop. The *Ponta* program is a next-generation point service that enables collection and use of points at about 2,400 Showa Shell gasoline stands, 1,000 Geo Corporation DVD rental stores and other affiliates in addition to LAWSON, including online vendors. *Ponta* provides us with a platform both for providing customers with greater convenience and for implementing joint sales promotions with other *Ponta* partners.



Ponta card

E-Payment Terminals

To enable a wider variety of payment methods and shorten checkout payment time, we have introduced e-payment services to almost all of our stores nationwide. In addition to iD^{TM1}, QUICPay^{TM2}, Edy³ and Visa Touch (Smartplus)⁴, all of which can be used nationwide, JR East Suica⁵ and other major transport e-payment systems can be used in all regions except Shikoku and Okinawa.

1. iD is a trademark of NTT DOCOMO, INC.
2. QUICPay is a system endorsed by the Mobile Payment Promotion Association (MOPPA).
3. Edy is a prepaid e-money service operated by bitWallet, Inc.
4. Visa Touch and Smartplus are non-contact e-payment services offered respectively by Visa International Inc. and Mitsubishi UFJ NICOS Co., Ltd.
5. Suica is a registered trademark of East Japan Railway Company.



Providing ATM Services

LAWSON provides ATM services for cash withdrawals using the cash cards of Japan's city banks, some regional banks and credit unions, and Japan Post Bank cards, as well as credit card company cash loans. As of July 31, 2010, LAWSON operated 7,624 ATMs in 43 prefectures and had partnerships with all of Japan's city banks and 36 regional and Internet-only banks.

Loppi Multimedia Terminals

LAWSON stores are equipped with *Loppi* multimedia terminals that can be used for the purchase of concert and other event tickets handled by LAWSON ENTERMEDIA INC., "toto" sports promotion lottery tickets and various transport and leisure facility tickets, advanced ordering of DVDs, applications for certification tests and other items.



Loppi multimedia terminal

Comprehensive Alliance with Japan Post Holdings Co., Ltd.

Under its comprehensive alliance with Japan Post Holdings Co., Ltd., LAWSON is leveraging its nationwide network of stores to improve the convenience of postal services—an important component of social infrastructure—by equipping all of its stores with mailboxes, opening stores in post offices and post offices in stores, and other innovations.



Kamigomyo Sub Post Office located in our Sakaki Murakami Store in Nagano Prefecture

Store Accessibility

We are striving to make our stores completely barrier-free and accessible to all people including the elderly, pregnant women and people with disabilities. All new stores have wheelchair-accessible entrances, and stores with car parks have a dedicated space for wheelchair users. Store toilets are Western-style and are equipped with handrails, and access has been improved with the removal of raised entrance thresholds.

We have also introduced shopping carts and large-print price tags at designated LAWSON stores in an effort to make our stores user-friendly for elderly people, and we welcome guide dogs, hearing dogs and other assistance dogs at our stores.



"Working Dog Welcome" sticker displayed on storefront windows

Deterring Underage Drinking and Smoking

To prevent underage consumption of alcohol and tobacco, we use recorded voice guidance or other means at checkout counters to demand proof of age from all customers except for those who are clearly over the legal threshold. We also display posters and make in-store announcements to heighten customers' awareness of this issue. We will make further efforts to ensure 100 percent compliance with the ban on sales of alcohol and tobacco to underage customers.



Notices of various kinds displayed in stores

Encouraging Good Smoking Manners

The LAWSON Group has established standards for the placement of storefront ashtrays. Where bylaws prohibit smoking on sidewalks, we have as a rule removed ashtrays, and in locations not covered by such bylaws, we have repositioned ashtrays away from store entrances. We also take various measures, including the display of smoking etiquette stickers on ashtrays in cooperation with Japan Tobacco Inc., to raise awareness of the importance of observing good smoking manners.



Display of smoking etiquette sticker on ashtray

Display of Organ Donor Cards

To help promote organ transplants, since January 1999 we have displayed organ donor cards in all of our stores. With the redesign of these cards under the July 17, 2010 revision of the Organ Transplant Law*, we displayed new cards at our checkout counters for customers to help themselves to. We will continue to help promote organ transplants by using our neighborhood stores to raise awareness and prompt our customers to think about donating organs.

Note: Organ Transplant Law revision: The Law was revised to enable a person's organs to be used as long as family members approve, in the event that the person had not previously made his or her unwillingness to become a donor clear. Donation of organs from people under the age of 15 has also become possible.



Bringing Ties with the Local Community

LAWSON supports a wide range of sports activities and participates in neighborhood cleanup activities to foster close relations with local communities.

Together with the Local Community

Support for Sports Activities

Supporting the Niigata National Sports Festival of Japan with a Map

LAWSON supports the annual National Sports Festival of Japan, which is held at different locations each year, as part of our cooperation programs through comprehensive agreements with local authorities. In fiscal 2009, we supported the 64th National Sports Festival, held in Niigata Prefecture, by distributing a Niigata National Sports Festival Support Map with discount coupons at tournament sites and other locations. We also distributed 100 free eco bags featuring the Niigata Prefecture team uniform as a motif at every LAWSON store in the prefecture. LAWSON now looks forward to supporting the 65th National Sports Festival to be held in Chiba Prefecture in fiscal 2010.

LAWSON Cup Mothers' Volleyball Tournament

LAWSON supports Mothers' Volleyball, a homegrown Japanese lifelong sport. The 5th LAWSON Cup All Japan Mothers' Volleyball Tournament Finals were held over four days from March 25, 2010 at the Hokkaido Prefectural Sports Center in Sapporo City, Hokkaido Prefecture. After preliminary regional rounds that attracted 3,040 teams and approximately 50,000 participants, 48 winning teams representing their respective prefectures went on to battle each other in the Finals.

Supporting the J.League's ALBIREX NIIGATA — LAWSON Thanks Day

The Japan Professional Football League (J. League) has a strong regional element, and LAWSON has supported ALBIREX NIIGATA as an official sponsor since 2003. One game each year is held under the auspices of LAWSON Thanks Day, with 15 minutes before the start of the game devoted as LAWSON Thanks Day Time to a "Heart and Soul Support Declaration" that unites the fans.

Neighborhood Cleanup Efforts

LAWSON helps to keep neighborhoods tidy by participating in cleanup activities.

Fukuoka Love Earth Cleanup

LAWSON participated in Fukuoka Love Earth Cleanup held in Ohori Park in Fukuoka City in May 2009. This was LAWSON's 16th year of participation in the event, which is organized by the non-profit organization Clean Fukuoka Association. Of the 980 participants, about 100 were LAWSON employees.

Kyoto Citizen Mass Cleanup Action

About 60 LAWSON employees participated in the Kyoto Citizen Mass Cleanup Action event held in Kyoto City in November 2009. A total of 3,500 Kyoto residents and company workers participated in this mass effort to clean up shopping districts and tourist spots.

Arakawa Clean Aid

In November 2009, LAWSON organized Arakawa Clean Aid 2009 with the participation of 128 LAWSON Group employees. This was our 15th annual cleanup of the banks of the Arakawa River in Tokyo since we started this initiative in 1994. This year we gathered 57 bags of litter and 24 large-sized waste items.



Niigata National Sports Festival Support Map



LAWSON Cup Mothers' Volleyball Tournament



©ALBIREX NIIGATA



Fukuoka Love Earth Cleanup



Kyoto Citizen Mass Cleanup Action



Arakawa Clean Aid

For the Next Generation

The LAWSON Group feels that creating an ideal environment for children to grow up in will help society to flourish and breathe new life into local communities. We work as one with those communities to implement various activities to support children and the families raising them.

Supporting Social Education

Fifth Grader Work Experience in Kyoto Student City

In January 2007, LAWSON opened a store in Kyoto Student City designed to give children a taste of what work in a convenience store entails. Established by the Kyoto City Board of Education and the Junior Achievement Japan, the Japanese branch of the world's largest economic education group, the Kyoto Student City work-study facility is used by the city's fifth-graders as part of their school curriculum. As well as a LAWSON store, Kyoto Student City's little town boasts a ward office, bank, newspaper publisher, traditional pickle purveyor and other work experience facilities created through the cooperation of 12 companies and other organizations. After being taught about society and employment-related mechanisms, children engage in hands-on activities.

At the LAWSON store, children learn how to communicate courteously with customers and operate cash registers. Though shy at first, the children soon learn to greet customers cheerfully, and appear to gain a great deal from their experiences in the store.



From 2007 to March 2010, 30,647 children from 497 schools have gained hands-on experience.

HAPPY LAWSON Stores for Families with Children

LAWSON is implementing a Happy Childrearing Project as a way to support families with small children. The idea arose from the theme of the prizewinning entry in a contest held in 2005 to commemorate our 30th anniversary that solicited ideas on *The Convenience Store of the Future*, with the winning entry proposing convenience stores that support childrearing.

We incorporated many of the ideas raised by families with children into the HAPPY LAWSON Yamashita Koen store that we opened in Yokohama City in July 2007. For example, we made the aisles wide enough to accommodate a baby carriage and added a play area for kids and a space for caregivers to relax and chat. We also bolstered our product lineup with disposable diapers, baby food, picture books, toys and other products that families raising small children have frequent need of.



Donating Products through the "Miffy" Gift Campaign

As part of its childrearing support project, LAWSON runs gift campaigns offering originally designed small dishes, mugs and other goods adorned with the popular Miffy character created by artist Dick Bruna of the Netherlands. LAWSON sets aside 1 yen for each promotional item offered through these campaigns, and donates products equivalent to the total to the Japan National Council of Social Welfare and the National Council of Women's Shelters. In fiscal 2009, we donated products equivalent to 1,650,000 yen.



Thank you letters from children

Chugoku & Shikoku LAWSON Branch Supports Shimane Children's Fitness Program

As part of its comprehensive agreement with Shimane Prefecture, Chugoku & Shikoku LAWSON Branch supports the *Shimanekko Genki Up* Carnival, an event aimed at promoting the *Shimanekko Genki Up* Program to improve the fitness of Shimane's children. The program offers ten activities including skipping, unicycling, and ball games. Elementary schools select a number of these activities for participation by all of their students.

The Carnival was held at 12 schools in fiscal 2009, with Chugoku & Shikoku LAWSON Branch donating hula hoops, basketballs and other exercise equipment to the schools, and Miffy eco-bags to the children.



Supporting Citizenship Activities/Overseas Assistance

The LAWSON Group supports citizenship activities being carried out by its customers and also provides them with opportunities to contribute to society through shopping at its stores. It has also established programs for the education of young foreigners as overseas assistance.

Building Social Contribution Infrastructure

Ponta Environment and Social Contribution Course

To enable customers to contribute to society as they shop, we offer an Environment and Social Contribution course in the *Ponta* multi-partner shopping points program. Under this course, which we have offered since 2003, customers can donate units of 10 points, equivalent to 10 yen, to organizations that serve society. In fiscal 2009, a total of 3,437,260 yen was donated through this course to the following six organizations:

Caring for Young Refugees (CYR)

CYR supports the training of teachers, provision of lunches and creation of safe and stable environments for the education of needy children in Cambodia.



© Masanori Kobayashi

Japan Guide Dog Association

This association trains guide dogs for the visually impaired so as to enable them to move about safely in society.



Education Sponsorship in Asia (ESA)

ESA supports the provision of a basic level of education for children in Bangladesh and India based on the concept that education helps preserve human dignity and makes a major contribution to overcoming poverty and discrimination.



Ecology Café

This NPO provides learning opportunities to children based on local ecosystem conservation activities that help them learn about the natural environment and the importance of protecting it.



Bridge Asia Japan (BAJ)

BAJ provides vocational training for women and refugees who face difficulties, and helps them translate acquired skills into income.



National Land Afforestation Promotion Organization (LAWSON Green Fund)

This organization supports forest management activities in Japan and overseas as well as school greening initiatives. (See P.8-11 for details)



Scholarships for Vietnamese Students

In fiscal 2009, the LAWSON Group established a scholarship program for Vietnamese students wishing to study in Japan. This program emerged from our procurement of ingredients grown in Vietnam for our products. Vietnamese students are very diligent, and since many want to study in Japan, we established the program to provide the opportunity to some of them, granting scholarships for study in Japanese colleges and universities for up to six years. So far, nine such students (four honors scholarships and five ordinary scholarships) have enrolled in Japanese universities and Japanese language schools. We hope that this initiative will contribute to Vietnam's development and the building of even friendlier ties between Vietnam and Japan.

Motivating People



Keeping Customers Satisfied

Efforts to Ensure Customer Satisfaction

To enhance customer satisfaction and serve as the "Hot Station in the Neighborhood," LAWSON focuses on three key priorities — the provision of quality products, operation in convenient locations and implementation of the Three Challenge Practices.

The Three Challenge Practices + Quality products + Convenient Locations

The Three Challenge Practices

Our Three Challenge Practices of store operation are: (1) ensuring merchandise assortments are matched to individual store locations; (2) serving customers courteously; and (3) keeping stores and surrounding areas clean. To ensure that we can supply what our customers are looking for, we utilize individualized "store recipes*" to ensure the right mix of merchandise for the neighborhood.

To provide enjoyable customer experiences and ensure that neighbors welcome our presence, we keep our stores and their surroundings immaculately clean, and in response to customer feedback, we use conduct manuals to promote the provision of courteous, heartfelt customer service.

We conduct seminars for franchise stores and training for FC owners and store crews to promote the practice of the Three Challenge Practices throughout the LAWSON organization. In fiscal 2010, we will make even greater use of PRISM, our next-generation IT system to promote customer-driven merchandise assortment and ordering process innovation. PRISM will enable precision ordering and enhance product lineup, hospitality, and other aspects of customer service.

Note: Store recipe: a tool for enabling franchise owners and store managers to analyze information regarding their neighborhoods, and use it to select merchandise that is better matched to their particular neighborhoods.

Quality Products

Our headquarters works hand-in-hand with our stores to constantly improve operations and ensure that the products that reach customers are safe, trustworthy, healthy and delicious.

Convenient Locations

We actively seek to open new shops in locations such as schools, hospitals, post offices, subway and train stations, airports and expressway parking areas, tailoring stores to the nature of the location to best meet customer needs.

●LAWSON's Approach to Customer Satisfaction

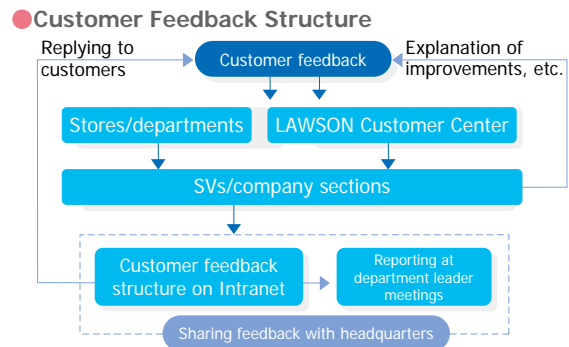


Tokyo Women's Medical University Hospital
NATURAL LAWSON Store

Keeping Customers Satisfied

Customer Feedback Structure

The LAWSON Customer Center is dedicated to channeling customer enquiries and feedback to appropriate sections for prompt response, and to sharing any issues with all employees through the company intranet and other means to make any necessary improvements. Feedback is used to improve customer satisfaction through developing store quality, new products, and new services.

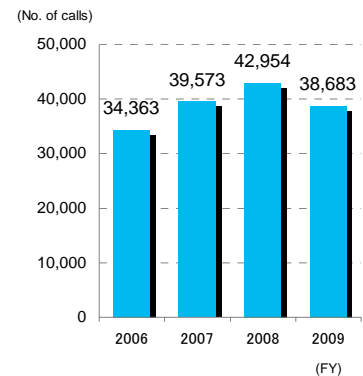


Feedback Received by the LAWSON Customer Center

As the number of our services has grown, so has the volume of feedback received each year by the Customer Center, but this trend ended in fiscal 2009, with volume dropping to 90% that of fiscal 2008. As in the past, the most frequent type of feedback in fiscal 2009, accounting for 47.6%, concerned store operations. A full 89% of this feedback pertained to customer service, showing that we still need to work hard at improving our serving of customers.

We also received considerable feedback on environmental topics, and also an increasing number of improvement requests regarding noise, litter and smoking by customers around ashtrays placed outside our stores. We will continue to share feedback across our organization to implement further improvements.

Customer Feedback Numbers



Making Improvements Based on Customer Feedback

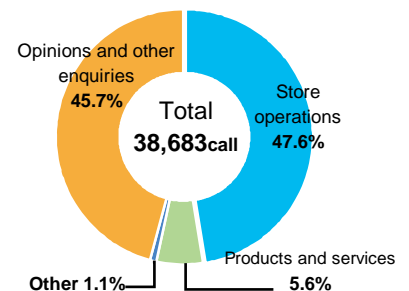
When the *Ponta* multi-partner shopping points program was launched in March 2010, we received a lot of enquiries from customers regarding usage of *Ponta* cards and points, and about the other companies participating in the program. To address the most frequently asked question, namely "Can we use the card we've used up to now?", we beefed up checkout counter displays and in-store announcements to better inform customers.



Informing customers about *Ponta* cards at checkout counters

Customers' views and questions change frequently in response to the launching of new services and changes in society at large. We do our utmost to resolve any issues that crop up, and share information between sections so as to implement necessary measures prior to the introduction of new services.

Fiscal 2009 Customer Feedback Breakdown



Providing Safe, Healthy Products

Providing customers with safe products that contribute to their health is a major responsibility of LAWSON, and we place maximum priority on food safety in all processes of product development, manufacture, and sale.

Ensuring Customer Safety and Health

Concerns about food safety have risen dramatically in recent years. One of our most important responsibilities at LAWSON is to provide safe food products that address health requirements. Our headquarters works hand-in-hand with stores to ensure that all of our food products are safe, healthy and delicious.

Safety and Health Initiatives

Offering Safe Products

LAWSON's products are subjected to thorough quality control procedures in compliance with environmental and hygiene regulations. Our stringent policies at all stages of product development, production, and sales ensure that customers can purchase our products without any safety concerns. We are doing our utmost to minimize food additives, and use no artificial colorings and preservatives in original LAWSON products.*

In addition to mandatory information such as product name, use-by date, ingredients and allergy warnings, we voluntarily display calories per serving and other nutritional data on original LAWSON product labels. We prepare specifications for each product, and take accurate records of suppliers, preparation methods and any food additives included for each ingredient, reflecting this information in the ingredients section of the label. Our Quality Control Dept. also carries out stringent checks on the content of product labels, and further checks are carried by external specialists and at the production stage, ensuring that product labels have been double- or triple-checked for accuracy before reaching the consumer.

Note: Boxed lunches, rice balls, sushi, bread snacks, salads, readymade noodles, pasta which has LAWSON's trademark on the price tag. Fast foods cooked within each store are excluded.

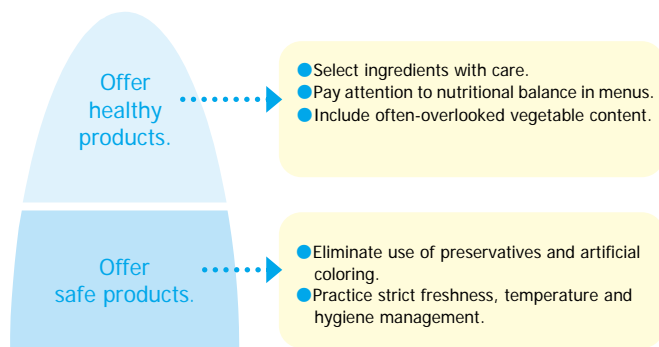
Offering products focused on health

Customer health is becoming an increasingly important issue, and LAWSON pays attention to ingredient quality, nutritional balance and the inclusion of often overlooked vegetable content when developing products. To address growing customer interest in health, we are expanding our health-conscious product lineup for NATURAL LAWSON stores, and sell some products originally developed for NATURAL LAWSON in conventional LAWSON stores too.

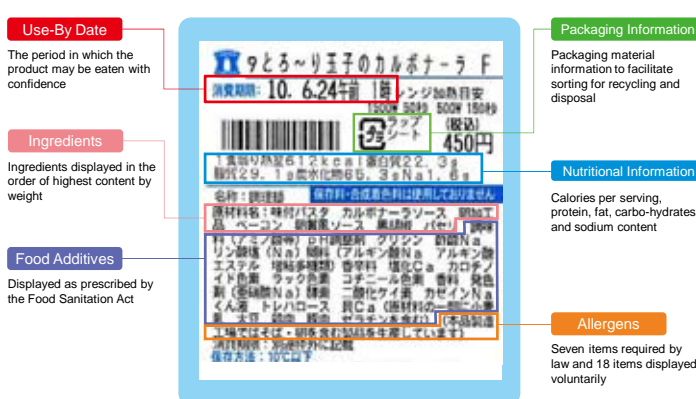


A NATURAL LAWSON boxed lunch featuring over 20 ingredients with an emphasis on lots of different vegetables rather than just meat items (no longer on sale)

● LAWSON's Approach to Safety and Health



● Main Items Displayed on Product Labels



Providing Safe, Healthy Products

Quality Management of Ingredient Procurement, Manufacture, and Sale

Managing the Quality of the *Premium Roll Cake* Line

The *Uchi Café SWEETS* series is a premium series developed by LAWSON to address customer desire for something a little special. We take various safety, hygiene and quality management measures at both production plants and stores to ensure that customers can always enjoy *Premium Roll Cakes* and other sweets in the series at their very best.



Uchi Café SWEETS Premium Roll Cakes first went on sale in September 2009, and in the subsequent six months, cumulative sales of the *Roll Cake* series topped 22 million cakes.



Livestock management designed to reduce stress among the cows

■ Selecting Ingredients

We have established a special section responsible for procuring and checking ingredients. Checks are conducted not only on new suppliers, but also periodically on existing suppliers.

For example, for our *Premium Roll Cakes*, we use Takaragasa brand flour that is favored by specialist cake bakers, and a blend of three creams from Hokkaido fresh milk.

■ Procuring Quality Fresh Milk

Hokkaido is ideal dairy country, but to obtain even higher quality fresh milk, our contract dairy farmers apply fertilizer to pastures in a planned way based on soil analyses to grow top quality grass, with any nutrients still not present in sufficient quantities being added to feed. They also encourage as much grazing as possible to reduce the stress of cows, and have fitted cowsheds with ventilation fans to ensure a constant stream of fresh air. Collected milk is analyzed every day, and data is managed on an individual cow basis so as to ensure a stable supply of the highest quality milk.

Our contract dairy farmers are also planting deciduous trees on their own land around pastures to help conserve the ecosystem.

■ Product Development

We do a document review when the product specification has been fixed, and then check safety by doing trial production runs using actual production lines.

■ Product Manufacture

See P.40 for further information.

■ Product Delivery

Product sorting, packing and other loading tasks are carried out efficiently according to fixed procedures to comply with designated temperatures and times. Delivery trucks are equipped with thermometers, and storage conditions are monitored constantly.

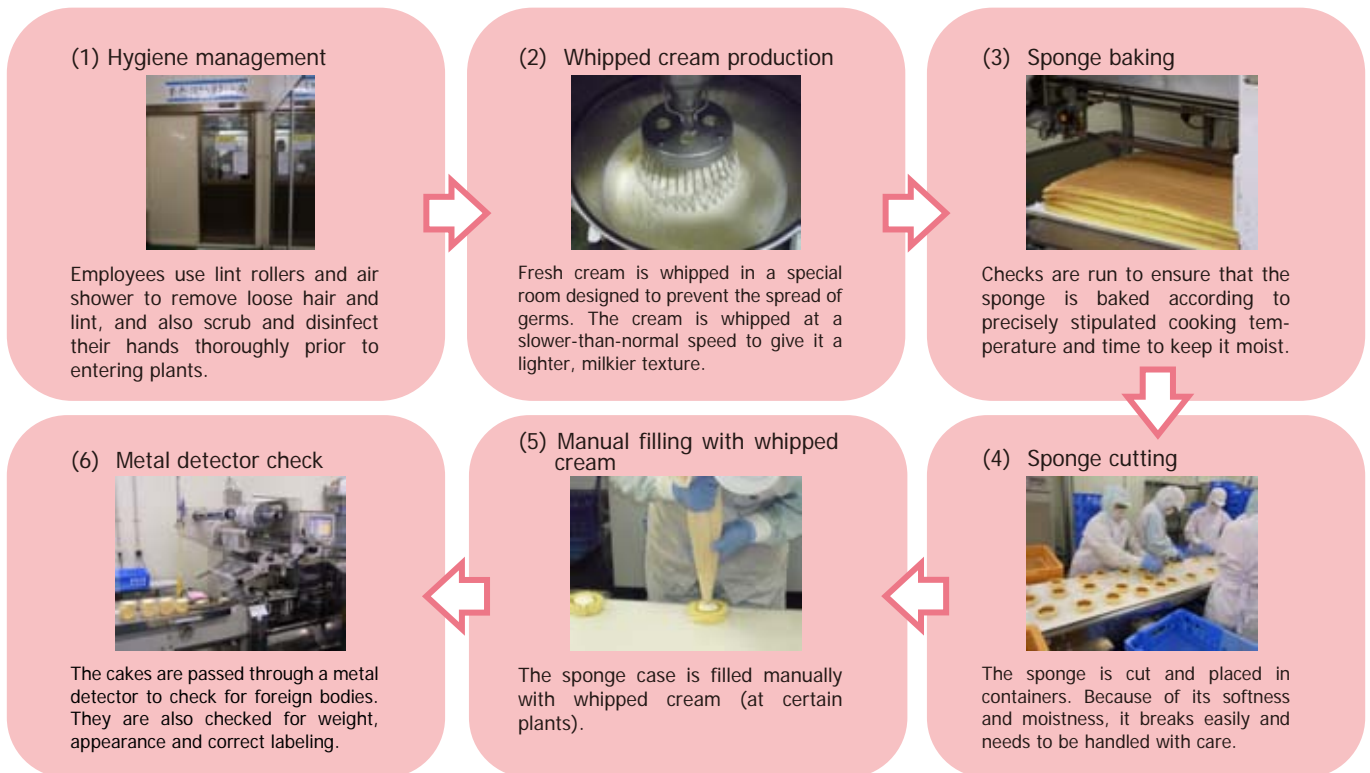
■ Sale at Stores

Any deterioration in product quality is prevented by display case temperature checks four times a day. We also ensure meticulous management of temperature and freshness by having our supervisors carry out periodical hygiene checks, and by using a third-party organization to conduct once-yearly spot checks of fast foods and other products.

■ Product Manufacture

Cooking temperature, time and other manufacturing process parameters are precisely stipulated to ensure that products adhere to standards. Plant interiors are kept spotlessly clean at all times, and employees are required to scrub and disinfect their hands thoroughly prior to entering plants to prevent the introduction of foreign matter.

Metal detectors and X-ray scanners are also used to check for foreign bodies, and other checks are conducted at various stages to confirm adherence to specified quantities.



From the Frontline: Business Partner

Development of a Completely New Kind of Product through Trial and Error

Cosmo Foods makes desserts for supply to 2,500 stores in the Kanto Koshin region, and was involved right from the start in the development of *Premium Roll Cakes*. To create a completely new kind of product, we conducted research on all aspects from shaping the sponge and blending the cream, arriving at the final product through a process of repeated trial and error. We found that shaping the soft, moist sponge was so difficult that at first we could produce only 1,000 cakes an hour even with the help of all of the plant's employees, but the product has become such a hit that it has been introduced on TV and other media, and is a source of pride for all the employees involved in its production.

Yasuo Hayashi
Manager, Product Department,
Cosmo Foods, Ltd.



Premium Roll Cake Wins Gold Award at the 2010 Monde Selection

Premium Whipped Cream Roll won a gold award in the confectionery category at the 2010 Monde Selection* competition held in Europe to recognize fine foods from around the world. This first-time entry was the first original chilled convenience store dessert from Japan ever to receive a Monde Selection* award. The award paid recognition to stringent quality management in the production process and use of only the finest ingredients such as cream from fresh Hokkaido milk and a select brand of flour.

Note: Founded in 1961, Monde Selection is a globally renowned food and beverage organization whose awards pay recognition to outstanding products from around the world. The quality, taste and other aspects of products presented are evaluated impartially by juries of independent experts.



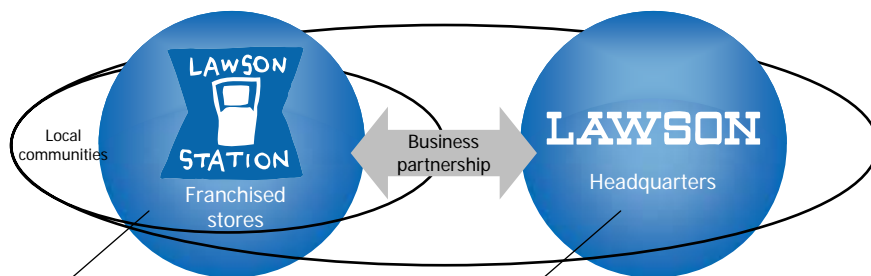
Together with Franchise Owners and Store Crews

We support store operation by franchise owners in various ways, and put a lot of weight on exchanging views with those owners, store managers and store crews in our ongoing efforts to improve our products and services.

Supporting Owners and Crews

LAWSON and Franchise Owners are Partners in Business

LAWSON and franchise owners are equal partners in business, sharing the same philosophy and targets, and working together to achieve them in a mutually beneficial relationship of profit sharing.



Role of the Franchise Owners

- Management of stores and products
Orders, sales promotions, cleanliness, safety and convenience, etc.
- Management of store crews
Store crew recruitment, education, management, etc.
- Management of sales and expenses
Sales and expense control, etc.

Role of Headquarters

- Product development and product information
- Information technology systems
- Logistics systems
- Advertising and publicity for sales promotions
- Store management training by supervisors
- Education and training
- Accounting service
- Loan of business equipment and fixtures

Accounting Service

Accounting is carried out by headquarters, which allows franchise owners to concentrate on managing.

Minimum Guarantee

Headquarters guarantees* a minimum annual income for franchisees.

Note: Store profit after deduction of costs and operating expenses is not guaranteed.

Owner Support Program

When franchise owners need to be absent from their stores, this program allows them peace of mind to take that time off.

Sharing Philosophy and Goals

The LAWSON Franchise System allows franchise owners and headquarters to share the same philosophy and goals, and to work together to achieve them, which improves customer satisfaction and enables profit sharing. Franchise owners are independent managers responsible for all aspects of operations, including management of sales, procurement and expenses. Headquarters provides various support services to enable franchise owners to concentrate on store operation.

Serving as a bridge between franchise owners and headquarters, supervisors are able to support store operations from a customer perspective, providing information on the latest product trends and changes in the business environment, analyzing sales and customer data, conducting market research on areas where franchises operate and offering suggestions regarding revenues and income.

We also hold a LAWSON Seminar every year at 8 locations nationwide, where we explain our management policy and product trends, and provide business expertise and analysis of information on a per store basis. We hope that sharing such information with our franchise owners on a sustained basis will help ensure that our stores are always valued by the local communities in which they operate.



Management and Franchise Owners Meetings

We hold regional meetings for LAWSON management and franchise owners to candidly discuss store management. In fiscal 2009, 34 such meetings were held to discuss issues regarding products, sales promotions and food waste recycling.



Regional get-together

CEO Direct Line

Franchise owners, store managers and crew members can use our CEO Direct Line to express their opinions and ideas directly to the CEO, who personally responds to each message. In fiscal 2009, the CEO Direct Line received 328 messages offering ideas for improving products and services and suggestions for sales promotions.



CEO Direct Line receives messages from franchise owners, store managers and crew members

Mystery Shopper Program

To improve store operations, we have implemented a Mystery Shopper program that uses third party undercover researchers to inspect stores from a customer's perspective and objectively evaluate them on the quality of their merchandise assortments, service and cleanliness. Feedback is provided via supervisors to franchise owners who use it to strengthen their store operating capabilities. Through a series of gradual improvements since its introduction, the program is producing noticeable results.

Franchise Owner Welfare Association

We want our franchise owners to be happy in their work, and have created a Franchise Owner Welfare Association to expand and improve welfare for franchise owners and their families, store managers and crew members. Aimed at providing quality time, health and peace of mind, the Welfare Association offers a wide variety of benefits, including assistance in covering obligatory congratulatory and condolence payments, sports club membership, travel expenses, distance learning, health management and loan interest.



Together with Franchise Owners and Store Crews

Expanding Training and Support Programs

LAWSON headquarters has established training and support programs to achieve trouble-free store management and customer satisfaction.

We hold a Basic Management Course (BMC) to provide prospective owners with basic knowledge in store management prior to opening their stores. After opening, we provide further training of various kinds at our training centers.

Other support includes a Franchise Owner Support program for sending headquarters employees to fill in for franchise owners when they take a holiday, and a Store Support Desk that fields questions from stores about store operation 24 hours a day. These systems enable franchise owners to operate stores confident in the knowledge that they can depend on headquarters backup at any time.

We also provide regular information on store management in the form of *Pal*, our monthly in-house communication magazine, and *Making Your Store Buzz*, a monthly publication packed with information on sales and operation strategies.



Training seminar at a Lawson Training Center

Supporting Crew Recruitment and Loyalty

To respond to the rapidly changing employment market, LAWSON provides a range of support for recruiting crews and fostering their loyalty. We have established a website dedicated to recruiting crews. Prospective crew members can input desired location and other information to instantly find stores meeting their requirements, and stores too can post photos as well as job information to better attract crew members. The website is rated highly by users as a means of linking prospective crew members with stores looking for staff.

We also have a Crew Leader program and a Crew Rank-Up program to pay recognition to hard work, and a Store Setup Support program for crew leaders who are eager to become franchise owners themselves. We also provide crews with preferential advanced ticket purchase for plays, sports and other events.



Crew recruitment website

From the Frontline: Franchise Owner Developing an Organizational Structure to Manage 100 Stores

Yuichi Iwasaki, President, Iwasaki Kikaku Y.K.
Owner of seven stores including Hachioji Koyasu store

I first became involved in store management at the age of 19 when I took on the job of store manager at my father's store. Other stores opened in competition over the years but I was really happy when after ten years I was able to open my second store. Then I attended a Next-Generation Franchise Owner Seminar and was absolutely amazed when listening to a franchise owner who was managing a chain of stores. It was that positive exchange of ideas with other owners that encouraged me to start up a study group to discuss success stories, personnel training and other things.

I love LAWSON. I believe my mission is to create stores that the customers love as well, and my goal is to manage a chain of 100 stores. Because the most important thing to achieve that goal is the organizational structure, I am building a set of rules for such things as personnel development and evaluation systems. In the future, there will be more franchise owners like me who manage store chains, so I would be grateful for a system of education for store managers and new employees as well.



Nurturing Employee Enthusiasm

Stores flourish when their employees work with enthusiasm to drive growth. Through the enhancement of educational programs, workplace environments and internal communications, LAWSON aims to nurture a corporate culture in which all employees can realize their full potential and feel free to voice candid opinions.

Becoming an Easy Place to Work

Improving Internal Communications

System to Experience other LAWSON Business Units

To enhance mutual understanding between headquarters and the front line, LAWSON instituted a system for employees to experience what goes on at other business units from fiscal 2008 as part of our Get a Lift with LAWSON! Project.* In fiscal 2009, to improve the linkage between product development and sales, employees who work for regional offices where supervisors are stationed attended product menu meetings, and headquarters staff spent a day working at local stores. Ten regional office managers also participated in a study tour of other regional offices to help the regional offices learn from each other. This tour was well received, with all the participants indicating that the event was "completely satisfactory" in a follow-up questionnaire.



Trial participation in product menu meeting

Making Good Use of the Company Intranet

In fiscal 2009, LAWSON launched a portal site for employees that is being used by the Get a Lift with LAWSON! Project to enhance communications and improve work efficiency by centralizing information. In addition to presenting the latest information in the form of the President's message, blog entries, in-house magazine, and banners, the site hosts a range of communities from forums for discussing work to hobby circles and groups of employees hired in the same year."



In-house magazine on the portal site

Note: This is a project to drive implementation of the LAWSON *Genki* Plan, initiated in fiscal 2008 to breathe new life into local communities in these difficult times. The Get a Lift with LAWSON! Project activities are primarily aimed at boosting employee motivation.

Sports and Recreation

In fiscal 2009, LAWSON held a national softball tournament as a follow-up to the qualifying matches held at branches and headquarters the previous year. Such activities help to promote smooth operations by enabling participants to see different aspects of each other outside the workplace, and to mix with employees from other business units whom they normally do not meet.

In a survey conducted after the tournament, 91 percent of the respondents signaled that they welcome communications through sports, responding that they would like to see further such initiatives.



National Softball Tournament at Nagoya Dome

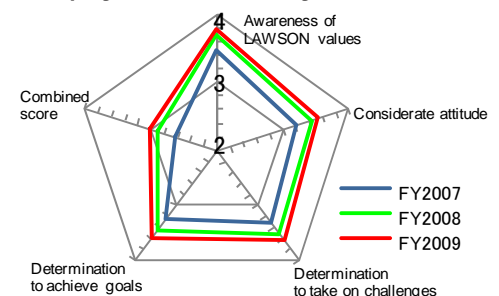
Employee Attitude Surveys

LAWSON conducts employee attitude surveys each year to obtain feedback for making workplace improvements. The fiscal 2009 survey results surpassed the fiscal 2007 and fiscal 2008 figures in all indices, with awareness of LAWSON values (our corporate philosophy) earning a particularly high score.

About half the respondents gave constructive and positive responses in the open question section at the end of the survey asking them to offer suggestions for the company or describe what they like about their work.

The survey, however, also revealed outstanding issues such as the low level of motivation at headquarters overall and the long working hours of supervisors.

Employee Attitude Survey Results



Nurturing Employee Enthusiasm

Improving Support for Employees Raising Children: Next-Generation Certification Mark "Kurumin"

We earned the Kurumin mark from the Tokyo Labor Bureau in recognition of our efforts to support childrearing as a company that upholds both work and family life, based on the Law for Measures to Support the Development of the Next Generation.

We will continue with our efforts to enable our employees to achieve an ideal balance between work and family life, based on our newly compiled General Business Owner Action Plan (regarding measures to support the development of the next generation).

Childcare Support Policy Menu

Reduced working hours for childcare*, shorter working weeks*, leave system*, telecommuting*, product development manager work location choice*, babysitting service support, loan of PCs to employees on childcare leave, transfer to accompany spouse

Note: Until the child finishes third grade



Next-Generation Certification Mark "Kurumin"

Measures implemented based on the FY2007-FY2009 Action Plan

- Improved environment for providing company information to employees on childcare leave
- Extended the period for taking reduced working hours for childcare
- Expanded the number of employees using workplace nursery facilities on national holidays
- Introduced a telecommuting system for employees raising children
- Improved the re-employment system (making it easier to use)

Third General Business Owner Action Plan (Feb. 1, 2010 – Feb. 28, 2012)

Objective 1: Provide information to employees who work while raising children, and promote the use of consultation tools.

<Measures> Notify employees about LAWSON intranet information-exchange tools and health consultation offices.

Objective 2: Improve the environment so that employees who take childcare leave can easily return to work.

<Measures> Prepare company rules on communicating with employees while they are on leave, methods for assignment after returning to work, and other items so that employees can take childcare leave without concern.

Objective 3: Revise the telecommuting rules to make the telecommuting system easier to use.

<Measures> Revise the rules based on the results of interviews with users and members of their business units.

Objective 4: Implement measures to reduce overtime.

<Measures> Reduce overtime by improving systems to improve work efficiency.



Headquarters nursery on a national holiday

From the Frontline: Employee

"I Want to Keep Working as a Specialist."

Chikako Tamori

Accounting Advisor*, East Kanto Management Center

Note: Accounting Advisor is an internal company credential for employees with expert knowledge regarding store accounting processes

At the East Kanto Management Center there are four employees, including myself, who are making use of the system for reducing working hours for childcare. I was having a hard time because the public day care centers are closed on holidays, and there was no place to care for my child. Our office has many female employees, and they also have childcare needs. For the sake of the future too, I want everyone to be able to go to work without concern, and so I lobbied the personnel department to arrange childcare inside the Management Center on national holidays, and this was made available from May 2009. Since this service began, employees no longer have to run about trying to arrange childcare, and they're happy because the nursery is right here so they can go to their children right away if anything happens.

Children need their parents most when they are infants. There are various complications to raising a child while working, but I wanted to keep on working for my own life as well. I'm very grateful for the support I am receiving, and want to continue receiving it so that I can further improve my skills as an accounting specialist.



Employee Health Management

Workplace stress is an important issue in employee health management that LAWSON addressed in fiscal 2009 with the introduction of a Web-based mental health stress check that employees can use for self-evaluation. We urge employees to use the check twice each year to monitor and manage their mental health and take preventive measures against depression and other conditions.

Hiring Foreign Students

We consider our employees to be our greatest asset, and seek to create an organization that makes the most of their individuality and enables them to realize their full potential. In fiscal 2009, we hired 17 foreign students as new employees, bringing the total number employed to 63 as of June 2010. We will continue to breathe new life into our workplaces through multicultural hiring.

Employee Composition

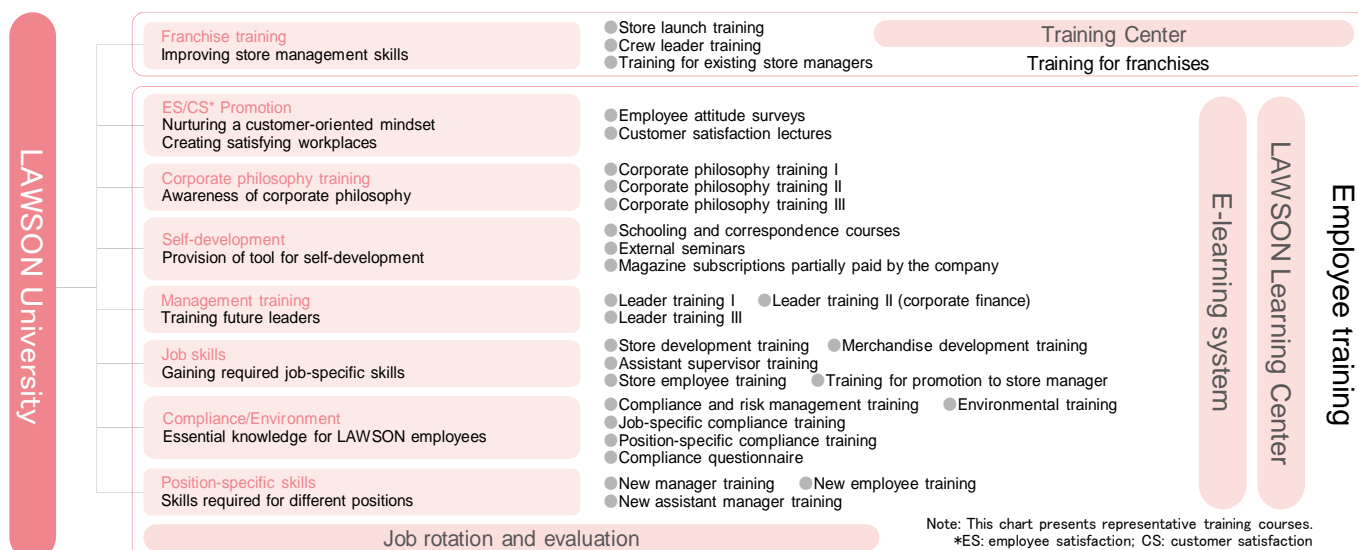
	FY2007	FY2008	FY2009
Employees (consolidated)	3,548	5,186	5,236
Male/female	3,202/346	4,517/669	4,493/743
Employees (non-consolidated)	3,316	3,459	3,452
Male/female	2,979/337	3,083/376	3,061/391
Women in managerial positions (%)	4.7	1.3	2.3
Employees with disabilities (%)	1.4	1.7	1.8
Employees on maternity leave	17	4	18
Employees taking childcare leave	21	25	24
Employees working reduced hours for childcare	20	16	18
Employees taking leave as caregivers	1	2	2
Insured employees health checkup ratio	89.3	90.8	88.2
Average age	37.6	37.8	38.3
Average length of employment (years)	11.2	10.9	11.4
Employee turnover (%)	9.2	6.6	4.0
Workplace accidents	47	67	66

“LAWSON University” Training Program

LAWSON proactively invests in employee training to instill our corporate philosophy and priority on customers, and create an organization of ambitious professionals with outstanding work skills.

Under our original LAWSON University training program, we provide a range of training courses according to goal, occupation and position at the LAWSON Learning Center (LLC) near our headquarters. We have also deployed an e-learning system for employees to take their required training in their own time irrespective of location.

LAWSON University Structure



Together with Our Business Partners and Shareholders

At LAWSON, we do our utmost to build trust with our business partners, since their cooperation is absolutely essential to providing our customers with safe products. We also aspire to respond to the trust and expectations of our shareholders and investors through proactive communication and timely, appropriate and impartial disclosure of information as we strive to boost our corporate value and grow over the medium to long term.

Maintaining Fair Relations with Our Business Partners

Promoting Fair Transactions

To build trust with business partners, the LAWSON Code of Ethics calls for fair and transparent transactions conducted in good faith. We educate our merchandising personnel on the importance of not taking advantage of superior negotiating positions through e-learning for all employees and training sessions when employees are promoted to assistant merchandising developer and store development assistant positions.

We conduct an annual questionnaire survey of our business partners in such fields as product delivery and store construction. While the results of the 16th survey conducted in July 2009 were good overall, there were also some hard-hitting opinions concerning product transactions. The survey results are used each year to identify issues, provide feedback at general meetings and conduct appropriate training for each division. We also provide feedback to the business partners who respond to our questionnaire. We take the opinions of our business partners seriously, and use them to gain a broad perspective from which to revise and enhance our compliance structure.

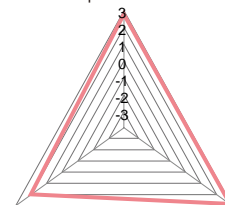
We also established the LAWSON Group Purchasing Policy in September 2010 to address the fact that our business partners' business risks have become our own business risks as a result of heightened consumer interest in product origin and the globalization of materials procurement. This Group Purchasing Policy is helping us to better respond to our customers' desire to purchase goods and services that were created in an appropriate environment.



Feedback at a general meeting

● Business Partners Questionnaire Survey Results

No coercion or imposed conditions in transactions



Treatment by store personnel

No unfair trade practices as a large-scale retailer

Appropriate Information Disclosure to Shareholders

LAWSON Wins Prize at 14th IR Prime Business Awards

LAWSON was presented with a Best IR Award at the 14th IR Prime Business Awards by the Japan Investor Relations Association (JIRA). This award pays recognition to companies that demonstrate a deep understanding of investor relations and actively communicate with investors. The Best IR Award was given to 10 companies chosen from a pool of 355 candidates by a selection committee of analysts, investors and media representatives who scrutinized the companies' IR activities, including their responses to a written survey. LAWSON was chosen in part because of the efforts of top management to actively communicate with investors.

We will continue to actively provide investors with accurate and impartial IR disclosures so as to be properly judged by the stock market.

■ Reasons for LAWSON's Best IR Award

- LAWSON's top management actively communicates with investors.
- LAWSON has a clear growth strategy, ROE-oriented management, and concrete goals.
- LAWSON is responding to both short-term and long-term aspects of the harsh business environment.
- LAWSON's IR Division responds politely and fully to questions from analysts and others despite its limited number of personnel.
- LAWSON's IR website presents stock information that is of great interest to individual investors, summarizes LAWSON's policy on return to shareholders, and is easy to use.



Awards Ceremony

LAWSON's Organization

We firmly believe in the importance of enhancing the soundness and transparency of our management and further developing our corporate governance system to meet the expectations and earn the constant trust of our customers, franchise owners, store crews, business partners, shareholders and other investors.

LAWSON Group Corporate Conduct Charter

1. Basic Declaration

We¹ believe that fulfilling our corporate social responsibilities while responding to the requests of LAWSON Group² stakeholders will lead to the enhanced corporate value of the LAWSON Group. With a solid understanding of the Charter's contents, we pledge to always act sincerely and considerately with a high sense of corporate ethics while adhering to all laws.

1. "We" refers to all directors, officers, regular employees, temporary employees and dispatched employees of the LAWSON Group (hereafter regular employees, temporary employees and dispatched employees are collectively referred to as "employees.")
2. "The LAWSON Group" refers to LAWSON, INC. and companies within the scope of consolidation

2. Basic Stance

1. We shall derive happiness from providing all customers with the highest levels of satisfaction, and will continually act with consideration toward customers.
2. We shall support LAWSON franchise stores, which represent our largest partner.
3. We shall adhere to all laws and contracts with every business partner and carry out fair and transparent business transactions.
4. We shall respect the human rights of all employees without discrimination.
5. We shall disclose necessary information to all shareholders and investors to enable them to learn more about the LAWSON Group.
6. We shall take an active approach to environmental protection and proactively carry out social contribution activities as a member of the local community.
7. We shall maintain no ties with anti-social organizations and maintain healthy and proper relations with elected officials and public employees.
8. We shall adhere to internal regulations and various rules while undertaking our daily work to ensure that we do not lose any valuable assets of the LAWSON Group.

Corporate Governance and Internal Controls

Board of Directors & Executive Officer System

As of May 26, 2010, LAWSON had 7 directors, including 3 outside directors. The Board of Directors intentionally has few members to facilitate swift management decisions. In fiscal 2009, the Board of Directors met 16 times, including 5 extraordinary meetings. The rate of attendance at these meetings by outside directors was 77%.

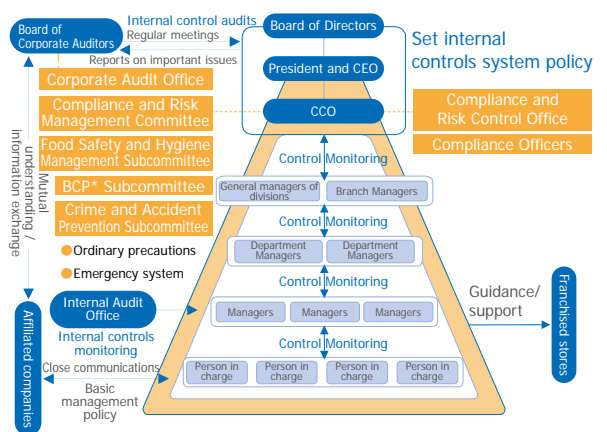
LAWSON employs an executive officer system to accelerate business execution through the delegation of authority.

Audit System

LAWSON's Board of Corporate Auditors has 4 members, including 3 outside auditors. The Board of Corporate Auditors monitors and verifies the execution of duties by directors, beginning with the conditions of internal controls systems, by attending Board of Directors and other important meetings, providing fair and impartial opinions, and reviewing important documents. In principle, the Board of Corporate Auditors meets on a monthly basis. During fiscal 2009, the Board of Corporate Auditors met 16 times, including 5 extraordinary meetings. The rate of attendance of outside auditors was 98% at Board of Corporate Auditors meetings and 88% at Board of Directors meetings.

LAWSON has also established the Internal Audit Office as an independent internal auditing unit to strengthen auditing functions from the viewpoints of compliance with laws and regulations and social responsibility. This office monitors the propriety of our business operations on an ongoing basis, including risk management and legal compliance.

● LAWSON Internal Control System



Note: BCP: Business Continuity Plan

LAWSON's Organization

Compensation System

The Compensation Committee met four times in fiscal 2009 to discuss topics such as how to determine director and executive officer compensation, and reported the conclusions of these meetings to the Board of Directors. A multi-source assessment system for determining management compensation was introduced in fiscal 2003, and is referred to when carrying out personnel assessments. LAWSON also introduced a half-year salary system for employees in managerial positions above a certain rank from fiscal 2010 to establish stronger linkage between work results and corporate performance.

Internal Control System

LAWSON faces wide-ranging risks as a company involved in many different business areas centered on convenience stores, with stores providing diverse products and services in every prefecture of Japan.

We believe that the establishment and operation of a system of internal controls is of vital importance for ensuring sound and sustained corporate development. We review our basic policy each year in accordance with updating requirements and changes in management environment to maintain an effective and rational internal control system. In fiscal 2010, we added risk management provisions for addressing the kind of extensive damages that the company would suffer in the event of a large-scale natural disaster or pandemic by preparing an appropriate business continuity plan and strengthening our business continuity management system accordingly. LAWSON is now implementing the Fiscal 2010 Basic Policy for Maintaining the Internal Control System, which was approved by the Board of Directors in February 2010.

Regarding Misconduct by Former Directors of LAWSON ENTERMEDIA, INC.

LAWSON wishes to offer its sincerest apologies for any inconvenience caused to shareholders and investors and all other stakeholders for recording approximately 14.5 billion yen in extraordinary losses in fiscal 2008 and fiscal 2009 combined, which stemmed from the misappropriation of funds by two former directors of LAWSON consolidated subsidiary LAWSON ENTERMEDIA, INC. (LEM).

LEM is implementing the following preventative measures based on the report of the third party investigating committee.

- Enhancement of legal compliance
- Recognition and prevention of transaction risks
- Emphasizing an organizational over individual approach
- Enhanced management of the Sales Division
- Stronger supervision
- Encourage use of internal whistleblower system
- Monitoring of preventative measure implementation

When this incident was discovered, LAWSON conducted inspections of accounting at Group companies as an emergency measure, confirming that no other misappropriation of funds had occurred. Looking ahead, the LAWSON Group as a whole will rigorously enforce risk management in order to prevent corporate misconduct from recurring, with two main measures — dispersion of authority, and a stronger risk management system.

Initiatives to Promote Compliance

Creating Structures for Raising Awareness of Compliance

LAWSON has appointed a Chief Compliance Officer (CCO), who has overall responsibility for the promotion of compliance and management of risks. The CCO leads the Compliance and Risk Control Office, which has its own full-time staff. Compliance officers are also appointed in each headquarters division and at the seven branch offices in Japan.

With the aim of ensuring compliance with laws and regulations and effective risk management measures, the CCO convenes meetings of the Compliance and Risk Management Committee, comprised of all Compliance Officers, once a month to identify current problems and to build and implement systems in order to preempt misconduct and other problematic incidents.

Compliance officers promote compliance and risk management in their own sections, provide related education, and propose improvements. Compliance and risk management officers are also appointed at affiliated companies, and meetings of affiliated company compliance officers are held to share information and knowledge throughout the LAWSON Group.

Ensuring Effective Operation of Compliance Systems

We have developed compliance-related rules and conducts regular compliance training, including e-learning and group training by job type, to ensure that we fulfill our corporate responsibility to comply with laws and regulations and respect social standards and morals at all times. In March 2008, we formulated the LAWSON Group Corporate Conduct Charter, and revised the LAWSON Code of Ethics. We have issued the LAWSON Group C&R Handbook, which summarizes these standards of conduct so that we can maintain and enhance employee awareness of compliance through work. We also conduct attitude surveys covering all employees, as well as surveys for business partners (see P.47 for further information).

For our internal reporting system, we have set up hotlines both inside and outside the company (at a law firm) for employees to report and consult on various matters, to facilitate early discovery of internal problems and the swift implementation of necessary remedies. In fiscal 2009, as part of measures to strengthen compliance at franchised stores, we prepared a checklist for franchise owners/ store managers and store crews to check rules and laws that must be complied with when store crew employment contracts are renewed every two months. To avert the risk of computer virus infection, we strengthened the checks when using outside web sites, launched a website management task force, and otherwise reinforced our website management structure.

Compliance Survey

We perform compliance surveys covering all company personnel once a year to gain an understanding of the degree to which our compliance system is being upheld. The results of our sixth survey, conducted in fiscal 2009, showed improvements in awareness of our corporate code of ethics and in policies being implemented as a company, such as the activities of the compliance officers appointed for each business unit. While the surveys indicate rising awareness of compliance and risk management policies, company rules, and internal systems, for the same reason the perceived gap between policies and actual conditions is becoming conspicuous (especially among clerical and store employees).

We will endeavor to address this situation and create a compliance structure with greater muscle by identifying problems through easy-to-use hotlines and stronger collaboration between hotline handlers, and by boosting compliance awareness among managers. We will also continue conducting surveys and otherwise work to further improve our compliance performance.



Affiliated company compliance officer meeting



Compliance and risk management training session



LAWSON's Organization

Creating a Quick-Response Risk Management Structure

Enhancing Structure to Address New Risks

LAWSON focuses on three major risk areas from the corporate ethics perspective: product quality and hygiene management (see P.38-40 regarding quality management), information security, and disaster response. We have a system in place for the swift resolution of problems in the event of an emergency, and the Compliance and Risk Management Committee and three subcommittees convene in normal times to prevent the emergence of risks.

In the event of a serious risk emerging, we set up an emergency risk management committee to contain the risk and minimize damage. After resolution of the situation, we analyze causes to ensure restoration of trust and prevent recurrence, and seek to further improve our risk management capabilities by providing feedback on our findings to employees through training. We have also prepared a Business Continuity Plan (BCP) and are working to improve our business continuity management system to minimize business interruptions and other damages that we are likely to suffer in the event of a large-scale natural disaster or pandemic.

Maintaining Lifeline Functions during Major Disasters

The LAWSON Group strives to ensure that if a major disaster strikes, its stores will continue to operate, serving as a lifeline to affected communities. To this end, LAWSON has compiled basic and organization-specific (district office, branch office, and headquarters) disaster response manuals and distributed these to each division and branch office. We have also included relevant parts in store manuals. In the event of a large-scale disaster, we have systems in place to establish Disaster Response Offices and ensure quick response to disasters. We periodically review our disaster response manuals in light of problems or questions that may have arisen during response training or actual disasters to ensure the ongoing operation of stores in affected areas and the rapid restoration of service in stores hit by a disaster. We also conduct disaster response training programs twice a year to ensure that all employees are fully aware of the actions expected of them in times of disaster.

In the company-wide disaster response training held in January 2010, our seven branch offices each practiced drills for confirming the safety of employees and their families and communicating with headquarters using satellite phones and other means of communication in the event of an earthquake of 5-upper or stronger on the Japanese seismic intensity scale. They also practiced transport of supplies with local authorities with which they have disaster assistance agreements. Staff in the Headquarters Disaster Response Office practiced administering first aid, including cardiopulmonary resuscitation and the use of automated external defibrillators.

Improving Information Security

The LAWSON Group has established a Personal Information Protection Policy that is also reflected in store manuals to ensure that it is understood and put into practice. To raise awareness, we use internal newsletters and other communication tools to describe common errors and complaints at stores and ways to resolve them. Headquarters employees use the LAWSON Office Security Rules as their manual.

We strive to improve our information security on all fronts through measures such as regular checking of our information management system using self-testing and internal auditing processes, rigorous observation of rules for the use, storage and disposal of personal information, and information security training.

Store Crime Prevention Measures

To prevent crime at stores, we have created a crime prevention system and conduct various activities including the installation of CCTV surveillance systems, deployment of anti-crime paint balls, dispatch of headquarters staff to make late-night rounds of stores, participation with local police departments in mock robbery exercises, and adherence to the "Five Principles of Crime Prevention."



BCP guidelines



Practice administering first aid



Office security rules



Mock robbery exercise

Third Party Comment

We have received the following third party comment on our environmental and social contribution activities. We take such opinions to heart and act on them to improve and expand our activities.



Lecturer Ayako Takao;
Seniors Ritsuko Tajimi,
Arisa Nakazawa and Yui Sawamoto

Department of Global and Inter-cultural Studies,
Ferris University

(front row l. to r.) Arisa Nakazawa, Yui Sawamoto
(back row l. to r.) Ritsuko Tajimi, Ayako Takao (lecturer)

In Support of LAWSON'S Efforts to Build Neighborhood Ties and Create a Vibrant Society

When the City of Yokohama and LAWSON signed a comprehensive cooperation agreement, our university seminar, the city and LAWSON wanted to cooperate in some activity. We proposed picture book-reading events on the theme of dietary education* and environmental issues, and these took place at the HAPPY LAWSON Yamashita Koen store.

Working with LAWSON completely changed my image of convenience stores, which I had thought of as an environmentally harmful type of business that consumes vast quantities of energy and generates huge amounts of trash. For example, during the book-reading event, it seemed that while the children were having fun the adults who happened to drop by also listened to our stories and understood the importance of the environment. I think this is possible because the stores are places where information can be shared with all types of customers. We ourselves gained much by thinking about what we wanted to communicate, and coming to realize that the message that we most wanted to convey to as many customers as possible is that gratitude is the first step toward resolving environmental issues.

As women, we were also impressed by the priority placed on supporting childrearing in HAPPY LAWSON stores, where

sales space has been reduced to make wider aisles and children's play areas, despite LAWSON being a for-profit business which must sell to survive. We felt that the store really does welcome the presence of mothers with children.

We also admire the way LAWSON has enabled individual consumers to participate little by little in the large framework of CO₂ offset by using card points and other systems. This approach is attracting the attention of foreign researchers as a demonstration of how convenience stores, which are on the front lines of consumption, can help carry the burden of shifting to a sustainable society, and we definitely want LAWSON to continue its CO₂ Offset program.

It's reassuring to see local convenience stores which we use all the time working at building relations with society throughout their companies by focusing on childrearing and environmental issues, not just their sales revenues. We want LAWSON to serve as a starting point for building neighborhood ties and creating a vibrant society. We support that approach.

Note: Dietary education: Education on diet from a wide perspective including food choices, balanced eating, and food production methods



The picture book-reading events featured sweet potatoes the first time and honey the second time.



Sale of sweet potatoes harvested in Yokohama outside the store (1st book-reading event)

History of the LAWSON Group

1975	April	Established Daiei LAWSON Co., Ltd.	2004	June	Appointed Compliance Officers.
	June	Opened first store in Sakurazuka (Osaka).		July	Began installation of energy-efficient combined refrigeration and air conditioning systems.
1976	Oct.	Established T.V.B. Sun Chain Co., Ltd.		Nov.	LAWSON Green Fund given FY2004 Environment Minister's Award.
1977	April	Inaugurated system for joint delivery of milk and other daily use products.	2005	March	Announced Personal Information Protection Policy.
	Nov.	Created specialized plant to make boxed lunches, and began supplying freshly made boxed lunches.		April	LAWSON Green Fund given Green Culture Prize.
1978	Jan.	Installed first-generation computer system.		May	Opened the first LAWSON STORE100.
1980	Sept.	Concluded business tie-up between LAWSON and Sun Chain.		June	Created new corporate philosophy to mark the 30th anniversary of LAWSON's founding.
1982	March	Began accepting home delivery service orders.	2006	Jan.	Officially started waste oil recycling.
1986	April	Began sales of <i>Kara-age Kun</i> fried chicken nuggets.		Feb.	Won the Minister of Economy, Trade and Industry Award for energy efficient equipment.
1988	May	Began employing a new three-delivery system.		April	Launched full-scale feed and compost recycling.
	Sept.	Began using point-of-sale tracking system.		Sept.	Became first private company to sign an agreement with Japan's Ministry of the Environment.
1989	March	Merged with Sun Chain Corporation, to form Daiei Convenience Systems Co., Ltd.	2007	March	Employed environmentally friendly PLA for salad containers.
	Oct.	Began agency service to accept electricity and gas bill payments.		March	Started Bring Your Own program.
1991	Feb.	Began employing the slogan the "Hot Station in the Neighborhood" in internal and external communications.		July	Opened HAPPY LAWSON Yamashita Koen store (Yokohama City) to support families with children.
1992	Sept.	Started collecting donations for charities working to protect the global environment (the present LAWSON Green Fund).	2008	Feb.	Formed comprehensive alliance with Japan Post Holdings Co., Ltd.
1993	April	Commenced Clean Aid activities.		April	Developed Lawson <i>Genki</i> Plan to breathe new life into local communities.
1995	Jan.	Conducted recovery and relief activities following the Kobe earthquake.		April	Launched CO ₂ Offset program.
1996	March	Began handling sales of stamps, post cards and revenue stamps.		April	Equipped two stores in Nagano Prefecture with solar panels, in partnership with a citizen fund.
	April	Initiated LAWSON Ticket sales.		June	Started CO ₂ emission reduction verification tests under joint research with the Yashiro Laboratory in the University of Tokyo's Institute of Industrial Science.
	June	Changed company name to LAWSON, INC.		Sept.	Opened a sub-post office in a LAWSON store in Sakaki, Nagano Prefecture.
	July	Opened first LAWSON store in Shanghai, People's Republic of China.		Oct.	Opened eco-intensive Kure Hiro Koen Store (Hiroshima Prefecture).
1997	March	Started "Every Store Can Contribute" initiative.		Oct.	Given letter of appreciation from the Minister of Health, Labour and Welfare for distinguished service in the promotion of organ transplant measures.
	July	Commenced operations in Okinawa, marking the Company's extension of operations to all 47 Japanese prefectures.		Oct.	Bring Your Own program given Minister of Economy, Trade and Industry Prize in the 3R Promotion Council's 2008 3R Awards.
1998	Feb.	Installed <i>Loppi</i> multimedia terminals at all stores.		Dec.	CO ₂ offset products given the Business Category Environmental Business Award in the "eco japan cup 2008" service category.
	May	Opened the Katsushima 1-chome (Tokyo) experimental environmental action store.		Dec.	Opened an elementary school in Laos, built through the sale of products with attached donations.
	Nov.	Established the LAWSON Code of Ethics.	2009	Jan.	Started electric vehicle working trial.
	Dec.	Received ISO14001 certification (international environmental management system standard).		Jan.	Bring Your Own Bag program given a 2008 Minister of the Environment Container and Packaging 3R Promotion Award for Excellence.
1999	Jan.	Started providing organ donor cards at all stores.		March	Tokushima Prefecture Promotion Shop established inside the LAWSON Toranomon Tomoe-cho Store, Tokyo.
	Nov.	Stopped providing chopsticks, spoons and forks with boxed lunches (except on request).		March	LAWSON TICKET INC. merged with i-Convenience, Inc. (to form LAWSON ENTERMEDIA, INC.).
2000	Feb.	Opened 2 nd environmental action store, the Numata Interchange Store, in Gunma Prefecture.		March	Established scholarship system for Vietnamese exchange students.
	June	Began Mt. Fuji LAWSON Forest Project.		May	Ninety-nine Plus Inc. merged with VALUE LAWSON INC.
	July	Shares listed on the First Sections of the Tokyo Stock Exchange and Osaka Securities Exchange.		June	Began introducing LEDs for signage and interior lighting at new stores.
	Oct.	Established i-Convenience, Inc.		August	Began introducing electric vehicles and charging facilities.
2001	March	Adopted new uniforms made from recycled PET bottle materials.		Dec.	Established LAWSON Okinawa, Inc.
	May	Established LAWSON ATM Networks, Inc.		Dec.	CO ₂ Offset program given Minister of the Environment Prize for activities to prevent global warming.
	July	Opened the first NATURAL LAWSON store.			
2002	June	Introduced the LAWSON PASS membership card.			
	Nov.	Established the Compliance Promotion Committee.			
2003	Jan.	Established post office counters at all stores.			
	May	Began staged removal of artificial colorings and preservatives from LAWSON original products sold in the Tokyo metropolitan and Kinki regions.			
	August	Signed an agreement with Wakayama Prefecture on local cooperation activities.			

LAWSON

LAWSON, INC.

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