

LAWSON

Corporate Citizenship Report

2012



Creating Happiness and Harmony
in Our Communities



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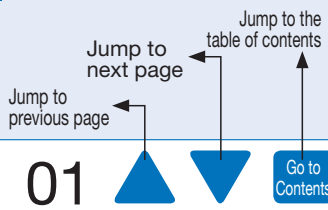
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Editorial Policy

Editorial Policy

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 "creating happiness and harmony in our communities".

This report — our 14th — 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, store managers and store crews (part-time and temporary workers), business partners and society as a whole, laid out in what we hope is an easy readable format. The report also highlights the efforts to recover from the occurrence of the Great East Japan Earthquake in March 2011. We sincerely hope that this report will help you to understand the ways in which we are working for the betterment of our society.

●Scope of Report

Scope: This report focuses on Lawson as a parent company, its franchise 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 2011 (March 1, 2011 through February 29, 2012), but information on activities from previous fiscal years and fiscal 2012 has been included where appropriate.

Date of Issue: September 2012 (previous report: September 2011; next report: planned for August 2013)

Reference Guidelines: Environmental Reporting Guidelines (fiscal 2012 version, Japan's Ministry of the Environment)
Sustainability Reporting Guideline Version3.0 (GRI: Global Reporting Initiative)



Abridged Edition (A5 edition booklet)
A comic book style approach is used in explaining Lawson's CSR activities to make them equally accessible to all.

Contact :
<https://www.Lawson.co.jp/inquiry/form900.php>



Data and Figures
Data sheets containing Lawson Group environmental data are provided on our website.

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Top Commitment

We will continue to make efforts towards realizing our corporate philosophy of “Creating Happiness and Harmony in Our Communities”



Reaffirming the role of Lawson following the Great East Japan Earthquake

Looking back at the past year, it was a year in which we thoroughly committed to our corporate philosophy of “Creating Happiness and Harmony in Our Communities” following the Great East Japan Earthquake as well as a year which made us think deeply about the significance of our presence. Lawson’s mission in the disaster affected areas is to continue business and continue delivering goods. We have reviewed our disaster response manual and business continuity planning (BCP) based on the challenges and reflections from our response to the earthquake.

“Support Dreams Fund”: Supporting the future of Tohoku and Japan

We believe that the power of young people responsible for the future is important for Japan to recover from this disaster. The “Support Dreams Fund” is a scholarship system for high school students of three disaster-affected Tohoku prefectures who face difficulties attending school due to economic reasons. This initiative was founded based on Lawson’s desire for such young people to never give up and realize their dreams. In addition to providing scholarships for up to seven years, Lawson will also provide support such as mental care, etc. We wish to continue providing assistance in the future together with our customers and suppliers and humbly ask for your continued support.

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Top Commitment

Response to the power shortage and power conservation

Lawson has always made efforts towards energy conservation. In addition to the LED lighting already installed in all stores, we are also introducing outdoor units for required integrated cooling and air-conditioning. Furthermore, we have conducted energy efficient store research in collaboration with the Institute of Industrial Science, the University of Tokyo and have formulated electricity consumption reduction targets with reference to the experiment data. We will continue our 2011 efforts in 2012 where we aim to reduce our nationwide electricity consumption by approximately 25% (compared to FY 2010).

Entry into the power generation business

In accordance with the renewable energy feed-in tariffs that came into effect in July 2012, Lawson will enter into the “power generation business” and “business related to the buying and selling of electricity”. Solar power generation systems can be set up on the roofs of 2,000 stores without the need to search for new locations. Lawson wishes to help build a sustainable society with challenges in producing electricity as well as reducing the consumption of electricity.

To realize “whatever you want, whenever and wherever you need it” in Japan and worldwide

Lawson has been engaged in the handling of fresh food with a focus on fruit and vegetables, product development based

on the purchase data analysis of multi-partner loyalty point card program (Ponta) and development of store formats tailored to the store location. In addition, by embarking on the procurement of its own raw materials, Lawson will be able to provide customers with high quality products at an affordable price. Lawson realizes “whatever you want, whenever and wherever you need it” through the promotion of CRM*1 and SCM*2 based on card data analysis.

Lawson has also strengthened its number of stores overseas. There is a growing demand for convenience stores in China and Southeast Asian countries as a result of their growing national income and expanding middle class. We will continue to expand in tandem with the region in the hope that the people of those countries can say “I’m glad there is a Lawson”.

Lawson will continue efforts to realize our corporate philosophy of “Creating Happiness and Harmony in Our Communities” both in Japan and abroad.

※1 Customer Relationship Management

※2 Supply Chain Management

President and CEO, Lawson, Inc.
Takeshi Niinami

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The Great East Japan Earthquake took many precious lives with shaking and tsunami of unprecedented magnitude. To help Japan recover from this disaster, the Lawson Group has been and continues to undertake a number of efforts. The results of these actions are being put to good use in devising means to protect communities from future disasters. The following are the Lawson Group's initiatives to aid in the recovery from the Great East Japan Earthquake.

Tohoku Recovery Efforts

Lawson's response immediately after the earthquake

From its response efforts to incessant disasters in the past following the Hanshin-Awaji Earthquake, Lawson has developed extensive expertise in helping affected areas and continuing and restarting business. Documenting this and making all employees aware of it has made us quick when it comes to that all-important first response.

Right after the earthquake, Lawson established its Emergency Response Headquarters, which oversaw a number of activities including the shipment of food, household goods, and other relief supplies and the quick reopening of stores forced to close. These efforts led to 80% of affected stores reopening on March 15th, four days after the earthquake. More than 90% had reopened by March 22, 11 days after. By quickly putting in place a system for supplying products from around the country to Northeastern Japan, product shortages were gradually alleviated.



▲ Emergency Response Headquarters established right after the earthquake



▶ Business goes on: just after the quake, stores temporarily sold goods out front

◀ 100 headquarters employees form a support team to quickly reopen stores



VOICE Staff Perspective



**Tohoku Administration
Tohoku Lawson Office
Manager
Keiichi Kimura**

When the earthquake hit, we were unable to get information about situations at other stores due to power and communications disruption. Understanding from radio reports that the disaster was far worse than had been planned for and that it would be a long struggle, I put in a request with corporate headquarters to quickly get the necessary goods and personnel. My colleagues at corporate headquarters and around the country rushed to one after another provide support in the form of food and relief supplies. Without everyone's speedy support, recovery would not have been as complete.





Tohoku Recovery Efforts

Getting life back to normal for those affected by opening or reopening temporary or closed stores

On the Pacific coast—where the most damage was done—Lawson opened temporary or permanent stores in mostly areas where no other such stores were around with coordination among the Tohoku Office, corporate headquarters, and the local government. Efforts were also ongoing to reopen stores forced to close after taking catastrophic damage.

These efforts brought normalcy to affected areas, and many customers had words of gratitude that the supports were fundamental in encouraging those on the path to recovery.

Temporary store openings (2011)



▲ Rikuzen Takata Naruishi Store (April 21)



▲ Minami Sanriku M's Store (May 15)



▲ Yamadamachi Nagasaki Store (July 7)



▲ Otsuchi-cho Kiri-Kiri Store (July 19)



▲ Yamadamachi Osawa Store (July 21)



▲ Miyako Taro-Otobe Store (November 3)



▲ Kamaishi Unosumai-cho Store (November 11)

VOICE

Staff Perspective



Tohoku Development
Coordinator
Tohoku Lawson Office

Jun Sawada

Our foremost concern was restoring light to the affected areas. At the core of our efforts was a sense of mission to be of use to those affected in places where there were zero places to get goods. I still remember how we successfully opened those temporary stores and received all those thank you's from so many customers.

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Tohoku Recovery Efforts

Getting life back to normal for those affected by opening or reopening temporary or closed stores

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VOICE

Owner Perspective



Lawson Takada Takekoma Store
(Iwate Prefecture)

Owner

Fukiko Sasaki (center)

Repairs were completed on August 2, 2011 at a time when the community had been almost entirely wiped out by the tsunami. What made me happiest of all were the conversations our customers could have: "I was waiting for you!", "are you OK?", "I'll be coming again", etc. Many volunteers visited the store, which people also used to call taxis and exchange information.



▲ Outside the store, just after the quake

▼ Current store exterior



VOICE



Lawson Kesenuma Minatomachi Store
(Miyagi Prefecture)

Owner

Tomoyuki Kumagai (right)

The first thing I did was get all the customers out of the store and escape when the earthquake hit. The store was a shambles, with only one section still standing. However, headquarters was quick to send help and I worked at another store until we were able to reopen this one in September. I am so glad we are part of the Lawson chain.



▲ Emergency supplies bag



◀ Disaster survival kit (radios, flashlights, etc.)

Being close to the ocean, we had placed emergency supplies in an easy to find location since before the earthquake and had done drills to practice quickly getting them out

VOICE



Lawson Minamisanriku Iriya Store
(Miyagi Prefecture)

Owner

Toshiyuki Sato (right)

To help all ages of customers living in temporary housing, we make up food packs for families and for the elderly and ensure we stock the products they need. As an eco-friendly store, we learn through trial and error. We aim to become a store ready for any disaster as we continue to satisfy customer needs.



▲ Fast food packs

We also have large packs for families

▼ Solar power system



Click here for more details



P28 Eco-Friendly Store





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Tohoku Recovery Efforts

Aiding recovery with products that use local specialties from affected areas

Lawson developed and sold products that use materials supplied by producers in affected areas to help with recovery in these regions. We also donated a part of the proceeds from the sale of these items to the Support Dreams Fund, a Great East Japan Earthquake scholarship program.

Premium Mouikko Strawberry Roll Cake



We launched the "Premium Mouikko (One-More) Strawberry Roll Cake" dessert that uses "Mouikko" strawberries from the town of Yamamoto in Miyagi Prefecture, an area heavily affected by the tsunami, on May 22, 2012. It was sold at all 166 Lawson stores in the prefecture (with the exception of

LAWSON STORE100, as of the end of March, 2012).

*1 "Mouikko" strawberries are a new type of strawberry produced exclusively in Miyagi Prefecture.

With their large size and good balance between sugar content and acidity, they are so named because of the unconscious tendency to keep reaching for "mouikko (one more)"

▶ Yamamoto Strawberry Farm's Mouikko strawberries



Sanriku Seaweed Rice Balls

These seaweed rice balls let you taste the texture and flavor of the leaves and stalks of Sanriku seaweed, and went on sale in the six prefectures throughout the Tohoku region on June 26, 2012 (and will continue until ingredients run out).

Fishermen and food processors affected by the earthquake supply the seaweed, all newly harvested after the earthquake.



VOICE Staff Perspective



Tohoku Merchandizing Department
Tohoku Lawson Office
Senior Merchandiser
Kimikazu Taguchi

Mouikko Strawberries, an original type of strawberry from Miyagi Prefecture and an ingredient in Premium Mouikko Strawberry Roll Cakes, are harvested at the Yamamoto Strawberry Farm established by four strawberry farmers in the earthquake-damaged town of Yamamoto in Miyagi Prefecture. Seaweed used in Sanriku Seaweed Rice Balls is newly harvested seaweed gathered by earthquake-affected fishermen in donated boats. The seaweed is processed and prepared to be used in the rice balls at a factory that quickly restarted production following the earthquake despite flooding and leaks caused by the tsunami.

I am very happy to have been able to help affected producers, act as a bridge with consumers, and donate to the Support Dreams Fund.



▲ Seaweed harvesting



▲ Seaweed processing





Support Dreams Fund

The Support Dreams Fund aids the young people that will lead Tohoku's future

The Lawson Group is supported by the many high school students it employs part-time. This is why we want to help high school students unable to advance into higher education for economic reasons caused by the Great East Japan Earthquake, and why we hope they will never give up on their dreams.

It was with this desire that we established the Support Dreams Fund.

[Fund Overview]

This fund provides aid to high school students in Iwate, Miyagi, and Fukushima prefectures who were particularly hard hit by the earthquake. The fund provides 30,000 yen per month (with no repayment obligation) per person to 1,097 scholarship students decided by review from among 2,400 applicants. Students receive aid for up to seven years or until they find employment. The fund provides mental health care support and finds work for recipients, in addition to running support programs that include inviting recipients to lectures sponsored by the Support Dreams Fund.

To the 1,292 applicants who were unable to receive aid, the fund provided a one-time grant of 30,000 yen and a 6,000 yen prepaid card usable at any LAWSON STORE nationwide.

*We are no longer accepting applications.

[Working Capital for the Fund]

In addition to donations from customers and suppliers, the fund is supported by other sources including contributions from Lawson. We are also selling "donation-included products", for which a portion of the proceeds are donated. People can also make donations online through the specially-designed Support Dreams Fund website. The total amount donated as of February 29, 2012 was 550 million yen.



Support Dreams Fund Major Events

2011

March - Great East Japan Earthquake occurs

April - [Support Dreams Fund established](#)

May - Fundraising activities at stores nationwide (until August)

July - Fund advertised

September - [1,097 fund recipients decided \(2,400 total applicants\)](#)

October - First grant given (120,000 yen for the 4 months from Sep. - Dec.)

December - Lawson Group internal fundraising begins (salary deduction program)

2012

February - ["Support Dreams Fund Special Lecture and Concert 2012" held in Sendai City \(about 700 participants\)](#)

March - In-store fundraising conducted at Lawson stores nationwide

April - Aid recipient renewal procedures conducted

May - [Payment of aid begun to scheduled recipients \(new high school students who applied as third-year junior high school students\)](#)

▶ In-store donation box



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"Support Dreams Fund" donation-included products, developed together with students from Kanaashi Agricultural High School in Akita Prefecture.



▲ Zennou Pancake





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Support Dreams Fund

1,097 Thank You from Aid Recipients

Here are some of the thank you messages* we received from recipients of aid through the Support Dreams Fund, a source of hope for Tohoku's future.

*From the Support Dreams Fund website

- I am currently living in temporary housing because my home was washed away in the tsunami. I am keeping my chin up and chasing the dream I have had since childhood. Thank you, everyone, for the support that has given me hope to go on.
1st-year high school student
- I have no place to live and life is hard. Every day was full of anxiety, but thanks to everyone's donations, I am now able to forget these daily anxieties.
3rd-year high school student
- The nuclear accident caused by the earthquake has my family and I taking refuge outside the prefecture. I had given up on pursuing higher education, but changed my thinking after receiving this aid. Being good at Shogi, I plan to improve my game when I go to university and use Shogi to reinvigorate my hometown.
2nd-year high school student
- Thanks to everybody's donations, I was able to hold onto my dream and find hope the earthquake had caused to fade. Thank you.
1st-year high school student

Lawson Group Employee Fundraising

Lawson Group executives, full-time employees, and contract employees were asked to help with the Support Dreams Fund and had their donations deducted from their salaries beginning in February, 2012.



CVS Strategy, Corporate Planning Office

Makiko Izumitani

I went through the Hanshin-Awaji Earthquake in my first year of high school. Though I was not seriously affected, many of my friends were. The earthquake prevented a number

of them from going on to higher education. I am sure there are many such students this time around. I hope to be of some help to these people in getting them on the path they want to follow. May all of you follow your dreams.



West Kanto KC, BPR Office

Miho Tsuchida

Though news about affected areas and volunteer numbers are apparently dropping off, on the ground there are still many unresolved issues—I truly feel the road to recovery will be long. The important thing is to first know this. Even if we can't provide much, we can still provide something.

Through the Support Dreams Fund, I hope to be able to help aid recipients smile again.





Support Dreams Fund

Support Program Phase 1 "Support Dreams Fund Special Lecture and Concert 2012" held in Sendai City

On February 19, 2012 in Sendai City we held the Support Dreams Fund Special Lecture and Concert 2012, to which we invited around 700 high school students from Iwate, Miyazaki, and Fukushima Prefectures, all areas affected by the earthquake. Participants heard talks from music producer Takeshi Kobayashi, singer Yo Hitoto, Lawson President and CEO Takeshi Niinami, and Senior Executive Vice President Genichi Tamatsuka. The speakers reflected back on their school days, talking about the dreams they had and how they spent their days, while providing a response to "The Troubles that High Schoolers Face" as presented by 4 aid recipients that took the podium. During the small concert in the second part of the event, participants listened to Yo Hitoto's powerful, beautiful voice resound throughout the venue.



Impressions from Participants

- Hearing professional business managers and musicians speak was highly instructive for my future career path.
- "To keep others from feeling anxious, those at the top must not show their own anxiety" really stuck with me. As those who will be leading our local communities, I hope to emulate this in the future.
- I hope to work as a public health nurse in my city. The earthquake had me thinking about giving that up, but the encouraging words made me set a goal for myself and my community.
- I hope to learn various foreign languages and interact with many foreign cultures to become a person who can be a bridge between Japan and the world and bring new ways of life to Kesennuma.

Impressions from Lawson Employees Who Volunteered

- I wanted to help in some way after the earthquake but did not know how. I am thankful the company provided this opportunity.
- Hearing those affected by the earthquake talk, I realized that those of us still living normal lives must be grateful. I learned a lot from these high school students.
- These words struck me deeply: "That you have held this event makes me feel that we have not been forgotten about".

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▲ Support Dreams Fund
"Special Lecture and Concert
2012"





Support Dreams Fund

The first graduates of the Support Dreams Fund are working hard!

48 of the 283 aid recipients who were 3rd-year high school students when they began receiving aid joined the workforce in 2012. For about seven months, these individuals put to good use the donations received from everyone. We hope they continue to overcome their many difficulties and keep striving to see their dreams come true.

Messages from Newly-Employed Aid Recipients - Spring 2012 (From the Lawson PR Blog)



Thank you for the Support Dreams Fund. Chasing my dream, I have begun working on a large fishing boat. I used the aid money to commute to school because the disaster forced me to move far away.

My house, uniforms, and all our possessions were washed away in the tsunami, but the Support Dreams Fund let me graduate from high school and get a job. Now I can go from living on the support of others to providing that support myself to those in need. Thank you so much. I will continue to hold onto and pursue my dreams.

I needed to have a driver's license to get my job, and the aid money let me go to driving school. I got the license and began working in April. Now I remember to always be grateful and am giving 100% at work. Thank you.



Thanks to the Fund, I was able to graduate from high school. It made me confident I could get a job in the future, which made me so happy. I have begun working towards my dream of becoming a pastry chef, and it is all thanks to the Fund. Thank you.



Thank you for the financial help. It has allowed me to get a job, where I am now working hard. My next goal is to help with the recovery of Fukushima Prefecture. Thank you - I am so grateful.

Thanks to the Fund, I received my Junior Meister Gold* certification and have begun working at the company of my choice. A thank you to everyone who donated. Next, my little brother will be moving away from Kesenuma to go to high school in Sendai to follow his dream. I hope he will proceed as I did through the Support Dreams Fund. May it let him work as hard as I did.

The tsunami had washed away our house, and certain family issues and a lack of finances were making life difficult. But with the Support Dreams Fund aid, I was able to graduate high school and get the desk job I had wanted. Thank you so much.



The Fund helped me successfully graduate. Now I have found a job at a local construction company and will be working hard to help with the recovery. Thank you so much.



*The Junior Meister Acknowledgment Program

A program that evaluates the knowledge, technological acumen, and skills that high school students who attend technical high schools or colleges around the country have developed through acquiring national certifications and passing official exams. Especially capable students receive the gold certification.

Japanese only



The first graduates of the Support Dreams Fund are working hard

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Continuing to Protect our Communities Together with Everyone

Applying it All to Future Disaster Response: Learning from Disasters and Fostering Peace of Mind

Putting to work in disaster control lessons learned from past disasters

Based on what we have learned through and new issues that have arisen from responding to the earthquake, we will be reevaluating our methods of responding to future disasters and continually improving our disaster prevention measures and disaster response manual.

■ 3 points to check and apply to disaster control

- ① Is store equipment prepared for a disaster?
- ② Is a manual or set of rules in place for the proper action to take in an emergency?
- ③ Are emergency drills being done?

These three points are checked and used to reevaluate and improve disaster control manuals and create systems for continuing business amid disaster.

■ Improving disaster awareness and driving adoption of disaster survival supplies

Through means such as handing out "Disaster Survival Cards" at all stores to help in confirming and reporting personal safety in a disaster, Lawson is working to improve awareness on an individual level.

Lawson also equips stores with disaster survival kits that contain everything needed in a disaster, including an earthquake and tsunami early warning machine.



▲ Disaster Survival Card



▲ Earthquake & Tsunami Early Warning Machine



▲ Disaster survival kit for store use

■ Working with government, corporations, NPOs and others to stand up to disasters

New issues have arisen with this earthquake in areas such as the need for support for those unable to return home, measures to address fuel shortages, and support for those living in shelters or temporary housing. To address these issues, we are coordinating with the government, corporations, NPOs and other organizations.

VOICE Staff Perspective



Compliance & Risk Management Office
General Manager

Koichi Yoshida

A variety of measures are covered in the BCP Guideline, Disaster Control Manual, and other such documents. For the Great East Japan Earthquake of March 11th, as well, though we had a guideline and other documents detailing measures that could have been taken, nobody in Emergency Response Headquarters realized this. If more initiative had been shown in carrying out these measures, I think we could have put a little less burden on the stores. In future, we will be revising these manuals and other documents and undertaking the drills and education we believe are necessary.



Continuing to Protect our Communities Together with Everyone

Future Disaster Response Efforts and Systems: A Disaster-Proof Organization and Manual Creation

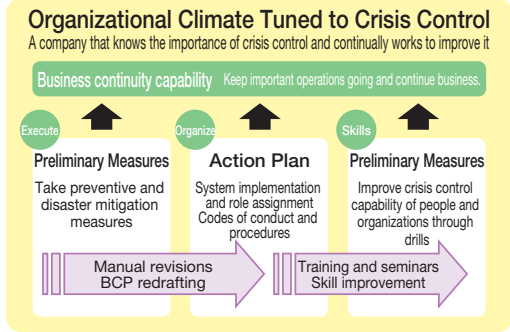
Aiming to be a disaster-proof lifeline for communities

To continue being a lifeline for communities, Lawson will continue to stay open for business as long as possible even during disasters to provide customers with the products and information their lives require.

■ For a stronger Lawson that can stay open for business when large disasters strike

By staying open for business when disasters strike, we aim to be of support to people's lives and communities. To this end, we regularly reevaluate our BCP (business continuity plan) guidelines, update them with estimations of damage resulting from subduction zone earthquakes and nuclear power station disasters, and create contingency-ready systems. All Lawson employees conduct disaster control drills three times a year to be clear on the code of conduct in an emergency. Lawson will continue to strive to improve its ability to continue business in emergencies and be a company that can quickly and appropriately respond to a variety of crises as we improve our disaster control efforts.

● System for improving business continuity capability



■BCAO Award 2011 received

Recognize for its "disaster prevention and BCP initiatives" employed in the continuation of business in affected areas and restoration of business through temporary stores during the Great East Japan Earthquake, Lawson was awarded the prestigious BCAO Award 2011 as determined by the nonprofit Business Continuity Advancement Organization.



▲Certificate of the BCAO Award

Lawson has signed agreements with local governments throughout Japan to provide goods and give support to people unable to return home when disasters occur.

Click here for the latest information



Japanese only

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Corporate Philosophy

All Corporate activities of the Lawson Group are done to achieve the aims of the Lawson Group Corporate Philosophy. All policies, including the Corporate Conduct Charter, indicate at the beginning the overall direction for those policies and points to be aware of when conducting corporate activities aimed at realizing the Lawson Group Corporate Philosophy.

Corporate Philosophy of Lawson Group

Creating Happiness and Harmony in Our Communities

Corporate Conduct Charter

1. Basic Declaration

We*1 believe that fulfilling our corporate social responsibilities while responding to the requests of Lawson Group*2 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 act with consideration toward all customers.
2. We shall support Lawson franchise stores, which represent our largest partner.
3. We shall conduct fair and transparent business transactions with every business partner.
4. We shall create a friendly workplace environment for all employees.
5. We shall disclose necessary information to all shareholders and investors.
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 employee.
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.

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Lawson's Environmental Management

Lawson Group Environmental Policy

Lawson Group Environmental Policy

Our Environmental Policy constitutes the basis and driving force for our environmental protection and social contribution activities. By applying this Environmental Policy to our business activities, we seek to help leave the Earth in a healthy state for future generations.

Lawson Group Environmental Policy

Our Commitment

To sustain the blessings of the earth for future generations, the Lawson Group will consider the environment in every aspect of our business activities and strive to achieve sustainable development and coexistence with local communities.

Our Principles

1. Creation of a low-carbon society

To prevent global warming, we will work on conserving energy and resources and reducing waste in our business activities.

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.

June 2010

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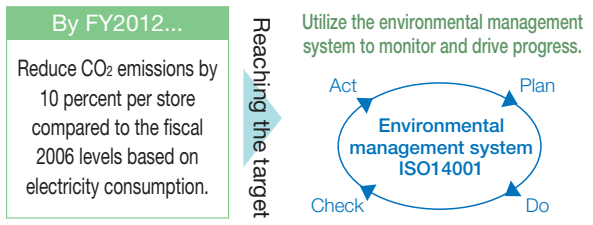
Lawson's Environmental Management

For a sustainable society

Lawson is taking two key approaches to environmental management. One is our environmental preservation activities. In particular, we have established voluntary action goals to reduce CO₂ emissions resulting from our business activities and are working towards their achievement. One other is our dedication to supporting our customers' environmental conservation and societal contribution activities. Through these two approaches, we are working as one with our customers to help create a sustainable society.

Electricity consumption by our stores accounts for 85.0% of our total annual CO₂ emissions of about 700,000 t- CO₂. The voluntary target was to reduce CO₂ emissions by 10 percent per store compared to the fiscal 2006 levels based on electricity consumption by fiscal 2012. This amounts to a yearly reduction of about 60,000 tons in emissions compared with fiscal 2006.

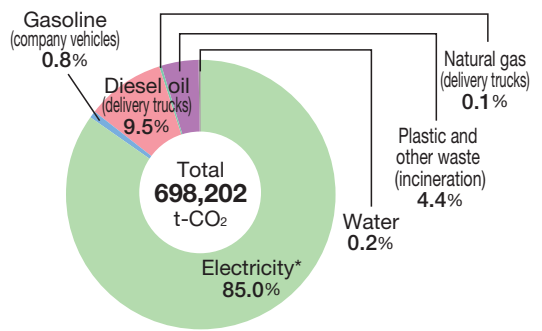
CO₂ Emissions Voluntary Reduction Target



Lawson's Environmental Management



FY2011 CO₂ Emission Breakdown



Note: CO₂ emissions from electricity consumption were calculated based on fiscal 2010's emission coefficient of 3.72 t-CO₂/10,000 kWh.

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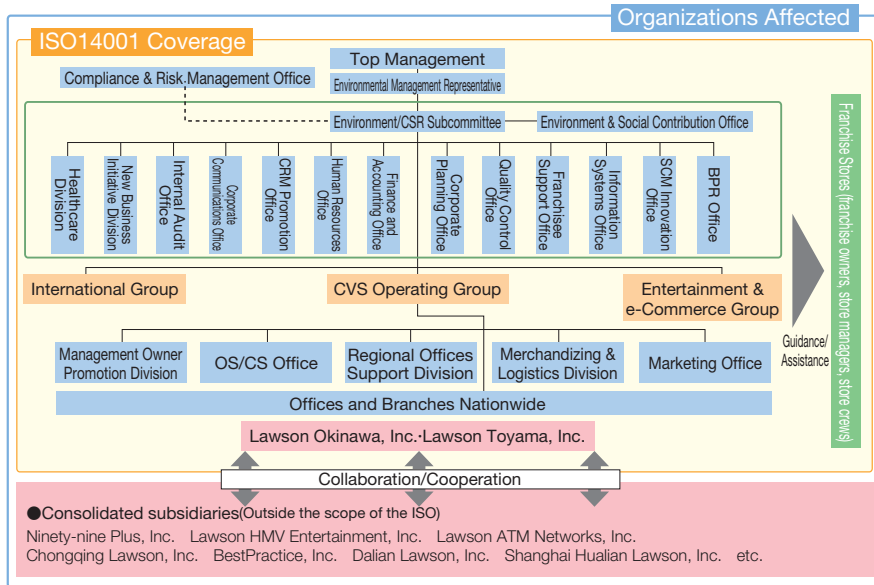


Lawson's Environmental Management

ISO14001

In order to promote environment-friendly business activities, 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 from their core business 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.

●Organization Chart of Environmental Management System (as of September 1, 2012)



Environment/CSR Subcommittee

Held: Every other month
 Members: Total of 37 people from the 19 divisions at corporate headquarters, stations, 8 offices, and 3 affiliated Companies (Administrative office) Franchisee Support Station Environment and Society Contribution Office

Agenda :

- ① Managing progress with environmental goals
- ② Store guidance and support
- ③ Internal audits and responding to external reviews
- ④ Promoting environmental education



Lawson's Environmental Management

Environmental Education

The Lawson Group, in its effort to enhance the awareness of environmental conservation, educates its employees, franchise owners, store managers, and store crews. For the headquarters and franchise home office employees, training is given to new employees and newly-appointed Merchandise Developers, or Assistant Merchandise Developers (AMDs). Moreover, general environmental training via e-learning is given annually to all the employees.

Every other month, the Environment/CSR Subcommittee convenes with the participation of environmental initiative promotion personnel from each department to confirm the state of progress towards environmental targets and share environment-related knowledge.

Since FY 2012, to broaden these individuals' knowledge of the environment, we are encouraging them to take the Certification Test for Environmental Specialists (Eco Test).



▲New employee training

●Environmental Education

Target	Method	Frequency	Content
Owners, store managers, crew	Training at the time of new store openings and other opportunities, internal newsletters, environmental reports, etc.	Once a month or more	Sharing of information concerning environmental preservation and social contribution activities related to the store
Headquarters and franchise home office employees	New employee training, training for those appointed to new positions, , general environmental issues training (e-learning, self-study), internal newsletters	Once a year or more	Sharing of environmental preservation and social contribution activities information related to Lawson Group business activities and promoting observance of environmental laws and regulations
Subsidiaries & Affiliates	General environmental issues training (lectures, e-learning, self-study)	Once a year or more	Sharing of environmental preservation and social contribution activities information related to Lawson Group business activities and promoting observance of environmental laws and regulations
Environmental initiative promotion personnel	Environment/CSR Subcommittee, Eco Test	Six times a year or more	Sharing of environmental preservation and social contribution activities information related to Lawson Group business activities, observing environmental laws and regulations, and acquiring knowledge of general environmental issues

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Lawson Environmental and Social Activities Report

Environmental Activities: Targets and Results

*1 Achievement Levels: Quantitative assessment: 100%:○, 70% or more:△, Less than 70%:×
 Qualitative assessment: Implementation completed:○, Implementation in progress: △, Not implemented: ×

FY2011 Environmental Activities Results

Item	Action	Targets	Achievement	Achievement Levels*1
Saving energy	Reduce power usage for store air conditioners, refrigerators, and lighting equipment	Implement energy conservation measures at 100% of new stores. ①LED lighting or automated lighting adjustment systems ②Combined refrigeration and air conditioning systems ③ Energy efficient signs ④Toilet sensors	Implemented the following four power-saving measures at all new stores ①LED lighting or automated lighting adjustment systems ②Combined refrigeration and air conditioning system ③Energy efficient signs ④Toilet sensors	○
		Implement energy conservation measures at existing stores. ①Replace freezers. ②Replace air conditioners. ③Install condensation prevention heater control units. ④Install LED lighting	Implemented the following four power-saving measures at all existing stores ①Replaced freezers. 111.6% ②Replaced air conditioners. 108.1% ③Installed condensation prevention heater control units. 118.4% ④LED lighting 100.0%	○
	[Delivery trucks] Promote eco-driving at shipping centers	Reduced per store CO ₂ emissions by 18% compared with FY2007 to 7,450 kg-CO ₂ .	Reduced per store CO ₂ emissions by 21.3% compared with FY2007 to 7,148kg	○
	[Company cars] Reduce CO ₂ emissions through eco- and safe-driving initiatives	Improved company car fuel efficiency by 2% compared with FY2010	Improved company car fuel efficiency by 0% compared with FY2010. [Next Step] Promote reduction of CO ₂ emissions from current vehicles being driven for longer	×
	Promote companywide mitigation of global warming(reduction of CO ₂ emissions)	Create energy efficient stores.	Advertise for a support program aimed at doing more experiments to develop artificial intelligence [Next Step] ①Budget for expansion experiments for next fiscal year ②Begin discussion on the ZES (zero energy store) concept	△



FY2012 Environmental Activities Results

Item	Action	Targets
Saving energy	Reduce CO ₂ by adopting energy-saving equipment	[New stores] Adopt energy-saving equipment for targeted stores ①Adopt LED lighting or automatic light dimmer systems ②Adopt energy-saving outdoor units for integrated cooling and air-conditioning ③Adopt energy-saving signboards
		[Existing stores] Adopt energy-saving equipment for targeted stores ①Replace freezers. ②Replace air conditioners. ③Install condensation prevention heater control units.
	Reduce delivery trucks CO ₂ emissions by promoting eco driving at shipping centers	CO ₂ emissions per store: Achieve22% reduction compared with fiscal 2007
	Use packaging materials that reduce environmental impact ■ Reduce usage of petroleum-based plastics ■ Use non-petroleum-based plastics	Focus on using new eco-friendly packaging materials
	Adopt energy-saving equipment for fast food production	Adopt new energy-saving friers

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Lawson Environmental and Social Activities Report

Environmental Activities: Targets and Results

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

*2 Includes area franchise stores in Japan.

FY2011 Environmental Activities Results

Item	Action	Targ	Achieveme	Achievement Levels*1
Saving resources	Reduce plastic shopping bag and disposal chopstick use.	①Expand the areas where points are awarded for saying no to plastic shopping bags. ②Promote the use of one's own shopping bag and chopsticks 50,000 bring-your-own bags and 300 bring-your-own chopsticks Weight of plastic shopping bags used per customer 2g (3% reduction in the plastic shopping bag handout rate compared with fiscal 2010=73.0%).	①Get more areas to adopt the bring-your-own-bag point program: currently on hold due to the earthquake ②Promote the use of bring-your-own bags and chopsticks :Bring-your-own bags total = 2.71 million; bring your own chopsticks total= 53,000 Plastic shopping bag weight per person = 2.15 g Percentage of customers receiving plastic shopping bags: 76.3% (0.3% increase on FY 2010)*2 [Next Step] ①Active participation in local government campaigns to cut down on plastic shopping bag usage ②Improve the disposal shopping bag reduction point program and prepare to roll out to more areas	×
	①Reduce packaging weight. ②Promote the reduction of materials used. ③ Reduce CO ₂ generated from burning packaging by adopting non-petroleum-based packaging material (paper, green plastic, etc.)	Reduce CO ₂ emissions from the incineration of containers and packaging by 10% compared with FY2006.	①②Continue to make containers and soft packaging thinner ③Continue to spur adoption of non-petroleum-based plastics Reduced CO ₂ emissions by 25.8% compared to FY 2006	○
	Observe sales promotional materials display standards and appropriately manage industrial waste	①Use materials in compliance with display standards for sales promotional materials ②Verified waste volumes and observed disposal regulations	①Use sales promotional materials in compliance with display standards ②Observe regulations concerning the disposal of promotional material	○
	Reduce the amount of use of cooking oil for fast food	50% reduction in the amount of use in the stores working to achieve this target.	Changed goals due to large possibility of prepared foods increasing the amount of oil used. [Next Step] Discuss reducing fryer power usage and reducing amounts of oil used by improving cooking oil quality.	—



FY2012 Environmental Targets

Item	Action	Targets
Saving resources	①Efficiently use promotional materials ②Appropriately manage industrial waste	①Develop materials based on advertising display standards. Then order the appropriate amount of materials ②Check disposal volumes and comply with disposal laws.
	Reduce CO ₂ produced when burning packaging materials by encouraging the usage of less packaging	Reduced CO ₂ produced from burning packaging materials by 12% compared to FY 2006
	Streamline business and reduce paper media by partially digitizing operations	①Reduce paper version of daily sales reports ②Reduce paper media by digitizing
	Promote coordination among regional offices, branches, and local governments regarding reducing disposable plastic shopping bag usage	①Bring the disposable shopping bag reduction point program to more areas ②Develop a new kind of reusable bag

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Lawson Environmental and Social Activities Report

Environmental Activities: Targets and Results

*1 Achievement Levels: Quantitative assessment: 100%:○, 70% or more: △, Less than 70%: ×
 Qualitative assessment: Implementation completed: ○, Implementation in progress: △, Not implemented: ×

*2 Includes stores in Japan (Except food recycling ratio, etc.)

FY2011 Environmental Activities Results

Item	Action	Targets	Achieve	Achievement Levels*1
Reducing waste	Promote food recycling	Achieve food recycling ratio of 30.5% (Increase at least 8 percentage points compared with FY2007) ①Additional stores recycling waste oil: 8,650 ②Additional stores recycling foods: 1,500	Food recycling ratio 47.6% ①Waste oil recycling: 8,731 stores (group total: 9,142 stores)*2 ②food recycling 1,575 stores (group total: 2,012 stores) ③Heat recovery 145 stores (group total: 145 stores)	○
Contributing to local communities	Promote social contribution activities in the Lawson Group	①Conduct 100 afforestation projects ②Participate in forestry volunteer programs Increase 120% on FY 2010 ③Promote the Lawson Green Fund	①Conduct 106 afforestation projects ②Participation: 152% (franchise store employees, headquarters employees, etc.) ③Currently on hold due to the Great East Japan Earthquake	○
Promotion and enlightenment	Mitigate global warming together with customers	Promote CO ₂ Offset program CO ₂ Offset in: 1,000 tons	CO ₂ Offset volume 691 tons Total 16,919 tons [Next Step] ①Continue to roll out products with attached emissions credits ②Develop new products with attached CO ₂ emissions credits	×



FY2012 Environmental Targets

Item	Action	Targets
Reducing waste	Increase food recycling ratio. (Food Recycling Law)	Achieve food recycling ratio of 32.5% (Increase at least 10 percentage points compared with FY2007) ①Waste oil recycling: 8,800 stores (group total: 9,150 stores)*2 ②Stores promoting food recycling: 1,600 (group total: 2,050)
Contributing to local communities	Conduct community contribution efforts	Lawson Green Fund: Promote participation in forest volunteer activities ; a 110%+ increase on FY 2011
	Conduct community contribution efforts	Manage store fundraising efforts, including the Lawson Green Fund
Promotion and enlightenment	Conduct environmental efforts throughout the entire Lawson Group based on ISO14001	Meet more than 90% of departmental ISO objectives and goals
	Promote CO ₂ Offset program	Offset 3,000 tons of CO ₂ ①Discuss a new CO ₂ offset plan ②Sell new products with attached CO ₂ emissions credits

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Lawson Environmental and Social Activities Report

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

Period: March 1, 2011 - Feb. 29, 2012 / Lawson headquarters and franchise stores*1

(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	9,759,370	101,678	CO ₂ reduction
	(1)-II. Resource recycling costs	Waste-related expenses*2	0	4,591,124	Legal compliance
(2) Upstream/downstream costs		Costs related to the Container and Packaging Recycling Law	0	440,200	Legal compliance
(3) Administration costs		Preparation of environmental reports, ISO14001 inspections	0	13,062	Promotion of environmental activities, penetration and enlightenment
(4) Research & development costs		Energy-efficient store research	0	7,754	CO ₂ reduction
(5) Community engagement activity costs		Greening activities, Neighborhood cleanup activities, donations to NPOs	0	64,259	Biodiversity conservation, local community beautification
Total			9,759,370	5,218,077	

*1 Includes area franchise stores in Japan.

*2 The cost of waste disposal and resource recycling is an estimate calculated based on the figures of a standard store as a sample.

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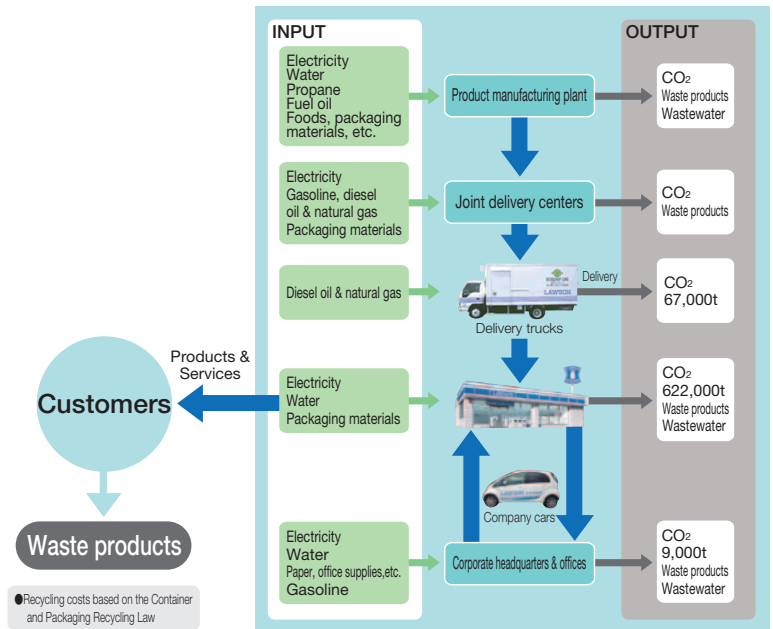
Lawson Environmental and Social Activities Report

Lawson Materials Flow

In providing products and services to its customers, Lawson stores use electricity, gasoline, water and other sources, emitting CO₂ and waste in the process.

At every stage of our business activities, we strive to ascertain and reduce our impact on the environment.

●Store Operations Materials Flow



- Introduced production management system to curb generation of waste products, etc.
- Helping the environment by using PLA, bio-PET plastic, and used PET bottle plastic for containers and packaging while making them thinner

- Revised delivery system to reduce number of average daily delivery trucks per store. From 16 in FY1989 to 7.29 in FY2011
- Trucks using eco tires: 1,216 vehicles
- Trucks equipped with on-board operation management system

- Introduced energy-efficient equipment. LED lighting, Combined refrigeration and air conditioning systems, etc.
- Improved merchandise assortment and promoted food recycling. Food recycling ratio: 47.6%
- Reduced plastic bags and disposable chopsticks. Plastic bag handout rate of 76.3%

- Introduced 62 electric vehicles.
- Switched to hybrid vehicles and vehicles equipped with automatic idling prevention systems. Approx. 1,460 vehicles
- Promoted office lighting switch-off

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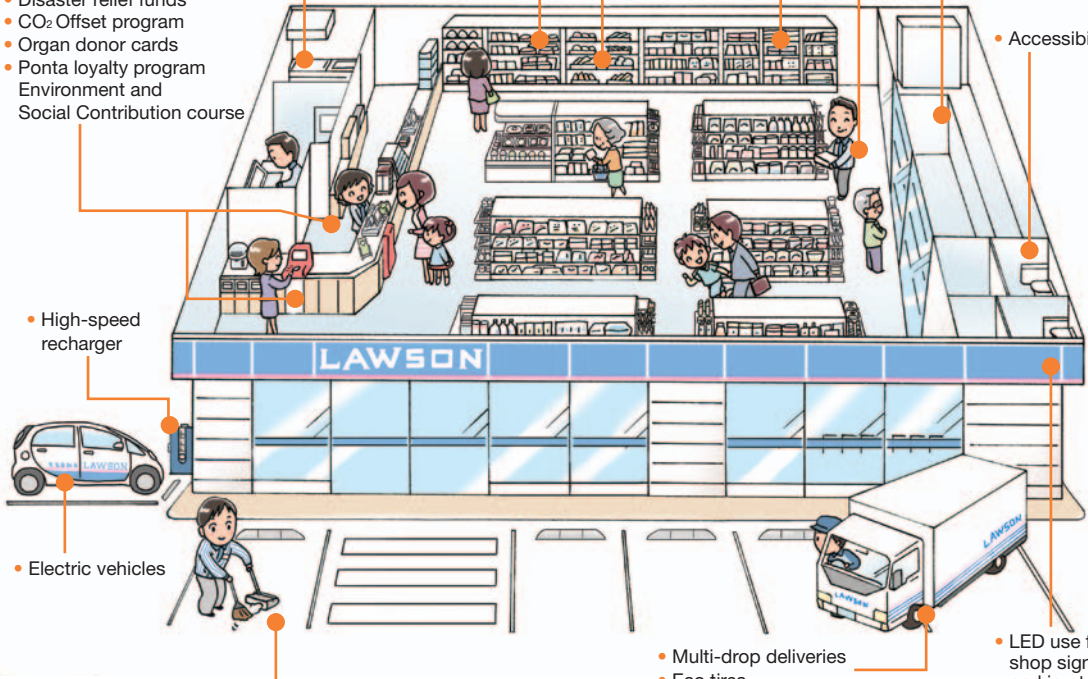
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Lawson Stores: Environmental Protection and Corporate Citizenship Activities

Lawson works with people in society to implement initiatives aimed at protecting the environment and contributing to society.

- Reducing plastic shopping bag and disposable chopstick use
- Food recycling (into animal feed and compost)
- Local produce for local and nationwide consumption
- Uniform recycling
- Lawson Green Fund
- Support Dreams Fund
- Plant-derived packaging
- Disaster relief funds
- CO₂ Offset program
- Energy-efficient equipment
- Organ donor cards
- Waste oil recycling
- Ponta loyalty program Environment and Social Contribution course
- Accessibility



- High-speed recharger
- Electric vehicles
- Neighborhood cleanup activities
- Multi-drop deliveries
- Eco tires
- LED use for shop signs and in-store

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Reducing CO₂ Emissions

With the Earth
[Reduction of the Environmental Load]

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With the Earth

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 - Program to Reduce Plastic Shopping Bag Use
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 - Reducing and Recycling Food Thrown Away at Stores
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Building Energy-Efficient Stores

Lawson has introduced latest energy conservation systems to the stores to reduce electricity consumption that accounts for most of its CO₂ emissions.

Reduce Store Electricity Consumption By Installing Cutting Edge Energy-saving Technology

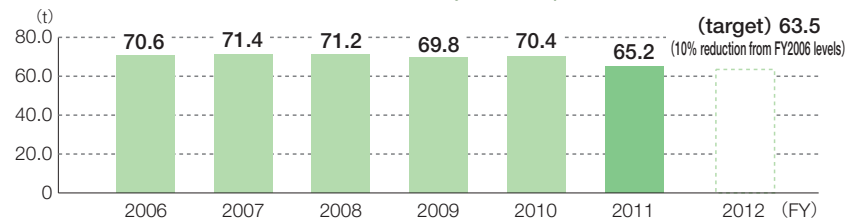
Electricity consumption by our stores accounts for 85.0% of our total annual CO₂ emissions of about 700,000 t-CO₂. In order to reduce electricity consumption, we introduce energy-efficient equipment. In FY 2011, 523 stores installed outdoor units for integrated cooling and air-conditioning, 535 stores installed instore LED lighting, 537 stores installed LED signboards, and 504 stores installed bathroom motion sensors.*

As a special measure to address power shortages in FY 2011, all existing domestic stores have completed* installation of in-store LED lighting.

* With the exception of stores whose building construction or other factors do not allow, 100% of stores have completed installation.

Click here for more information  [Energy-Conservation Efforts \(Page 33\)](#)

● Per-Store CO₂ Emissions Based on Electricity Consumption*



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

Per-store CO₂ emissions based on electricity consumption

Fiscal 2006 result

70.6t

Fiscal 2011 result

65.2t

Fiscal 2012 target

63.5t



▲ Data and Figures



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Reducing CO₂ Emissions

With the Earth
(Reduction of the Environmental Load)

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Building Energy-Efficient Stores

CO₂ emission levels at Lawson stores have been independently verified

To more accurately ascertain the amount of CO₂ emissions from Lawson stores, the Japan Quality Assurance Organization conducted inspections on July 17, 2012.

The inspections targeted 9,443 LAWSON and NATURAL LAWSON stores owned by Lawson, Inc. and in operation between April 1, 2011 and March 31, 2012. Actual stores and related documentation were reviewed for the study that looked at CO₂ emissions generated from electricity usage at the stores. The results led to Lawson being issued an Environmental Information Examination Certificate of Compliance.

Based on these results, we will be working to an even more effective CO₂ reduction plan.

<CO₂ Emissions Calculation Rules for Lawson Stores>

- ◆ Stores targeted for inspection: 9,443 LAWSON and NATURAL LAWSON convenience stores owned by Lawson, Inc.*
- *For stores that cannot track power usage, usage was estimated using data from other stores
- ◆ Test period: April 1, 2011 - March 31, 2012 (administrative year)
- ◆ Target gas: CO₂ (carbon dioxide) generated from stores' electricity usage



▶ Environmental Information Examination Certificate of Compliance



Reducing CO₂ Emissions

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[Reduction of the Environmental Load]

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Building Energy-Efficient Stores

Opening of Eco-friendly Model Stores That Use Natural Energy

Lawson's eco-friendly model stores use natural energy and reduce energy usage and CO₂ emissions. At the Sanriku-cho store in Miyagi Prefecture, which opened on December 1, 2011, by adopting LED lighting, energy-saving fryers, and freezer and refrigeration systems that do not use environmentally-harmful CFCs, it has reduced annual electricity usage by about 11% and CO₂ emissions by about 9 tons.

It also uses solar power generation systems to store power in lithium-ion batteries for the short-term usage of electricity in a disaster or power outage. The store is essentially self-powered.

Joint Research with University of Tokyo on CO₂ Reduction

We have been conducting joint research with the Yashiro Lab in the University of Tokyo's Institute of Industrial Science on reducing store CO₂ emissions since May 2008.

Guided by the Lab, we identify the state of energy usage best suited to the environment of each store via an advanced automatic energy monitoring and control system commercialized by Alter Buildings Japan Co.,Ltd. to verify effective CO₂ reduction measures. Based on the above, we implement comprehensive measures, taking into consideration not only the improvement of store facilities and operations but also the effects from outside the store building.



▲ Minamisanriku Iriya Store



▲ Solar power system



▲ AI-run Analysis and Control Systems





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Improve Logistics Efficiency

We work to reduce the environmental load by improving the efficiency of the nationwide distribution network and introducing eco tires.

Reduction of Delivery Truck CO₂ Emissions

■ Implementing Multi-Drop Delivery and Reviewing Delivery Frequency

By using dual partition, dual temperature management trucks that enable the simultaneous delivery of products with different temperature requirements for ordinary products and chilled products * etc. 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).

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

■ Introducing Eco Tires and an Operation Management System

As of February 2012, we have fitted eco tires to 1,216 delivery trucks, and dual partition, dual temperature management trucks and delivery trucks carrying daily products are equipped with an operation management system that monitors vehicle operation to promote efficient driving and discourage engine idling during deliveries.

■ Promoting Eco-Driving

We 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.



▲ Delivery truck
Eco tire ▶

Delivery truck CO₂ emissions per store (compared with fiscal 2007)

Fiscal 2011 target

18.0% reduction

Fiscal 2011 result

21.4% reduction

Fiscal 2012 target

22.0% reduction



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Improve Logistics Efficiency

Streamlining via cooperative delivery with the Post Office

Postal Business Collaboration Under our comprehensive alliance with Japan Post Holdings Co.,Ltd., we have been conducting a joint delivery experiment in Kochi Prefecture since October 2009 and in the Kushiro and Kitami areas since April 2011. We have reduced delivery numbers by transporting Lawson products and mail, achieving a total 22% reduction in CO₂ emissions. In April 2011, We are working to collectively expand our nationwide logistics network to further reduce CO₂ emissions.



▲ Japan Post Service Co.,Ltd. delivery truck fitted with a temperature-controlled container to deliver products with different temperature requirements

Deploying EVs as Company Cars

Our store supervisors(SV: a supervisor/store management instructor) and store development managers use about 1,880 vehicles nationwide to cover their rounds. Except four-wheel-drive vehicles, all company cars (about 1,460 cars) are hybrid cars fitted with automatic idling prevention (Smart Stop) systems to reduce CO₂ emissions.

In August 2009, we introduced i-MiEV, an electric vehicle model manufactured by Mitsubishi Motors Corporation, for store supervisors covering their rounds; mainly in large metropolitan areas. A total of 62 units were introduced in Tokyo, Kanagawa and Osaka on or before February 29, 2012.

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 February 29, 2012, we had deployed 6 high-speed rechargers, 2 doublespeed recharge stands, and 58 200V sockets.)



▲ Some stores are being fitted with EV recharging points

◀ High-speed recharger





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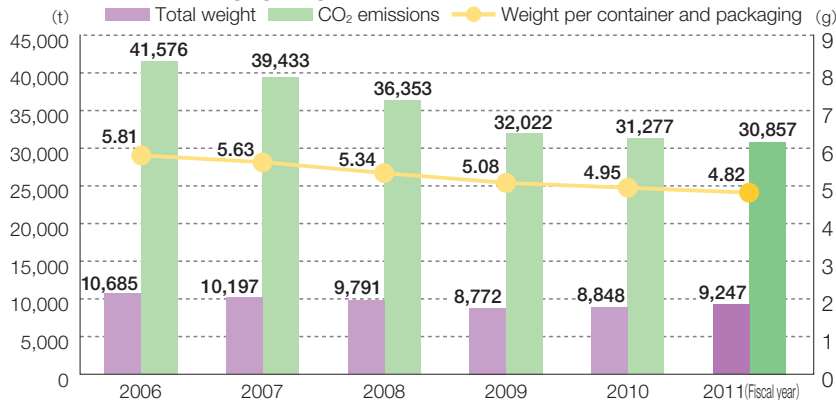
Eco-Friendly Containers and Packaging and Using Less

We also work in various ways to reduce usage of containers and packaging of boxed lunches, prepared foods and other items and positively use eco-friendly materials.

Reducing the use of Containers and Packaging

With ensuring safety, we promote weight reduction by using foam materials, making slimmer containers and packaging, and improving their shape to optimize the use of limited resources. To date, this has resulted in a weight reduction for containers and packaging of 17% compared to fiscal 2006, or a total of 1,438 tons overall. This means that we have successfully reduced 10,719 tons (namely 25.8%) CO₂ emissions from the incineration of containers and packaging.

Containers and Packaging Weight and CO₂ Emissions



CO₂ emissions from the Incineration of containers and packaging (compared with fiscal 2006)

Fiscal 2010 result

24.8% reduction

Fiscal 2011 result

25.8% reduction

Fiscal 2012 target

12.0% reduction



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Eco-Friendly Containers and Packaging and Using Less

Lawson uses eco-friendly materials

As one of its environmental efforts, Lawson has always insisted on the use of containers that use polylactic acid (PLA), a biodegradable resin made from corn. Since March, 2012, we have been using salad containers made from recyclable resins created through the latest recycling technologies that return used PET bottle material to raw PET resin through chemical decomposition. In May, 2012, we also began using for our noodle containers bio-PET resin that uses a resin derived from sugarcane. These packages saw their first use in the Kanto area and are now being adopted throughout the country.



▲ Salad container using used PET bottle resin



▲ Cold noodle containers using bio-PET resin



▲ Containers using polylactic acid (PLA) made from corn





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Energy Conservation Efforts Continue in FY 2012

We believe our ability to keep stores open for business is possible only because Lawson grows together with society and is supported by local communities. As something demanded by society, we will be vigilant in conserving energy.

Summer and winter power saving efforts

In the summer of 2011, we addressed the power shortage by conserving power at around 3,400 stores serviced by Tohoku Electric Power Co., Inc. and Tokyo Electric Power Company, Incorporated using 20% less power than in FY 2010.

In the summer of 2012, for the three months from July to September, we are working to achieve our goal of reducing power usage by a total of about 25% (6% from store equipment such as the LED lighting installed in all stores, and 19% from store operations, including turning down air conditioners) compared to FY 2010.

Informed by new technology testing and experimental data concerning artificial intelligence derived jointly with the Institute of Industrial Science at the University of Tokyo since May 2008, this goal is highly feasible and exact.

[Store Operational Efforts (Summer, 2012)] All Lawson stores (including NATURAL LAWSON stores)

- Filter* cleaning (at least once a week)
 - *Dessert, novelty, and drink cases, microwaves, industrial refrigerators, air conditioners
- Turn off air conditioning and lights when not using the backroom
- Stop using heating function for hot/cold cases
- Turn off lights in walk-ins, reach-ins, reach-in freezers, and novelty cases
- Raise in-store thermostats by 2°C (27°C max)
- Discontinue in-store ventilation
- Turn off power to water heaters and hand dryers
- Turnoff lighting to toilet anteroom and to bathroom counter lighting when not in use



▶ Begin wearing aprons to conserve power (Summer 2011 design)



▶ Storefront informational sticker (Summer 2012)





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CO₂ Offset Program*

Lawson works with customers to reduce CO₂ emissions. In April 2008, we launched our CO₂ Offset program as a means of enabling its customers to participate in environmental protection through their local convenience stores.

Lawson's Approach to Reducing CO₂ Emissions

Customers can exchange shopping points of Ponta multi-partner loyalty point card (see p.61 for details) for CO₂ offsets, or purchase CO₂ offsets with cash using the Loppi multimedia terminals in our stores.

Accordingly, through the effort of CO₂ Offset Program, customers themselves can help offset CO₂ emissions. We have also enlisted the cooperation of local authorities and manufacturers to sell beverages and other items with attached CO₂ offsets.

Customers acquired eco-points through the Green Appliance Proliferation Promotion Project, conducted up until March, 2012. 0.1% of the eco-points customers spent to get Lawson's prepaid cards to purchase products with were allocated to our "CO₂ Offset Program". Certified emissions reductions (CERs) held by Lawson were then donated to Japanese government amortization accounts.

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 2012 amounted to 16,919 t-CO₂, with cumulative participants totaling 21.9 million.

*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.



▲ Coca-Cola (Japan) Company, Limited's Real Spark



▲ Suntory Liquors Limited's 2 sizes of Kin-Mugi "Stop! Global Warming Can"





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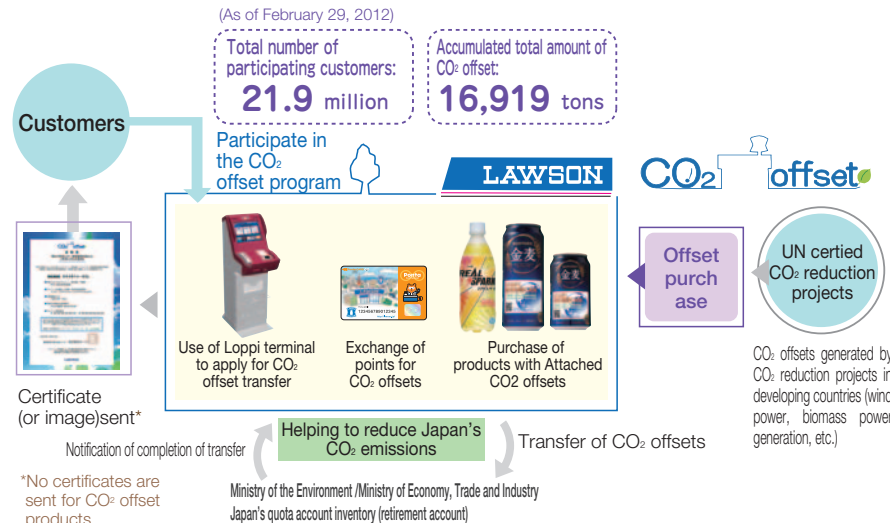
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CO₂ Offset Program

●How Our CO₂ Offset Program Works



To see the link for the latest information on the [CO₂ Offset Program](#). Japanese only

CO₂ Offset program accumulated results

Fiscal 2009 result

12,839t

Fiscal 2010 result

16,228t

Fiscal 2011 result

16,919t



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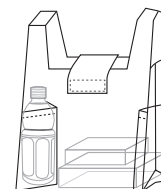
Program to Reduce Plastic Shopping Bag Use

We implement the "Bring Your Own Bag campaign" as an environmental practice adopted by customers in their daily lives.

2.71 Million "Bring Your Own" Bags Distributed!

To reduce plastic shopping bag use, Lawson created its "Bring Your Own" 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. Since then, we have sold them at the register and at Loppi multimedia terminals. We have also made the bag's specifications publicly available and have called on likeminded companies to make use of them to promote more widespread use of these bags. In the five years that have passed since we launched the program, we have distributed 2.71 million bags.



▶ "Bring Your Own" Bag to best fit the boxed lunches and plastic bottles

●Bring Your Own Bag campaign

Bags distributed at Lawson stores and by Group companies	2,019,000
Bags made by cooperating companies and organizations	693,000
Total bags distributed	2,712,000

(As of February 29, 2012)

Accumulated Total No. of Distributed "Bring Your Own" Bags

Fiscal 2009

2.45million

Fiscal 2010

2.60million

Fiscal 2011

2.71million



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Program to Reduce Plastic Shopping Bag Use

Total Weight of Plastic Shopping Bags Used per Store Successfully Reduced by 24.3% Compared to Fiscal 2000

Lawson works to reduce the use of plastic shopping bags by asking customers at the register whether they need them or not, putting up posters, implementing instore broadcasting, and handing out "Bring Your Own" bags

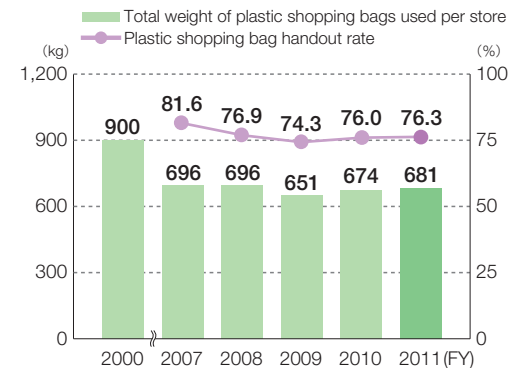
Compared to FY 2000, the weight of plastic shopping bags provided to customers on a per store basis was 24.3% less than in FY 2011. The rate at which customers received plastic shopping bags was 76.3%, 0.3% above the FY 2010 level. In fiscal 2012, Lawson is working to reduce plastic shopping bag usage by active participation in local governments' plastic shopping bag reduction campaigns and by developing new reusable shopping bags.

※ Plastic shopping bag handout rate: (the number of plastic shopping bags purchased) divided by (the number of customers)

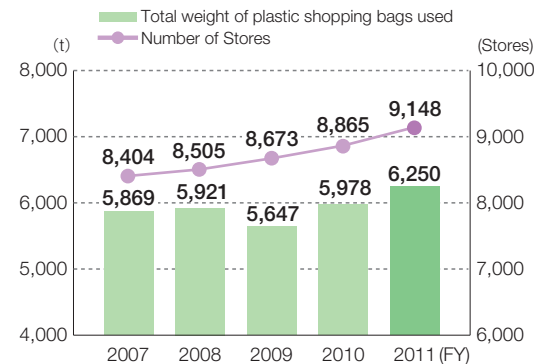
Reducing Plastic Shopping Bag Use with the Help of Customers

From 2008, we have started awarding one point to Ponta cardholders who say no to plastic shopping bags at the register. This program has been implemented in all Lawson stores in Hokkaido and some NATURAL LAWSON stores.

● Total Weight of Plastic Shopping Bags Used Per Store



● Total Weight of Plastic Shopping Bags Used for All Stores





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Program to Reduce Disposable Chopstick Use

We work to reduce the use of disposable chopsticks by asking customers at the register whether they need them or not and by disseminating the use of Bring Your Own chopsticks, "Midori no Kakehashi," which customers can always carry to use.

We Keep Asking Customers

Lawson store crews ask customers at the register 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 plastic bag and disposable chopstick use.

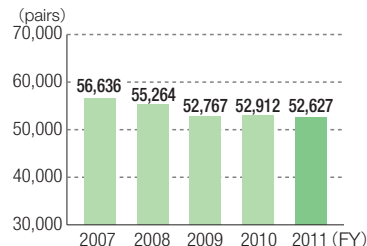
Promoting the use of reusable chopsticks

To reduce the use of disposable chopsticks, Lawson started to promote the Bring Your Own Chopsticks Program in April 2007. As of February 29, 2012, about 53,000 pairs of these chopsticks, named "Midori no Kakehashi", which are made from baseball bat factory ash wood discards, had been distributed through Loppi multimedia terminal sales and the cooperation of companies supporting this initiative.

Lawson donates 100 yen to the nonprofit organization Donguri no Kai for each set of chopsticks distributed. This supports efforts to "create a Baseball Bat Forest" by helping in planting and growing ash trees.

* "Midori no Kakehashi" is a registered trademark of Oak Village Co., Ltd.

● Per-Store Disposable Chopstick Use



▲ Rilakkuma "Bring Your Own Chopsticks"

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Per-Store Disposable Chopstick Use

Fiscal 2009 result

52,767 pairs

Fiscal 2010 result

52,912 pairs

Fiscal 2011 result

52,627 pairs



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Program to Reduce Disposable Chopstick Use

Shortening Chopsticks

We have sequentially changed the standard of disposable chopsticks handed out to customers in LAWSON and LAWSON STORE100 since July 2011.

By making chopsticks one centimeter shorter, or reducing the length from 20.3 to 19.3cm, we can reduce the wood consumption per pair of chopsticks by about 5%. This is equivalent to an annual reduction in wood consumption equivalent to about 23 million pairs of chopsticks, which, in turn results in a reduction of 4.8% in the film used for packaging of a pair of chopsticks, equivalent to 5.6 tons of film per year.

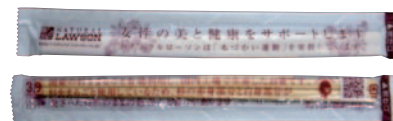
NATURAL LAWSON Uses Domestic Forest Thinning for Disposable Chopsticks

Plantation forests are thinned to encourage the growth of the best trees, a practice that also enhances CO₂ absorption. Lunch boxes purchased at NATURAL LAWSON stores come with disposable chopsticks made from Japanese cypress plantation forest thinnings from Yoshino in Nara Prefecture. These disposable chopsticks also carry advertisements, whereby part of the revenue is used to offset forest thinning costs.

Other than chopsticks, we use carto cans (paper beverage cups) for certain beverage products we sell, build stores using locally produced timber, and use domestic forest thinnings for part of the brochures issued by headquarters. By using domestic forest thinnings, we protect and develop Japanese forests to promote the absorption of CO₂, the cause of global warming.



▲ Formerly-used disposable chopsticks (below) and newly-developed disposable chopsticks (above)



▲ Disposable chopsticks made from domestic forest thinnings handed out in NATURAL LAWSON



▲ Domestic forest thinnings for use as raw materials





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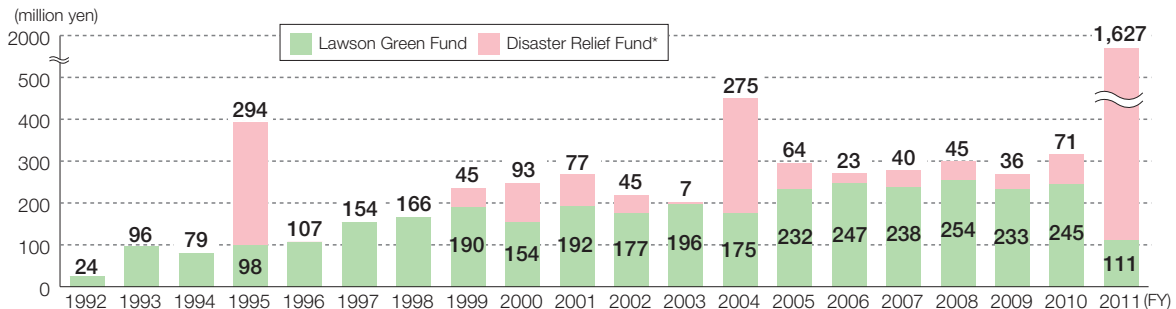
Lawson Green Fund

The "Lawson Green Fund," launched in 1992, supports various forest improvement projects undertaken by volunteer groups in various locations through the National Land Afforestation Promotion Organization.

The 21st year of "Lawson Green Fund"

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 21 years amounted to 3.37 billion yen as of the end of February 2012. 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 managers, store crews and employees have also participated in some of these projects. In fiscal 2011, a total of 847 people in the Lawson family participated in 106 projects.

●Changes in Fund Donations (Lawson Green Fund /Disaster Relief Funds etc.)



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.58 for information about Disaster Relief Funds).
*Money collected from the Support Dreams Fund is included in the FY 2011 disaster relief fund.

●Lawson Green Fund Activities Result

Donations	3.37 billion yen
Projects supported	2,912 locations
Area covered*	About 6,367 ha
No. of trees in improved forest stands*	About 15.91 million trees

(From September 1992 to the end of February 2012)

*Area and number of trees are calculated from Lawson Green Fund donation totals and past results of Green Fund activities.





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Lawson Green Fund

Participation in Greening Contribution Projects in Fiscal 2011

FY2011 Total
Number of Greening Contribution Projects **106** (Forest improvement 48 School greening 58) Participants **847** People

Chubu Region



Sabae City, Fukui Prefecture
"Commemorative International Year of the Forest" beautiful forest making at La Pause Kawada

Kinki Region



Koya Town, Wakayama Prefecture
Three-Prefecture forest volunteer project on the Kii Peninsula for holding exchange events

Chugoku Region



Jinsekikogen Town, Hiroshima Prefecture
Roadside Station Sanwa
Tree planting project at 182 Station

Shikoku Region

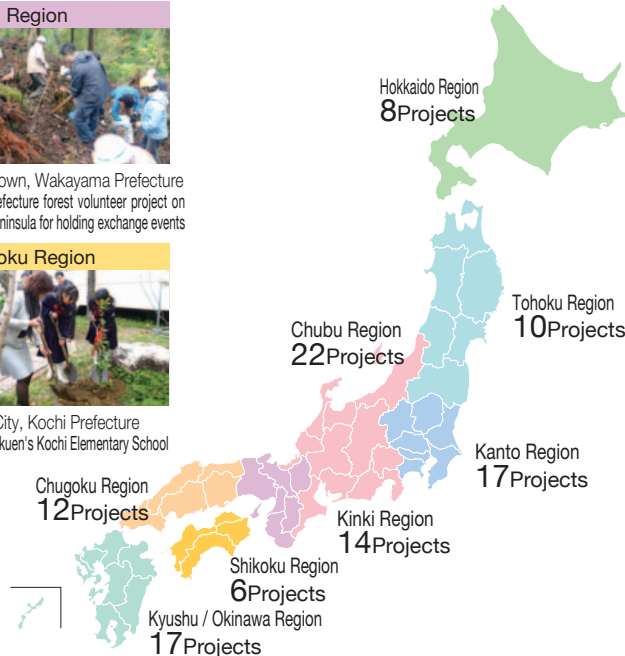


Kochi City, Kochi Prefecture
Kochi Gakuen's Kochi Elementary School

Kyushu / Okinawa Region



Ibusuki City, Kagoshima Prefecture
Activities at the 9th Forest Volunteer Day, 2011
(Forest maintenance project in Nakamura and Tengu Forests)



Hokkaido Region



Kuriyama Town, Hokkaido
Campaign to plant 3 million trees in the Ishikari River basin "Taking it upon ourselves"

Tohoku Region



Hachimantai City, Iwate Prefecture
Connecting up upstream and downstream Kitakami River Tree planting activities in the wastelands of the old Matsuo Mine

Kanto Region



Atsugi City, Kanagawa Prefecture
Atsugi Municipal Shimizu Elementary School





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Lawson Green Fund

Impressions from Lawson Family participants

A unique opportunity - tree planting is a refreshing experience



Kenichi Nishiyama, Owner, Noheji Koko-mae Store, Aomori Branch

The first time I took part in any event at an elementary school, and the second time I planted trees with children in mountain villages. As something I can't normally do, it was a refreshing experience. Contributing to the area is an important responsibility of being a store rooted in the community.

As one way to help communities, Lawson's tree planting projects are also a good opportunity for local children to learn.

I would like to see Lawson headquarters communicate more to customers and store employees how beneficial these kinds of funds are for local communities.



Tree planting projects are great for teaching children something as well



Shinya Seki (at left in above picture), Assistant to Branch Director, Aomori Branch

As a participant in the tree planting project, I was able to see how donations received in-store for the Lawson Green Fund were put to good use. The experience made me realize again the importance of such efforts. It is a very meaningful opportunity to teach local children, and I feel it is important that these efforts continue.

Our branch will continue to play an active role in tree planting projects and other social contribution activities. By helping as the Lawson Family, we fulfill our responsibility to society and put our corporate philosophy into practice.

In addition to continuing to communicate the importance of in-store fundraising activities together with supervisors* and continuing to provide guidance to franchise stores, we will be working to encourage further participation in tree planting projects from branch employees and franchise stores.

*SV : supervisors/store management instructors





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Reducing and Recycling Food Thrown Away at Stores

Combining surplus food such as lunchbox-type foods that exceed sell-by dates and cooking oil used in making fast food, food waste from Lawson's stores amounts to a daily average of 10.9 kg per store. To cut down on these kinds of food waste, we are focused on reducing and recycling.

Food Recycling Ratio of 47.6% achieved

The entire Lawson Group is working to improve rates of food recycling to make more effective use of surplus food and comply with the Food Recycling Law. 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. In fiscal 2011, we achieved a ratio of 47.6%, as compared to the target of 30.5%.

● State of Lawson's and the Lawson Group's food recycling efforts

	2007 (Based year)		2010		2011	
	Lawson	Group Total	Lawson	Group Total	Lawson	Group Total
Waste oil recycling (number of stores)	7,403	7,403	8,361	8,500	8,731	9,142
Recycling food into feed and compost (number of stores)	906	906	1,354	1,649	1,575	2,012
Heat recovery (number of stores)			142	142	145	145
<Statutory target: Food recycling law>			28.5%		30.5%	
<Result: Food recycling ratio>	22.5%		34.7%		47.6%	

Store numbers are as of March 31, 2012 (administrative year end).

Lawson: Lawson, Inc. (Lawson and NATURAL LAWSON)

Group total: Lawson, Inc.; Ninety-nine Plus, Inc. (LAWSON STORE100); Lawson Okinawa, Inc. (Lawson); Lawson Toyama, Inc. (Lawson)

Food recycling ratio based on food recycling law

FY 2007 result (base year)

22.5%

FY 2010 result

34.7%

FY 2011 result

47.6%



● Data and Figures



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Reducing and Recycling Food Thrown Away at Stores

[Reduction of Waste Generation] A system that will not Generate Surplus Products and Extra Waste

In our stores, we are reducing waste generation by improving merchandise assortment. Lawson is reducing unnecessary waste by looking at factors like weather, the day of the week, community events and so on to predict customer traffic while also analyzing Ponta multi-partner loyalty point card data* and store computers' data on past product sales to determine what products and how many of them to stock.

* We ensure individual customers cannot be identified.

[Use of Recycled Waste] Implementing Recycling of Waste Oil in 9,142 Stores in Japan

Our waste oil recycling efforts, which began in January, 2006, are being carried out at 9,142 stores throughout the Group as of March 31, 2012. Waste oil from stores is collected and taken to recycling plants by industrial waste collectors and transporters. It is then recycled into feed additives (to make food for livestock), fuel for public buses (bio diesel fuel), and additive-free soap.

For our waste oil recycling efforts, headquarters recommends suppliers satisfying certain criteria to stores and recycling is done through management companies in Eastern and Western Japan as well as Kyushu. The management companies, suppliers recommended by headquarters, and headquarters all work together to observe laws and regulations and strive to improve waste management and collection.

Once a year, the 50 recommended suppliers around the country (broken into six blocks) attend the Waste Oil Recycling Conference to exchange ideas, resolve problems, and share information.



▶ Waste oil recycling plant



▶ Products manufactured using recycle oil (soap, etc.)



▶ Waste Oil Recycling Conference in the Kanto/Chubu block





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Reducing and Recycling Food Thrown Away at Stores

[Use of Recycled Waste] Recycling of Unsold Foodstuffs into Feed and Compost

As of March 31, 2012, 2,012 stores in the Group are engaged in the recycling of surplus food, an effort begun in May, 2006. Lunchbox-type foods past their sell-by dates are recycled into fertilizer or feed for chickens and pigs.

The Lawson Group selects food recycling plants and waste collectors and transporters and works to resolve issues concerning processing costs and so on as it gets more areas on board with sustainable recycling. We began food recycling efforts in Takamatsu City in July, 2011, in Aichi Prefecture (excluding Nagoya City) in August, in Chiba Prefecture in March, 2012, and in Naha City, Okinawa in June (expanding to all areas within the city).

Promoting Local Production for Local Consumption through the Food Recycling Loop Selling Eco-friendly Chiba Eggs

In June, 2012, 263 stores in Chiba and Ibaraki prefectures began selling eggs from chickens raised partially on recycled feed (eco-feed*).

This was the first time the convenience store industry had sold eggs from chickens fed recycled feed. An example of local production for local consumption, this initiative saw surplus food from stores in the Kanto area including Chiba Prefecture put to good use by manufacturers and poultry farmers in Chiba Prefecture.

We hope to continue expanding our food recycling efforts and promote more local production for local consumption in communities.

*See p. 46 for more information about eco-feed.

● Areas recycling food waste into feed and compost

<Recycled Feed-Making Areas>

Tokyo, Kanagawa Prefecture, Saitama Prefecture, Chiba Prefecture, Kyoto (Kyoto City), Okinawa Prefecture (Naha City)

<Recycled Fertilizer-Making Areas>

Aomori Prefecture (Aomori City), Gunma Prefecture (Maebashi City), Aichi Prefecture, Mie Prefecture, Fukui Prefecture (Fukui City), Ishikawa Prefecture (Kaga City), Toyama Prefecture, Kagawa Prefecture, Shimane Prefecture (Matsue City), Kumamoto Prefecture (Kumamoto City)



▲ 6 pack of Eco-friendly Chiba Eggs



▲ 10 pack of Eco-friendly Chiba Eggs





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Reducing and Recycling Food Thrown Away at Stores

Recycled feed (eco-feed)

Eco-feed is made using surplus food (lunchboxes and prepared foods, sandwiches, etc.). Feed can be certified as eco-feed if it satisfies certain safety conditions and standards regarding percentage of content from food waste* and the feed production process management.

*Recycled raw material from food waste

● Food Recycling Loop

Surplus food from stores is recycled into livestock feed and compost, which is used to raise agricultural and livestock products, which are in turn used to make food eaten and sold at stores. The food recycling loop is so named for the cycle or loop that food goes through in this process.



▲ Eco-feed certification mark



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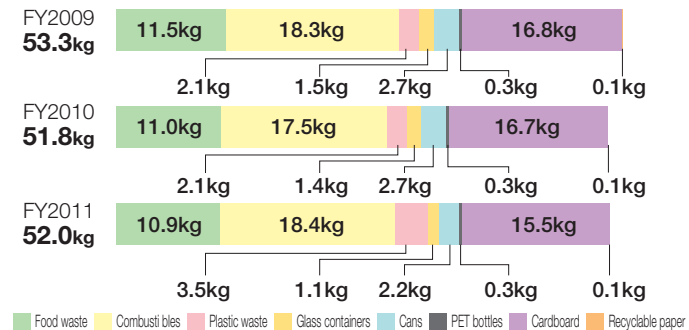
Reducing and Recycling Food Thrown Away at Stores

Measuring the Amount of Waste Output per Store

Lawson continuously surveys the waste output and uses the findings as basic data to promote the reduction and recycling of waste.

The survey of the waste output in FY 2011 shows that the average daily waste output per store was 52 kg. Food waste amounts were 11.5 kg in FY 2009, 11 kg in FY 2010, and 10.9 kg in FY 2011.

● Average Amount of Waste per Store per Day

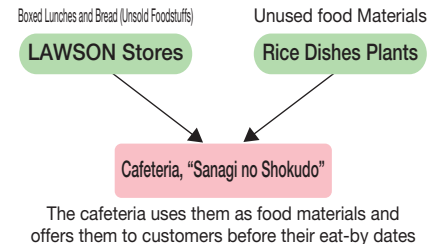


Object: 378 LAWSON stores in Tokyo Period: April 1, 2011 – March 31, 2012

Utilization of Unsold Foodstuffs

In cooperation with the City of Yokohama, two local LAWSON stores and a rice dishes plant have been providing unsold boxed lunches and bread products that have passed their sellby dates to the nonprofit organization Sanagitachi since June 2006. Sanagitachi operates a cafeteria, "Sanagi no Shokudo", 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.

● System for the Effective Use of Unsold Foodstuffs





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Lawson Okinawa, Inc.

Conserving energy and contributing to the community

Lawson Okinawa, Inc. is an area franchiser managing LAWSON stores in Okinawa (147 stores as of February 29, 2012).

Together with Lawson, Inc., Lawson Okinawa has been installing LED lighting and other energy-saving devices in order to reduce CO₂ emissions from the use of electricity in stores. They are also contributing to the community through active development of products produced locally for local consumption* in collaboration with local organizations such as companies and high schools. (See p. 55)

* The development of products that use local produce for local consumption



▲ Developing products produced locally for local consumption
(Yuiyui Flat Lemon Bread)

Ninety-nine Plus, Inc.

Fundraising campaigns and organ donor card distribution at all stores

Ninety-nine Plus, Inc. operates 1,172 LAWSON STORE100 outlets (as of February 29, 2012), which sell fresh foods, prepared foods and other daily use food products in small portions mostly priced at 105 yen.

The company makes store donations of the "Lawson Green Fund" and "Support Dreams Fund" in collaboration with Lawson, Inc. Since July, 2012, these stores have also been providing organ donor cards to customers who want them. In addition, to prevent the kind of electricity shortages seen after the 2011 earthquake, the company finished installed LED lighting at all of its stores nationwide in FY 2011.



▲ Donation boxes and organ donor cards on display





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Lawson ATM Networks, Inc.

■ Adoption of FSC-certified paper and wall-mounted ATM signs that use LEDs
Lawson ATM Networks, Inc. is engaged in the installation, management and operation of joint ATMs at Lawson stores and other locations.(as of May 31, 2012, there were 9,276 ATMs in 46 prefectures and 54 partner financial institutions).

Wall-mounted ATM signs have been installed since fiscal 2011. In addition to reducing power usage by using LEDs and only illuminating one side, they are also saving resources by replacing freestanding signs with wall-mounted ones.

Beginning in April, 2012, Lawson has been gradually moving to using FSCcertified paper* for the statements its ATMs issue.

*FSC-certified paper: eco-friendly paper made from tree pulp from carefully-managed forests.



▲Auto on/off wall-mount sign

Lawson HMV Entertainment, Inc.

■ Working to cut power usage, HMV stores adopt LED lighting

In addition to selling tickets for concerts, sports, movies and so on through its website and Loppi multimedia data terminals located mostly inside LAWSON stores, Lawson HMV Entertainment also imports and sells music and movies on CDs, DVDs, and other media.

In FY 2011, five HMV stores led the way in installing LED lighting, achieving a per store power usage reduction of 30% compared to FY 2010. As the company continues to install LED lighting in additional stores in FY 2012, it is also working to switch off lights not in use and adjust thermostat settings to use less power.



Lawson, Growing Together with the Community

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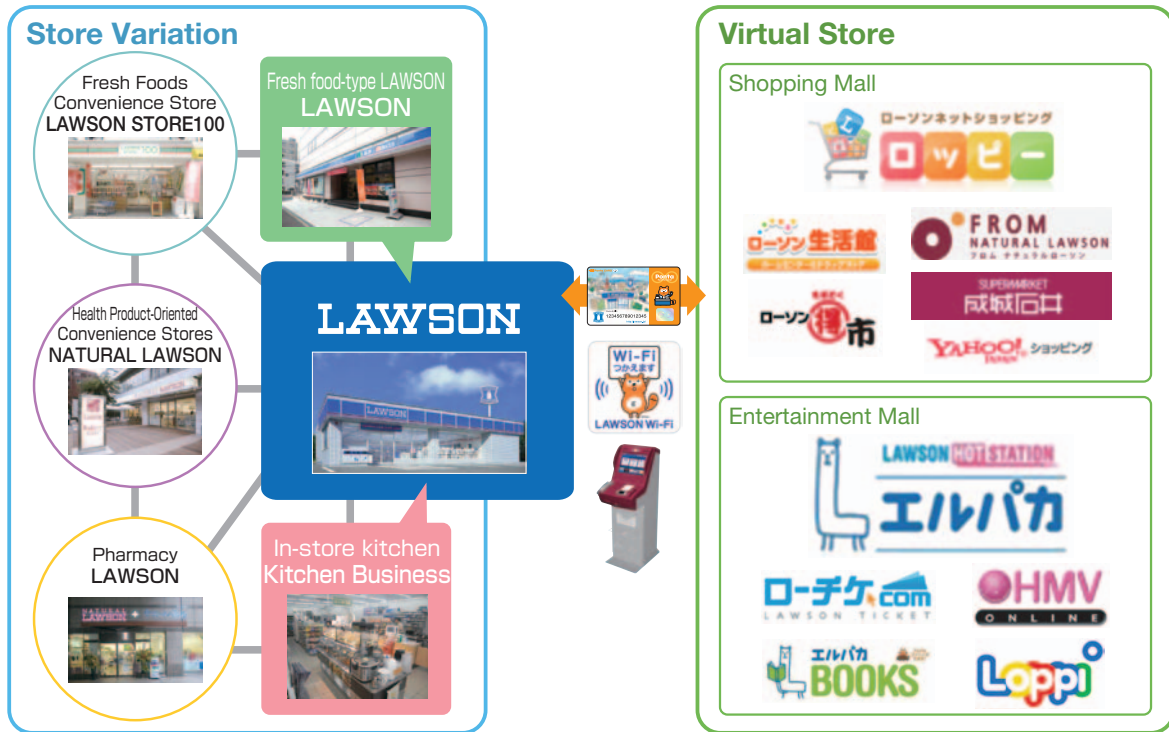
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Building Stores Tailored to the Community

Providing products in ways most convenient for customers need, anytime, anywhere.

■ Store types and stock that satisfy customer needs





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Building Stores Tailored to the Community

Store Variation

To answer the needs of customers in different communities, we provide a variety of store types in addition to the conventional kind.

LAWSON

Fresh food-type
LAWSON

These stores add reasonably priced fresh foods like fruits and vegetables and foods delivered daily to the standard-type LAWSON store. These stores are especially popular with women and senior citizens.



In-store kitchen
Kitchen Business

Handmade deliciousness enjoyable anytime, anywhere in the sell by weight area and in the handmade lunchboxes prepared in-store. Lawson is all about deliciousness.



Health product-oriented convenience stores
NATURAL Lawson

These stores are geared towards the many working women in office districts in large cities* and offer healthy, low-calorie prepared foods and lunchboxes with close attention to ingredients used.



Fresh foods-type convenience store
LAWSON STORE100

These stores offer mainly smaller-volume packages of fresh food at a uniform price (105 yen). They are frequented by a wide variety of people, including people living alone, homemakers, and senior citizens.



Pharmacy
LAWSON

These LAWSON stores have in-store pharmacies. Pharmacy Lawson customers enjoy highly-specialized service, and can get doctor prescriptions filled, consult with pharmacists about health matters, and purchase over-the-counter medicines.



*OTC medicines: Medicines that can be bought in pharmacies without a prescription issued by a medical institution. They are self-medication products.

Mobile food vending and order delivery service begun in aging marginal villages, with the Jinsekikogen-cho store leading the way

Working with the town of Jinsekikogen, we have begun a mobile food vending and order delivery service using special trucks, while at the same time starting up the Safety Check Service. These services let us help the elderly and those unable to shop on their own.



Special Lawson trucks



Lawson Jinsekikogen-cho store

Click here for more information



Lawson Jinsekikogen-cho store

Japanese only



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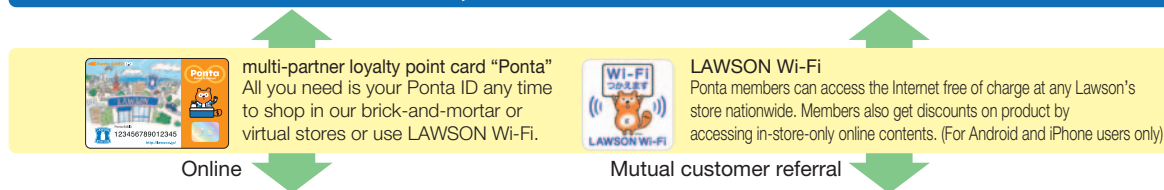
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Building Stores Tailored to the Community

Virtual Store

We have built systems and partnered with other companies to provide a grand shopping experience that extends across the real and the virtual to answer the needs of millions of smartphone users and computer-using customers.

Real, Brick-and-Mortar Stores



Virtual Store

Shopping Mall

Loppi: Lawson Online Shopping mall



One of the largest home centers and drug stores in the country, with more than 100,000 items ranging from household goods to health foods.



A shopping site that conducts discount sales and holds seasonal events.



Provides high-quality products centered on making working women and their families happy.



Sells quality foods carefully selected by upscale supermarket Seijo Ishii.



Eligible for Ponta points. An affiliate shop with 42 million products.

Entertainment Mall

Lpaca



Online bookstore where you can get and use Ponta points. Also carries e-books for Android devices.



Concert, movies, events - gets tickets for any kind of entertainment online.



One of the largest selections in Japan for CDs, DVDs, magazines, photograph collections, games and more. Of course, you can also get and use Ponta points.



Loppi multimedia terminals at Lawson stores. Carries numerous Lawson-only products.





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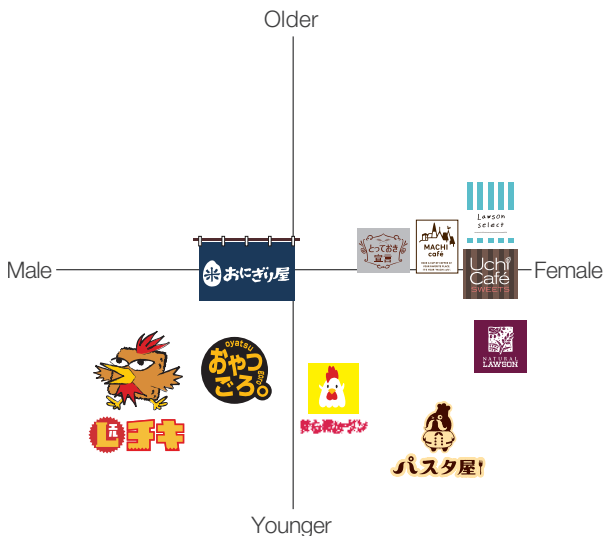
About Lawson

Building Stores Tailored to the Community

Original Brand Products

The focus is on creating Lawson-original products with keen attention to creativity and materials used.

Original Brand Products



Providing high-quality brands of all ages can enjoy.

[Click the logos for more information](#) Japanese only



Every town has become a café.

MACHI Café is an original Lawson brand with 1,600 locations (as of the end of July, 2012). Has freshly-ground, freshly-poured coffee with strict attention to the beans used, roasting methods, milk and other ingredients. Also offers original MACHI Café baked sweets that go great with coffee.



Using Delicious, Eco-Friendly Coffee Beans



MACHI Café's coffee is made exclusively from specially-selected, delicious Arabica beans, 35% of which come from Rainforest Alliance-certified plantations. Blends are made by bringing out the unique characteristics of each bean through the roasting process best suited for each kind.

The Rainforest Alliance is a nonprofit international environmental protection group founded in 1987. Only plantations that satisfy rigorous standards in areas like environmental preservation and improvement in plantation worker quality of life receive certification. This mark with the small green frog certifies that a good or service is being provided in a way that is sustainable socially, economically, and environmentally.



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About Lawson

Enriching the Community by Collaborating with Local Authorities

Lawson has made comprehensive agreements with local authorities and government-decreed cities in an effort to participate in local cooperation activities, and been involved in a variety of efforts to enrich the community and to improve the satisfaction of the local people.

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 July 2012, we had entered into comprehensive agreements with 42 local authorities, and are involved in a wide variety of efforts.

●Major Activities in the Comprehensive Agreement

Tourism promotion/PR

Stocking and making available prefectural magazines and tourist information leaflets, etc. (Refer to p.56.)



Promotion of local products and cooking ingredients

Developing products in the category of "local production for local consumption," using local produce and cooking ingredients and promoting "local production for nationwide consumption" (Refer to p.55.)



Welfare/Support for child-raising

Offering hot water to make baby formula and selling products manufactured in vocational training centers, etc. (Refer to p.64.)



Contributions to a better environment

Activities to reduce the use of plastic shopping bags and participation in greening/cleaning activities, etc. (Relevant information on p. 63.)



Crime prevention; Youth development

Supporting the healthy growth of children through the promotion of sports activities, etc. (Reference information on p.65.)



Disaster countermeasures

Goods procurement and provision of support to people facing difficulties in returning home etc. (Reference information on p.57.)





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Enriching the Community by Collaborating with Local Authorities

Product Development by Using Local Products - Local Production for Local Consumption*

* The development of products that use local produce for local consumption



5 Wakayama Prefecture Hand-Rolled Seasoned Laver, Tuna, Mayo and Ume Rice Ball

Developed together with the Kainan Shiritsu Kainan-Shimotsu High School in Kainan City, Wakayama Prefecture. This product takes the best-selling tuna mayonnaise and mixes in shiso and ume plum for a refreshing flavor.



6 Tottori Prefecture Tottori Curry

A curry and rice dish stuffed full of famous ingredients from Tottori Prefecture. Made by pairing curry sauce using 20th Century pear juice and Shirobara milk with Oyama chicken outlets marinated in 20th Century pear wine.

9 Okinawa Prefecture Yuiyui Flat Lemon Bread



Developed together with Okinawa Prefectural HOKUBU Agricultural High School in Okinawa. Uses sauce made from Okinawa-produced flat lemon juice.

4 Aichi Prefecture Mandarin Orange Bread



Developed jointly with about 30 students from Seiry High School in Nagoya City. Developed from the ground up, the bread went through repeated tests using cream made from Aichi Prefecture mandarin orange juice.

7 Shikoku's 4 Prefectures Shikoku Umaimon Lunch Box



A bento lunch box with delicious flavors from across Shikoku's four prefectures. Includes sea bream rice, fried fish sausage (Ehime Pref.), naruto seaweed, naruto sweet potato (Tokushima Pref.), shippoku udon noodles (Kagawa Pref.), and shimanto sweet and sour chicken (Kochi Pref.).

8 Kagoshima Prefecture Hand-Rolled Pork with Kimchi



High-quality hand-rolled sushi using Berkshire pork from Kagoshima Prefecture. The seasoned pork is rolled up with kimchi, mayonnaise and lettuce.

1 Hokkaido

Fried venison over spicy miso-flavored fried rice



Fried Yezo-sika meat in a twice cooked pork sauce and spicy sesame and miso sauce, on top of fried rice that is the pride of the Sapporo Grand Hotel's chef.

Sapporo City

2 Akita Prefecture

Kinno Pancakes



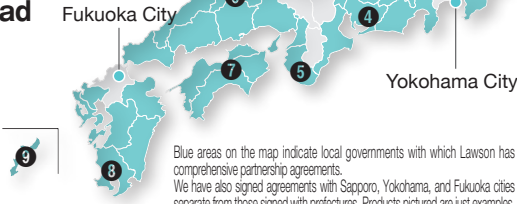
Developed together with students from Kanaashi Agricultural High School. Made with Akita Prefecture Fuji apple jam and rich milk cream with Mt. Choukai Jersey milk in a batter made from "Akitakomachi" rice flour and eggs.

3 Saitama Prefecture

Fried Rice Balls in Kawagoe Hatsukari Soy Sauce



Made by slowly frying after covering all sides in Hatsukari Soy Sauce, made by time-honored soy sauce brewers in Kawagoe City, Saitama.



Blue areas on the map indicate local governments with which Lawson has comprehensive partnership agreements. We have also signed agreements with Sapporo, Yokohama, and Fukuoka cities separate from those signed with prefectures. Products pictured are just examples.



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Enriching the Community by Collaborating with Local Authorities

~Lawson Also Offers In - Store Prefecture Promotion Shops~ local production for nationwide consumption*

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. The 7 Prefecture Promotion Shops operating as of May 31, 2012 sell between 70 and 250 recommended specialty products. * the development of products that use local produce for nationwide consumption.

LAWSON Kyobashi Ekimae Store (Tokyo)

Sharing space with a Hakodate "antenna shop"

Opened in December, 2011. This shop stocks 89 items to help people learn about delicious Hakodate foods, and sells the local specialty "Gagome kelp" and related products, local mascot "Ikaru seijin"-themed items, and more. There is also a rack with info on Hakodate sightseeing.



Hakodate City

Enjoying conversations with customers over Hakodate specialty items

A great thing about having an antenna shop inside the store is being chatted up by all kinds of people and using Hakodate products to talk with customers. Being located in an office building, the snacks and candy in our specialties section is a big hit on the weekdays with working women. Seeing the Hakodate sign out front, many tourists and elderly customers also come in. We have all kinds of lively conversations with them, some who pick up something and say, "there are some real pieces of nostalgia here". I hope to keep introducing new products and finding lots of strong sellers.



Store Manager
Susumu Yamauchi

●List of the In-Store Prefecture Promotion Shops (As of May 31, 2012)

Opening day / Prefecture Name	Location	Opening day / Prefecture Name	Location
March 2009 Tokushima Pref.	Toranomon Tomoe-cho Store in Tokyo	October 2010 Kumamoto Pref.	Azuchi-machi 2-chome Store in Osaka City
November 2009 Saitama Pref.	NATURAL LAWSON Shinjuku Station West Store in Tokyo	July 2011 Nagano Pref.	MIDLAND STATION Store in Nagoya City
May 2010 Okinawa Pref.	Meieki Minamihirokoji Store in Nagoya City	December, 2011 - Hakodate City	Kyobashi Ekimae Store (Tokyo)
July 2010 Chiba Pref.	Yokohama Sumiyoshi-cho 4-chome Store in Yokohama City		





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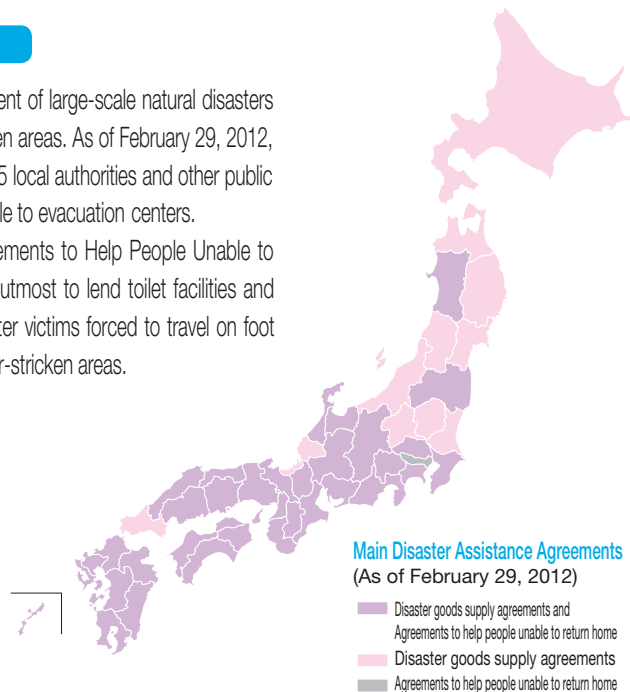
The Lawson Group provides various supports and works to maintain store operations in disaster-stricken areas in order to serve as part of the lifeline to protect the community from large-scale natural disasters.

Disaster Assistance Agreements

Lawson stores strive to become a part of the lifeline in the event of large-scale natural disasters by continuing to operate without interruption in disaster-stricken areas. As of February 29, 2012, we had concluded Disaster Goods Supply Agreements with 65 local authorities and other public organizations to supply as many essential provisions as possible to evacuation centers.

As of February 29, 2012, we had also concluded Agreements to Help People Unable to Return Home with 45 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.

To see the link for the latest information  [Disaster Assistance Agreements](#) Japanese only



*Only agreements made with prefectures are shown.





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In order to Protect the Community from Large-scale Natural Disasters

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. (See p.40)

In 2011, we contributed funding for five disaster relief efforts as outlined below, 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 2011

Fund	Area	Period	Total donations
Typhoon 12 disaster fundraising	2,140 Kinki-area Lawson and LAWSON STORE100s	2011.9.9 ~ 2011.9.30	¥8,440,937
Earthquake fundraising campaign for Sakae Village in northern Nagano Prefecture	131 Lawson stores in Nagano Prefecture	2011.5.1 ~ 2011.5.31	¥1,964,844
"Tochimaru" fundraising campaign	107 Lawson stores in Tochigi Prefecture	2011.5.1 ~ 2011.5.31	¥1,340,218
Great East Japan Earthquake fundraising campaign	10,016 Lawson Group stores across Japan	2011.3.13~2011.4.30	¥1,038,101,304
Shinmoedake Eruption fundraising campaign	8,917 Lawson and NATURAL LAWSON stores across Japan	2011.2.19~2011.3.11	¥23,019,038

Click here for the results of the past disaster relief fundraising [Results of the Disaster Relief Fundraising](#) Japanese only

Support to Disaster-stricken Areas in Case of a Disaster

When a large-scale disaster occurs, the Lawson Group establishes Emergency Response Headquarters and promptly implements disaster countermeasures to ensure continuation of the supply lifeline to the disaster area, and provides aid to the affected municipalities in the form of provisions.

Click here for the support provided to the areas affected by the 2011 Great East Japan Earthquake [Support Provided to the Areas Affected by the 2011 Great East Japan Earthquake](#)

For more information, click here [Featured Page\(p.5\)](#)



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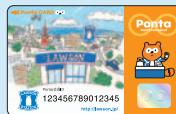
Delivering Convenience and Comfort Every Day

Leveraging its nationwide network of stores, we seek to offer convenience in the form of essential services. We are also in the process of making our stores reliable and accessible to all customers.

Providing a Wide Range of Services

Ponta Multi-Partner Loyalty Point Card (Program)

Ponta enables customers to collect points at other Ponta partner outlets as well as LAWSON and LAWSON STORE100 when they shop. As well as one point being able to be used as 1 yen, a variety of special advantages will be offered in Lawson stores



E-Payment Services

In addition to iD^{*1}, QUICPay^{TM*2}, Edy^{*3} and Visa Touch (Smartplus)^{*4}, all of which can be used nationwide, JR East Suica^{*5} and other major transport e-payment systems can be used in all regions.



Providing ATM Services

Lawson provides ATM services for cash withdrawals and balance inquires 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. 9,276 ATMs and 54 partner financial institutions across 46 prefectures, as of May 31, 2012)



Providing a Wide Range of Services with "Loppi" Multimedia Terminals

Takes reservations for and sells highway bus, etc. tickets, concert tickets, DVDs, gift items, etc., and sports lottery tickets Toto, in addition to providing a range of agency and payment services.



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 some LAWSON stores, cooperative opening of stores and other innovations.



- *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.





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Delivering Convenience and Comfort Every Day

Stores More Comfortable and More Accessible to All Customers

Through means such as eliminating bumps at the entrances of new stores, building wheelchair-friendly parking spaces (one per lot) in compliance with laws and regulations, and building bathrooms with handrail-equipped Western-style toilets, we are creating barrier-free atmospheres. Guide dogs, service dogs, hearing dogs and other assistance dogs are welcome at all our stores.

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.



▲Barrier-free Bathroom ▲Working Dog Welcome

Encouraging Good Smoking Manners

The Lawson has established standards for the placement of storefront ashtrays. Where bylaws prohibit smoking on sidewalks, we have as a rule removed ashtrays, and in other locations, 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.



◀ 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. We also began providing them at LAWSON STORE100s across Japan in July, 2012. We will continue to help promote organ transplants to raise awareness to think about donating organs.



▶ Organ Donor Cards





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Contributing to Society through Shopping Points

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.

Ponta Environment and Social Contribution Course

We offer an Environment and Social Contribution course in the Ponta multi-partner loyalty point program (See p.59). Under this course, which we have continually offered with the previous loyalty card system since 2002, customers can donate units of 10 points, equivalent to 10 yen, to organizations that serve society. In fiscal 2011, a total of 846,610 yen was donated through this course to six organizations.



- | | |
|--|--|
| Caring for Young Refugees (CYR) *NPO | Ecology Café *NPO |
| Japan Guide Dog Association | Bridge Asia Japan (BAJ) *NPO |
| Education Sponsorship in Asia (ESA) *NPO | National Land Afforestation Promotion Organization (Lawson Green Fund) |

Earthquake relief through point donations

To help those affected by the Great East Japan Earthquake, we have begun accepting donations in the form of Ponta points as well.

- Great East Japan Earthquake Relief Fund (recipient: Japanese Red Cross Society)
March 13 (Sun) - April 30 (Sat), 2011 32,959,506 yen
- A scholarship program for students affected by the Great East Japan Earthquake "Support Dreams Fund" (Recipient: NPO Charity Platform)
May 1 (Sun) - February 29 (Wed), 2011 2,354,698 yen

Point donations can be made through in-store Loppi terminals or the Lawson website.



Sign up to donate Ponta Points

Japanese only



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Support for Sports

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

Supporting "Oidemase! National Sports Festival in Yamaguchi"

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. As an official corporate sponsor of the Japan Amateur Sports Association, in FY 2011 Lawson had a booth to introduce its sports-related initiatives at the "Oidemase! National Sports Festival in Yamaguchi" event held in Yamaguchi Prefecture. Visitors to the booth received products only available through Lawson. Lawson stores in the Chugoku and Shikoku regions had on sale 10 different items commemorating the event and the comprehensive partnership agreements held with those regions. On sale were products using foods from Yamaguchi Prefecture and items themed as famous foods from the area.



▲ Lawson booth at the event



▲ A "Yamaguchi Umaimon" lunch box, stuffed with foods from Yamaguchi Prefecture

Supporting the J. League teams

Lawson supports the teams in the J. League as its official sponsor and ticketing partner.

At our collaborative stores, we will continue to set up areas to sell special merchandise as well as information sharing areas as we work with local supporters in showing our support.



▲ Store run in collaboration with J. League teams (LAWSON Takatsu Ekimae store)



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Regional Beautification Efforts

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

Kyoto Citizen Mass Cleanup Action

About 50 Lawson-related people participated in the Kyoto Citizen Mass Cleanup Action event held in Kyoto City in November 2011. A total of 3,500 Kyoto residents and company workers participated in this mass effort to clean up shopping districts and tourist spots.



▶ The Kyoto Citizen Mass Cleanup Action

Arakawa Clean Aid

In November 2011, Lawson organized Arakawa Clean Aid 2011 with the participation of 90 Lawson Group employees and their families, and gathered 42 bags of litter and 30 large-sized waste items. This was our 17th annual cleanup of the banks of the Arakawa River in Tokyo since we started this initiative in 1994.



▶ Arakawa Clean Aid

Saitama City Habit Improvement Campaign

The "Saitama Prefectural Izumi Comprehensive High School / Lawson Joint Habit Improvement Campaign" was held in January, 2012 in Saitama City. 23 participants, comprised of Izumi High School students and faculty, prefectural officials, and Lawson employees, collected and disposed of cigarette butts and other litter left on the city's streets.



▶ Saitama City Habit Improvement Campaign

Fukuoka Love Earth Clean Up event

This event is held every year at Ohori Park in Fukuoka City. Unfortunately, the 2011 event was canceled due to rain.





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Becoming a Favorite for Families Raising Children

The Lawson Group thinks hard on ways to help families raise children and offers its support.

HAPPY LAWSON Stores

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 idea of winning entry proposing convenience stores that support childrearing, the HAPPY LAWSON Yamashita park store that we opened in Yokohama City marked its 5th anniversary in July 2012.

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, chat, and enjoy various events. 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.

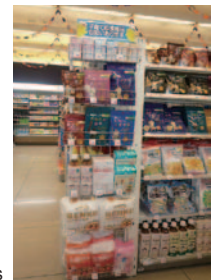
HAPPY LAWSON wins the 5th "Yokohama People, Community, and Design Award"!

In an awards ceremony held in Yokohama City on August 26, 2011, HAPPY LAWSON won the Community Development Division award of the 5th "Yokohama People, Community, and Design Award". This award honors activities of particular merit to Yokohama urban development and the architecture that contributes to the creation and preservation of the cityscape, and aims to further expand community development that is engaging.



Illustrations Dick Bruna © copyright Mercis bv,1953-2012 www.miffy.com

▲ HAPPY LAWSON Yamashita Park store



▶ The Store Provides Family-friendly Products





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Helping Children Grow Up Healthy

The Lawson Group works as one with local communities to help create an ideal environment for children to grow up.

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. 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 13 companies and other organizations. After being taught about society and employment-related mechanisms, children engage in hands-on activities. From 2007 to the end of March 2012, 52,820 fifth-graders from 845 schools in Kyoto City have learned how to communicate courteously with customers and operate cash registers.

*Kyoto Student City: Established by Kyoto City, Kyoto City Board of Education and Junior Achievement Japan, the brunch of the world's biggest economic educational organization. As part of their school curriculums, fifthgraders in Kyoto City participate in work experience programs.



▲ Experiential learning

Chugoku & Shikoku Office Supports Shimane Children's Fitness Program

As part of its comprehensive agreement with Shimane Prefecture, Chugoku & Shikoku office supports the Shimanekko Cheer Up Carnival, an event aimed at penetrating and enlightening the Shimanekko Cheer Up Program to improve the fitness of Shimane's children since 2009. The program offers ten activities including skipping, unicycling, and ball games, and each elementary school selects a number of these activities for participation by their students.

The Carnival was held at 18 schools in fiscal 2011, with Chugoku & Shikoku office donating dodgebees, kids volleyballs and other exercise equipments to the schools, and mini towels to the children.

*Held at 48 schools from 2009 to February 29, 2012



▲ Shimanekko Genki Up Carnival

For more information  on the [Shimanekko Genki Up Carnival Official Website Shimane Pref.](#) Japanese only



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Helping Children Grow Up Healthy

Deterring Underage Drinking and Smoking

To prevent alcohol and cigarettes from being sold to minors, both the customer and store staff are reminded about age restrictions on the cash register's POS screen. In addition to regular store employee training, customers are asked for their support via the display of posters and in-store PA announcements.

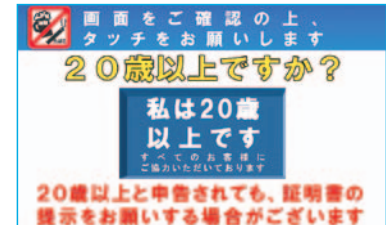
Safety Station activity participation

The Lawson Group is an active participant in the Safety Station activities of the Japanese Franchise Association, and promotes the "Creating Safe and Secure Communities" and "Building Sound Environments for Young People" initiatives. We also take measures to prevent in-store theft and provide a place for women and children to escape attackers.

▶ Safety Station in-store poster

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. As of April 2012, sixteen such students (fourteen honors scholarships and two 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.



▶ Cash register screen reminder to customers





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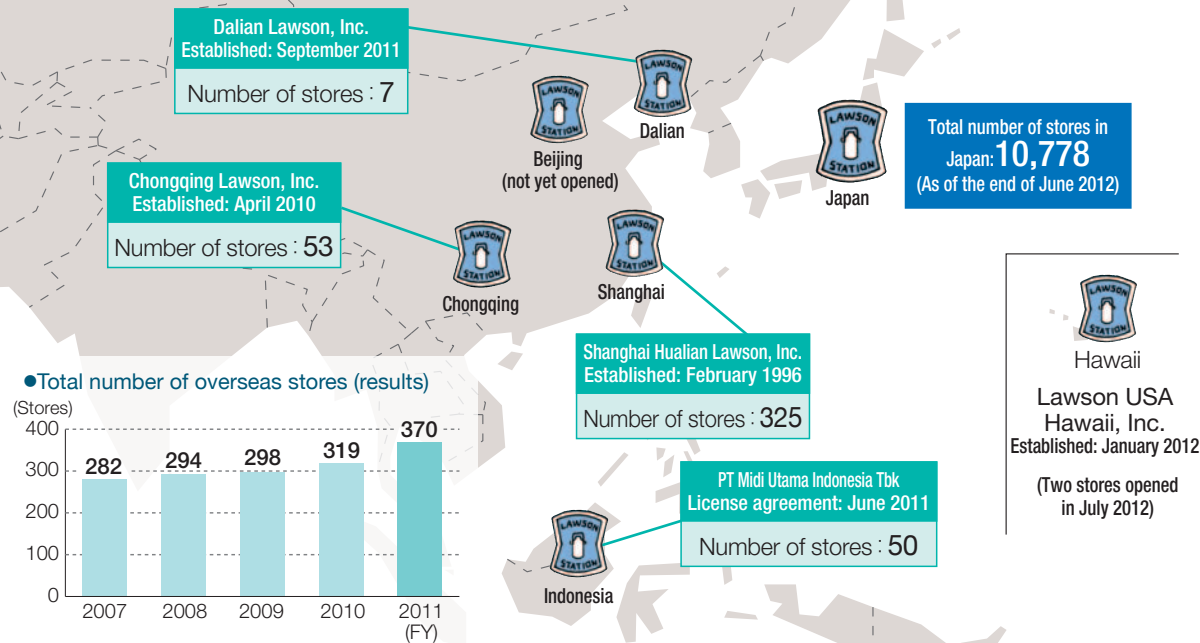
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Lawson is expanding into countries and regions where we can improve convenience, safety and security for consumers and contribute to the modernization of their distribution industry. Lawson is tailoring the convenience of the Japanese-style convenience store to the lifestyle and culture of each country.



Please visit www.Lawson.co.jp/worldoverview/ for the latest information



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Lawson spreading around the world

As of the end of June 2012, Lawson has stores in Shanghai, Chongqing and Dalian in China and the Special Capital Territory of Jakarta and surrounding area in Indonesia. Lawson also opened two new stores in Hawaii in July 2012. Lawson will continue to actively open stores in these countries as well as in other developed Asian and European countries in the future.

China (Shanghai, Chongqing, Dalian)

Similarly to Japan, lunch box, Japanese hot pot and Chinese steamed buns are popular also in China. Japanese hot pot is sold all year round. Numbers are placed on skewers making selection easy and reducing the chance of mistake. Breakfast items tailored to the local diet such as rice porridge, etc. are also sold and are gaining popularity.



◀ Store appearance
Upper left: Chongqing (皇冠自由城店)
Upper right: Shanghai (宏匯國際廣場店)
Lower left: Dalian (軟件園店)

▶ Original products
Chinese hot pot



Indonesia

Lawson's original Chinese hot pot and rice balls are popular in Indonesia. A space for cooking is reserved within the store which allows rice balls to be made on-site. For convenience stores in Indonesia, a space for customers to eat purchased food and drink is required inside the stores.



▲ Store appearance
(BUNDA MULIA campus store)

Philosophy sharing

Training aimed at allowing managers of Alfa Group, Indonesia's leading distributor and a partner of Lawson, to acquire a greater understanding of Lawson Japan was conducted from May 21 to 26, 2012 at the Shinagawa Seaside Training Center. Employees with various areas of responsibility ranging from operation, product development, store development and IT, etc. received lectures concerning Lawson Japan's product development, store development and customers-oriented merchandise assortment (PRISM) and actively exchanged views.

In addition, participants toured vendor factories and Lawson stores. Lawson will endeavor to continue to conduct such training for foreign partners in the future in order to properly share not only the Lawson sign, but also the philosophy and ideas of Lawson.



▲ Factory tour



▲ Lecture at the Shinagawa Seaside Training Center





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Efforts to Ensure Customer Satisfaction

To enhance customer satisfaction, Lawson always focuses on these key priorities — “implementation of the Three Challenge Practices”, “the provision of quality products” and “operation in convenient locations”

The Three Challenge Practices+Quality Products+ Convenient Locations

● Lawson's Approach to Customer Satisfaction

■ 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. We work to build stores where many repeat customers enjoy shopping by properly understanding the customers of each store in respective retail trading zones and offering merchandise assortment that satisfy these particular customers instead of a uniform product line nationwide, and at the same time, by keeping the stores and surrounding areas clean and serving customers courteously.

■ 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.

The Three Challenge Practices



Merchandise assortments tailored to local customer needs

Convenient Locations





Keeping Customers Satisfied

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Efforts to Ensure Customer Satisfaction

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.

Conducting our "Thoughtful Hospitality Improvement Program"

To succeed in providing "thoughtful hospitality", we have been engaged in hospitality improvement initiatives since FY 2011. Our efforts consist of three main areas.

1. We have established a code of conduct and definition for "thoughtful hospitality".

To share and carry out this philosophy, we have provided training to franchise store owners.

2. Conducting hospitality reviews (contests).

These help us improve by rating hospitality on a 7-point scale. These are currently done twice a year at all stores, with the highest scoring stores around the country given awards.

3. We have created the Service Master program.

This program certifies individuals providing thoughtful hospitality in order to serve as a goal and increase motivation among store staff. (Certified Service Master as of May 31, 2012: 371)

In FY 2012, video will be taken at 20 stores from among those providing excellent hospitality last year and shown at various training sessions and workshops as models to emulate. Going forward, Lawson will continue its systematic approach to improving hospitality.



● Definition of "Thoughtful Hospitality" and our code of conduct concerning hospitality

Definition of The "Thoughtful Hospitality"

To offer "happiness" to every customer through service that exceeds the expectations of each and every customer based on feelings of appreciation and understanding

Service Standard

- ① We greet each customer in a manner that conveys warm feelings.
- ② We strive to be interested in and understand each customer.
- ③ We try to serve each customer to exceed his/her expectations.
- ④ We listen to customer feedback with sincerity and properly respond to it.
- ⑤ We value teamwork among staff to make the store comfortable for customers.
- ⑥ We try to be creative and work positively to offer happiness to customers.

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Impressions from Store Staff (an FY 2011 Excellent Hospitality store)

Himeji Shirakuni Store, Himeji Branch, Kinki Office Norio Hayashi, Owner; Chie Hayashi, Store Manager

I have decided there are three things all employees must do in doing business:

- ① Greet others in a loud and clear voice. (and speak clearly)
- ② Do not make customers wait at the register.
- ③ Try to make conversation with customers.

With respect to ③, especially, we do the following with my crew. First, to get repeat customers, make sure you have what they want. Another thing is communicating with customers. Start with a comment about the weather such as, "cold day today, huh?", and then look at the customer carefully. Doing this will allow you to eventually say things suitable to the situation. Good communication comes from listening and keeping the conversation going. We hope to continue to convey the importance of interacting with customers to my staff.

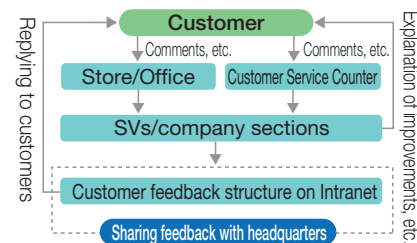


Front row, from left: store manager, owner; back row, from left: crew member Sato Hashimoto, crew member Kazue Kaneda, crew leader Noriko Otsuka

Customer Feedback Structure

The Customer Service Counter is dedicated to channeling customer comments and inquiries 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.

● Customer Feedback Structure





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Feedback Received by the Customer Service Counter

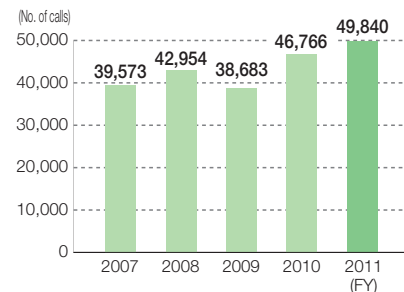
We are receiving more and more "Impressions from Customers (Feedback)", more than 50% of which are either comments or inquiries. Among these, there is an increasing number of customers sending us their thoughts on store campaigns as well as questions about the ingredients and origins of products due to an increased awareness of food safety and security. Next, many pointed out contents related to "store operations," accounting for 40.5%. Many also offered comments on the environment. In particular, requests for improvement are increasing each year regarding smoke from cigarette smokers near the ashtray made available on the storefront.

Making Improvements Based on Customer Feedback

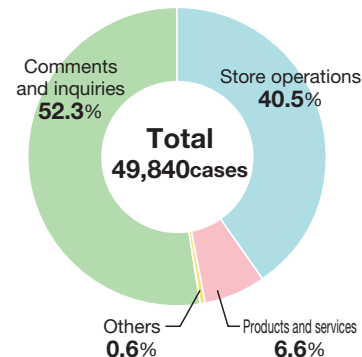
The Lawson Select brand provides advanced, high-quality products with the right volume at affordable prices. After our customer service counter received numerous comments to the effect that the packages for our oolong and barley teas looked too similar and were thus easy to confuse, we changed the package coloring and lettering sizes to make them easier to shop for.



Customer Feedback Numbers



Fiscal 2011 Customer Feedback Breakdown





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Efforts Focused on Safety, Security, and Health

Our headquarters works hand-in-hand with stores to ensure that all of our food products are safe, secure, healthy and delicious.

Offering Safe and Secure Products

Lawson's products are subjected to thorough quality control procedures in compliance with environmental and hygiene regulations at all stages of development, production, and sales in the original Lawson products*. We are doing our utmost to minimize food additives, and use no artificial colorings and preservatives.

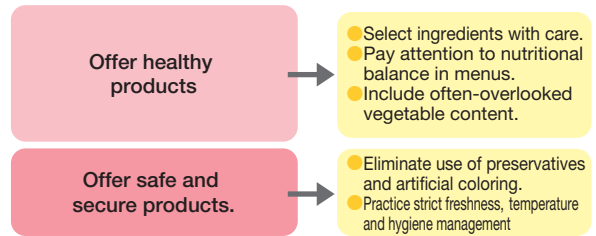
In addition to mandatory information such as product name, use-by date, ingredients and allergy warnings, we voluntarily display calories per serving and other nutritional data on original Lawson product labels. We prepare specifications for each product, and take accurate records of suppliers, preparation 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 triplechecked for accuracy before reaching the consumer.

*The original Lawson products: Boxed lunches, rice balls, sushi, bakery items, prepared foods, salads, cooked noodles, pasta which has Lawson's trademark on the price tag. Fast foods cooked within each store are excluded.



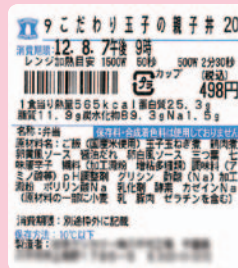
Lawson's Approach to Safety and Health



● Main Items Displayed on Product Labels

Use-By Date

The period in which the product may be eaten with confidence



Ingredients

Ingredients displayed in the order of highest content by weight

Food Additives

Displayed as prescribed by the Food Sanitation Act

Starting July 1, 2011, we changed the description to "communicate the information on the place/ country of origin" of rice and rice products in order to comply with the Rice Traceability Law.

Containers and Packaging Information

Containers and packaging material information to facilitate sorting for recycling and disposal (such as plastic)

Nutritional Information

Calories, protein, fat, carbohydrates and sodium content per serving

Allergens

Seven items required by law and 18 items displayed voluntarily





Ensuring Customer Safety and Health

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Efforts Focused on Safety, Security, and Health

Offering products focused on health

Lawson pays attention to ingredient quality, nutritional balance and the inclusion of often overlooked vegetable content when developing products, focusing on the functionality of foods. In particular, to address growing customer interest in health, we are expanding our healthconscious product lineup for NATURAL LAWSON stores.

Contributing to healthier lifestyles! Lunch boxes and prepared foods using vinegar now on sale

In May, 2012 we began selling at our NATURAL LAWSON stores "refreshing, delicious, and healthy", vinegar-added lunch boxes and prepared foods, developed jointly with Mizkan (headquarters: Handa City, Aichi Prefecture).

In addition to allowing for less oiliness and salt, vinegar offers the additional benefits of alleviating fatigue, improving appetite, and serving as an antiseptic and bacteriostatic. According to research done by the Mizkan Group, ingesting a certain amount of vinegar every day will lower visceral fat, body weight, BMI, and abdominal fat, drawing attention to it from those prone to being overweight. (From the "On the benefits of our friend vinegar" by Mizkan)

These products have received a good reputation with the main target demographic of female customers between 20 and 40.



▲ Light and Simple Fried Pork lunch box



▲ Light and Simple Ratatouille Udon noodles



▲ Salmon & Carrots "Purasu" Salad

* Now discontinued.

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Product quality control that oversees everything from the procurement of the raw materials to production and sales

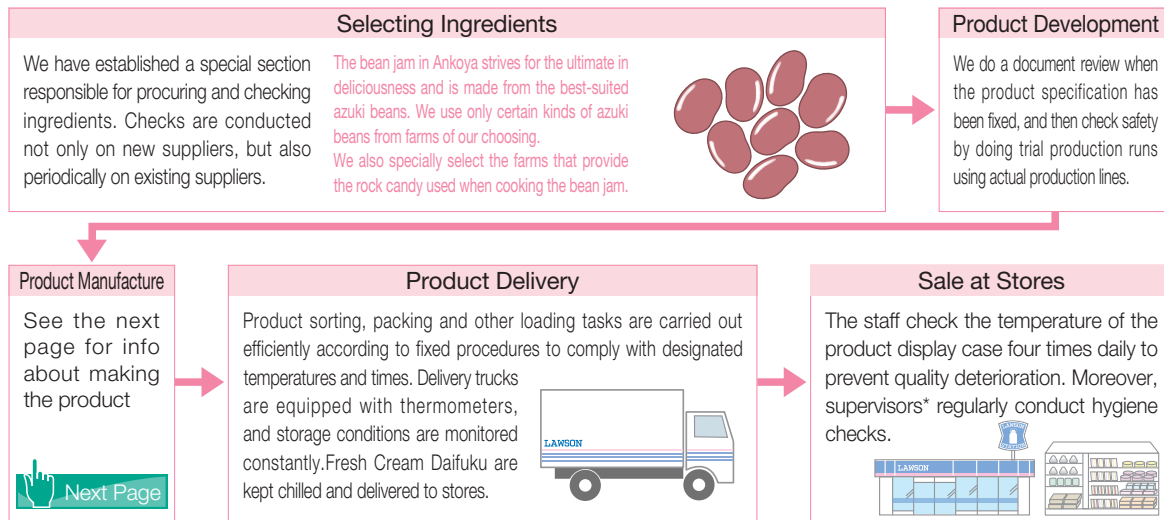
Quality control for the chilled dessert "Ankoya"

In March, 2012 we launched the "Ankoya" series of chilled Japanese sweets. This original dessert is already popular with our female customers.

Keeping the most popular item in the series, the Fresh Cream Daifuku, chilled allows us to use low-calorie, subtly sweet bean jam. We also fill them with fresh cream to give it a richness and melt-in-your-mouth quality only chilled sweets can provide.



▲ Ankoya Fresh Cream Daifuku



*SV: a supervisor/store management instructor



Ensuring Customer Safety and Health

With Everyone

Efforts Focused on Safety, Security, and Health

■ Product Manufacturing

At each of our production facilities, we make products strictly to spec according to the manual through detailed instructions concerning elements like temperature and time. Our facilities are always kept clean, and workers ensure no foreign substances are introduced by entering facilities only after using lint rollers on their clothes and washing and disinfecting their hands and fingers.

1 Making whipped cream

The fresh cream shipped in every day is used to make whipped cream in a specialized room. When whipping cream, agitation speeds are adjusted, and the cream is finished with a soft, milky texture.



The mixture is kept under 10° and taken to the rice cake production facility.

2 Making bean paste

Bean paste is cooked at a special facility. By adjusting temperature and the amount of water added and then cooking together with rock candy, the azuki beans' own natural flavor is maximized with a richness that is not too sweet.



The mixture is kept under 10° and taken to the rice cake production facility.

3 Making rice cake

Specially selected Akita Prefecture sticky rice flour is used to make rice cake that retains its softness even when frozen.



4 Adding the ingredients to the machine

The mochi, azuki, and whipped cream are put in.



Workers' gloves are exchanged and washed regularly with alcohol.

5 Cutting into individual pieces and forming

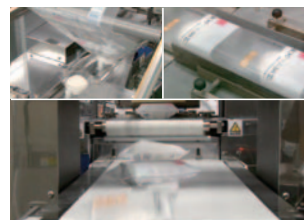
With one cut every second, rice cakes stuffed with bean jam are made.



At the end of each day, machines are broken down and their individual parts carefully washed and disinfected.

6 Packaging

Rice cakes stuffed with bean jam are packaged quickly.



A metal detector is used to ensure no foreign substances are present.

7 Packing

After being packed, products are taken to the shipping center.



Here workers inspect things such as package weight, appearance, and any damage.

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Efforts Focused on Safety, Security, and Health

Conducting voluntary radioactive substance inspections for original products

Lawson has been conducting voluntary radioactive substance inspections for fruits and vegetables received at the 16 produce fresh produce processing and collection centers north of the Chubu area since February 1, 2012, and for original products manufactured at the 35 production centers that have been making rice dishes, bakery items, cooked noodles, and prepared foods. We hope to continue making products that our customers can enjoy with peace of mind.

Products Inspected

1) Fruits and vegetables



Produce collection and processing centers (16 locations as of the end of July, 2012) north of the Chubu area supplying to LAWSON stores and LAWSON STORE100 locations (about 3,000 in all) across 24 prefectures

*Hokkaido, Aomori, Akita, Yamagata, Iwate, Miyagi, Fukushima, Niigata, Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Yamanashi, Nagano, Toyama, Ishikawa, Fukui, Gifu, Aichi, Mie (excluding the Nabari and Iga areas)

2) Original rice dishes, bakery items, cooked noodle, and prepared foods



Production facilities north of the Chubu area that supply to LAWSON stores and NATURAL LAWSON stores (about 5,300 in all) across 24* prefectures (35 locations as of the end of July, 2012)

*Hokkaido, Aomori, Akita, Yamagata, Iwate, Miyagi, Fukushima, Niigata, Ibaraki, Tochigi, Gunma, Saitama, Chiba, Tokyo, Kanagawa, Shizuoka, Yamanashi, Nagano, Toyama, Ishikawa, Fukui, Gifu, Aichi, Mie (excluding the Nabari and Iga areas)

How Inspections are Done

Levels of radioactive cesium are measured as per the radiation standards under the Food Sanitation Law, newly enacted April 1, 2012



▲ Sampling inspections are done every day for all fruits and vegetables (not including imported or processed products)



▲ Sampling inspections are done every week for all original products

Inspection results are put on our webpage and updated monthly.

If Radioactive Substances are Found

- Product shipping is halted if radioactive substances are found that exceed the provisional standards set by the Japanese government.
- We have further inspections conducted using germanium semiconductor detectors and we report the results to the supplier and farmer.
- Products exceeding the provisional standards by category and percentage are reported by category on our website.





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Safe, fresh vegetables available at your local Lawson

-Lawson Farm, an agricultural production corporation-

"Lawson Farm" is an agricultural production corporation founded to stably supply vegetables to stores in the Lawson Group. There are seven Lawson Farms in Japan as of June 2012.

The company records the production history of the vegetables and POPs (Point of purchase advertising) showing information on the producer are posted inside the store with the aid of IT in order to offer "safety and security" to customers. Working with professional produce farmers, we develop products that satisfy convenience store customer needs and make effective use of farmland, improve productivity, and contribute to local agricultural development through our Lawson Farms.



6 Lawson Farm Oita Bungoono, Inc.

Location Bungoono City, Oita Prefecture
Established April, 2012
Produce Cabbage, Japanese eggplant, white scallions, Chinese cabbage, etc.



5 Lawson Farm Oita, Inc.

Location Usa City, Oita Prefecture
Established November, 2011
Produce Tomatoes



7 Lawson Farm Kagoshima, Inc.

Location Higashikushira Town, Kagoshima Prefecture
Established April, 2011
Produce Japanese radishes, cabbage, carrots, sweet potatoes, etc.



3 Lawson Farm Tottori, Inc.

Location Yonago City, Tottori Prefecture
Established June, 2012
Produce Japanese radishes (for Japanese hot pot)



1 Lawson Farm Tokachi, Inc.

Location Makubetsucho, Hokkaido
Established June, 2011
Produce Potatoes, Japanese radishes, burdock, long potatoes, etc.



4 Lawson Farm Hiroshima Jinsekikogencho, Inc.

Location Jinsekikogencho, Hiroshima Prefecture
Established June, 2012
Produce Tomatoes, bell peppers, eggplant, spinach, etc. (organic vegetables)



2 Lawson Farm Chiba, Inc.

Location Katori City, Chiba Prefecture
Established June, 2010
Produce Japanese mustard spinach, Japanese radishes, carrots, spinach, etc.





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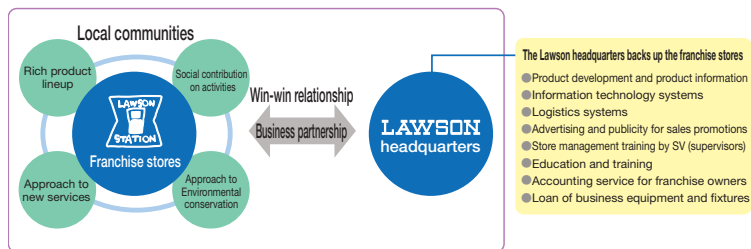
About Lawson

Supporting Owners and Crews

We support store operation 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.

Lawson and its franchise stores are partners on an equal footing, striving for a win-win relationship

Lawson's franchise system is a system of "joint operations," whereby the headquarters and the franchise owner jointly manage the store. The headquarters not only allows the use of Lawson services and trademarks and provides management knowhow but also continuously guides and backs up the management of the franchise store. The franchise store, in return, pays franchise and royalty fees and works to maximize store profit as an independent business owner and good partner.



Adopting a new franchise package

To increase sales and profits by gaining more customers and reducing lost sales opportunities throughout the Lawson Group, we have revised our franchise agreements and put together a new package that will allow franchise stores to embark on new policies and ensure smooth store operation despite the recent worrying electricity shortages.

Click here for agreement details [Franchise Conditions and Agreement Details](#) Japanese only





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Supporting Owners and Crews

Sharing Corporate Philosophy and Goals

The daily management of the store is supported by supervisors, or a supervisor/store management instructor(SV), serving as the bridge between the franchise owner and the headquarters from a customer perspective. The SV provides various kinds of information, including the latest product trends and changes in the external environment, analyzes sales and customer data, conducts market surveys in the store neighborhood, and advises on profits.

We also hold the Lawson Seminar in eight locations around Japan, focusing mostly on explaining Lawson business policy, with supervisors discussing policy with store owners. In addition, we hold Lawson Franchise Owners' Meetings, where the main focus is on sharing issues experienced at stores and related discussions.

All domestic stores are also participating in area meetings to exchange information between franchise stores in the same area and share success stories.

Training and Support Programs for Trouble-free Store Management

Lawson headquarters has established training and support programs to achieve trouble-free store management.

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. 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.



▲ At a Lawson Owners' meeting



▲ Area meeting



▲ Training Seminar at a Lawson Training Center





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Support to Franchise Owners Who Intend to Manage Multiple Stores as a Business Entrepreneur

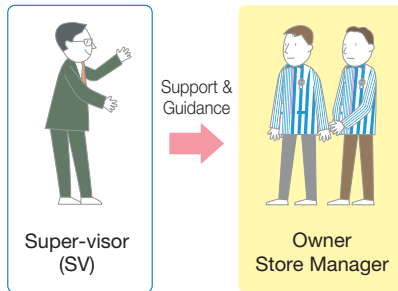
Lawson has implemented the full-scale operation of the "Management Owner (MO) System" since fiscal 2010 to provide support to the franchise owners intending to operate multiple stores as business entrepreneurs.

Under the MO System, the headquarters' leadership has been changed from the 'SV System,' in which supervisors (SVs) give guidance and help to individual stores concerning sales activities, to the 'MC System,' in which MCs give guidance to MOs concerning the management of multiple stores.

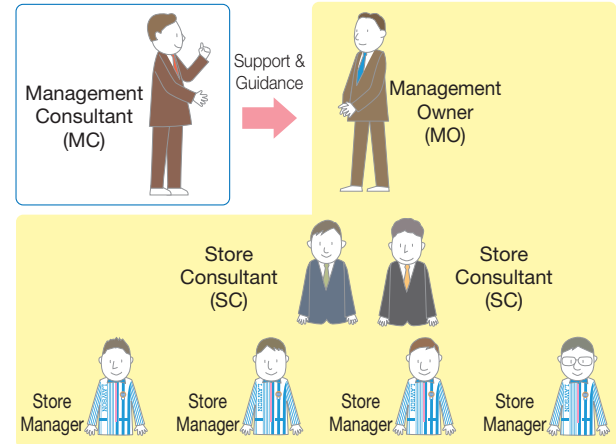
To owners looking to become MOs, Lawson provides training in transitioning them from doing one- or a few-store "family business" managing to multi-store "corporate business" managing, helping them achieve their dreams.

● Headquarters' leadership

SV System



MC System





Together with Franchise Owners and Store Crews

With Everyone

Supporting Owners and Crews

From the Frontline: Franchise Owner

Aiming to satisfy and impress customers



(left) MO Hironobu Yoshii,
(right) MC Yoshiaki Hirakawa

Hironobu Yoshii

Including the Nakamikage store, Hironobu Yoshii manages 11 stores as a Management Owner (MO)

After becoming a LAWSON store owner, I knew I wanted to soon get into multi-store management. However, a lot of things happened and 10 years later I had one store. I thought to myself then that I would make that store great and a fun place to work but did not focus enough on building a larger organization.

I took training when the MO system was created and learned about the setup and about business management, which made me able to do organizational management. My supervisor changed from an SV to an MC, and I was very thankful for being able to receive such a wide range of solid guidance on managing, from store operation to general management, and

for being able to consult with the MC on a variety of issues.

I hope to continue to work with store staff and headquarters to make each of my stores ones that satisfy and impress our customers.

From the Frontline: Headquarters employee

Management Consultant (MC) Yoshiaki Hirakawa

Mr. Yoshii was the first store owner in the country to become an MO, and made his store grow into a large organization through a lot of blood, sweat, and tears. I lately see many companies that list corporate resources in the order of "money, things, and people". However, Mr. Yoshii became an MO by believing that "it is because of people that we can understand customers and satisfy their needs - profit simply follows". I believe this is what allowed him to create this large, 11-store organization.

As an MC, I am focused on fully and autonomously interpreting headquarters' policy, explaining it to MO and SC (store consultants), and working to ensure store owners are on board with it. Working together with MO to continue to grow will be my ongoing goal.

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Supporting Crew Recruitment and Loyalty

Lawson operates an original crew recruitment website (<http://arbeit.lawson.co.jp/>) to match crew applicants and stores in order to respond to the employment situation. Crew applicants can search and quickly identify the best store in which to work by inputting the area and working conditions, while stores needing to recruit and hire new crew can provide recruitment information to attract applicants with photos showing the store atmosphere.

To improve their motivation and skills after being hired, we established the "Crew Leader System" and the "Crew Rank Up System" to provide them with goals, to help them stay in the job. We are also working to improve communication with establishment of the Lopyon Channel—a site tailored to store crew with mobile phones—in February, 2012.

Direct line to executives

Lawson has created its own original "Direct line to the Group's CEO*" system that allows store owners, managers, and crew to send suggestions, comments, and grievances directly to a top executive. The Lawson CEO looks at and responds to all messages.

*With the adoption of the group system (CVS Operating Group, Entertainment & e-Commerce Group, and International Group), the Direct line to the CEO system started in January, 1996 was changed to the Direct line to the Group's CEO system in October, 2011.

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 crews, aimed at providing quality time, health and peace of mind.



▲ Lopyon Channel
This mobile-friendly communications site allows for nationwide information sharing between headquarters and store crew, and amongst store crew themselves.



◀ Franchise Owners Welfare Association Booklet:
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 voluntary insurance plans to protect them and their families





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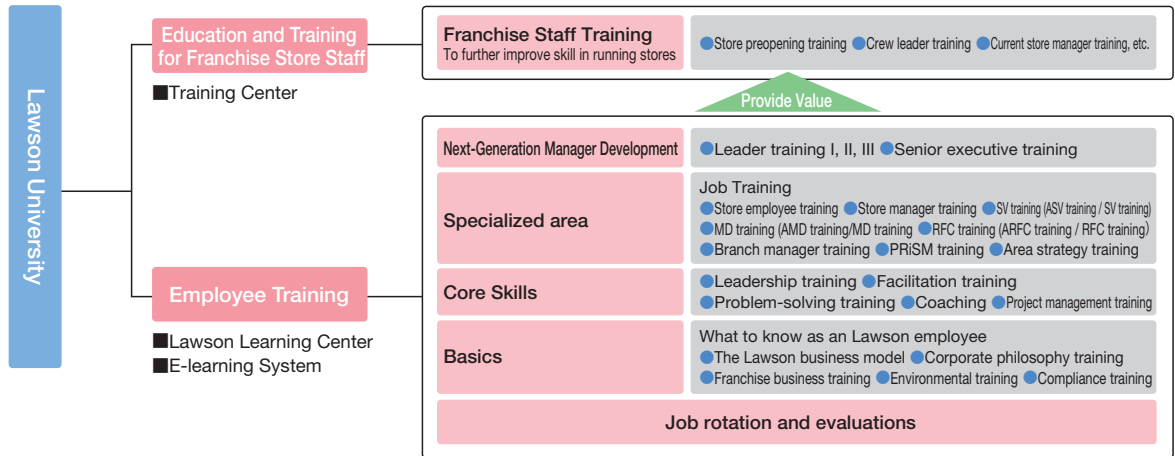
Becoming an Easy Place to Work

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.

“Lawson University” Training Program

Lawson works to establish a system where “anyone who needs to” can learn “the required contents” “at the required time” from the education of new employees to the development of executives, naming its own education and training program, “Lawson University”. Lawson systematically provides support to franchise stores in terms of education and training and enhances the headquarters functions (educating employees) to further strengthen the function of “education and development,” which is at the core of the franchise business, and become the “Hot Station in the Neighborhood”.

● Lawson University Structure





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Activate internal communication

■ Sports and Recreation

Since FY 2008, in an effort to create an environment for employees to understand each other, Lawson has held sports tournaments. Because they allow for different interactions from those at the office, such events also help make work go more smoothly.

■ Club Activity Support Campaign

Lawson has provided support to activities outside the scope of work, in which employees gather together to enjoy hobbies and sports, crossing organizational boundaries, since fiscal 2010. Comprised of at least five members with the same goals, clubs that satisfy certain conditions can receive financial support for club activities. 29 clubs are active as of July 31, 2012.

■ Making Good Use of the Company Intranet

Accessible by all employees, this portal site posts messages from executives, internal newsletters, and seasonal information via banners, and allows for creating communities based on one's work and interests. It is an important tool in stimulating communication and in streamlining work by centralizing information.



▲2011 Lawson National Bowling Competition (held in Sendai City)

Club Activity Example

Meets: Once or twice a week
Goal: to win the Super Beginner Competition!

Staff from mostly the Okayama Branch develop a sense of comradery and make daily life more enjoyable by playing futsal. They play practice matches and compete in tournaments with non-Lawson teams, keeping up good communication and taking a positive approach to challenges.





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Annual Employee Attitude Surveys

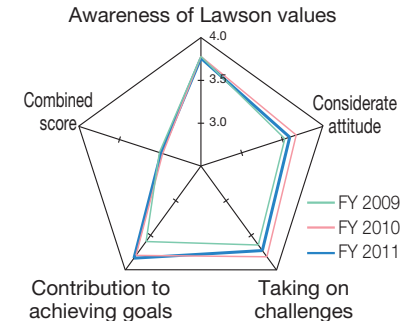
Lawson conducts annual "Employee Attitude Survey" aimed at understanding strengths and weaknesses in Lawson business management, reforming the corporate climate, and improving employee satisfaction. While our companywide score overall was on the rise up until FY 2009, in questionnaires conducted after FY 2010, the "combined score" determined by questions asking about overall satisfaction with one's work, workplace, supervisors, and company has seen slight decreases. However, we have seen increases year after year in numbers relating to "contribution to achieving goals".

Looking at the results in more detail, we saw a slight decrease in FY 2011 in areas of staff/manager communication, namely, "getting information from the frontlines" and "explaining the reasoning behind major decisions", which both saw improved scores in FY 2010. Challenges going forward in improving employee satisfaction with policy will be to not simply convey information about issues already decided but explain why certain policies will be conducted, what the reasoning was behind certain policies, and the understanding of store conditions that informed the creation of those strategies.

Employee Health Management on the Web

Workplace stress is an important issue in employee health management. So that each employee can manage his or her own psychological stress, we have instituted the online mental health check system and encourage all employees to conduct self-reviews online by sending e-mail twice a year.

● Results of the annual employee attitude survey



4.0 is the best score





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Promoting Diversity

We at the Lawson Group consider our employees to be our human capital*, and seek to create an organization that makes the most of their individuality and enables them to realize their full potential.

*Human capital: The expression comes from the concept that humans are capital (valuables).

Employing international students

Since 2008, we have been strongly focused on the periodic hiring of international students and as of April, 2012, had hired a total of 106 people from 10 different countries*.

* China, Korea, Vietnam, Indonesia, Taiwan, Thailand, Malaysia, Mongolia, Bangladesh, and Myanmar

Employing people with disabilities

Since August, 2011, we have worked with Swan Co., Ltd., owner of the Swan Bakery chain, in employing people with disabilities in NATURAL LAWSON bakery kitchens. Going forward, we will be asking the company to train our staff and provide expertise concerning their hiring as we continue to hire more people with disabilities for positions in stores with bakery kitchens.

◆Swan Co., Ltd.

"Realizing a society where both people with and without disabilities can work and live together": to achieve Swan's "principle of normalization", Swan is supporting disabled persons' independence and participation in society through delicious, freshly-baked bread.

<http://www.swanbakery.jp/index.html>



Beginning in August, 2011, Lawson hired two people with disabilities to make bread at the NATURAL LAWSON Shibaura Kaigandori store. Sales of freshly-baked bread at that store began in October, 2011.





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Words from Our Staff

Wanting to demonstrate my individuality once I can stand on my own

Though I was born in Shenyang, China, I went to school in Fukuoka. When I was job hunting, I saw a TV show where non-Japanese Lawson employees appeared and I thought, "Look at all the things this company can do, and on a global scale!" I knew then where I wanted to work. At the beginning, I was sometimes viewed in a special light. When I was a store manager, something my supervisor told me at the time and that has really stuck with me is: "Nationality is irrelevant at work and with customers—just work hard". Regardless of nationality, what is most important is fully understanding the philosophy at Lawson in Japan and providing results as an SV. Once I acclimate more to the people here and can stand on my own, I hope to show everyone what I can do. I also hope to work overseas someday. With confidence in myself as an SV, I know I will be OK anywhere I go.



SV, Hokkaido North Central Branch, Hokkaido Office

Cui Xiang Shu

Relearning the importance of explaining things fully

Ms. Cui is a straight arrow who hates to lose, and summons incredible energy to accomplish what she says she will. Though it might be difficult to be asked "why?" all the time until she has come to terms with something, this is a great learning experience for us as well. Store owners treated her as a rarity at first since there are very few female SV in Hokkaido, on top of the fact that Ms. Cui is a foreign employee. They probably both felt a bit of unease. Yet now people tell her she is no different from other SV, and has a great reputation in her position. Right now she is giving 100% to taking in on-the-job knowledge, but I hope to soon see her implement her own ideas for the sake of the many Chinese tourists that come to Sapporo.



Assistant Branch Director, Hokkaido North Central Branch, Hokkaido Office

Tomoyuki Matsuzaki

※SV : supervisors/store management instructors





Nurturing Employee Enthusiasm

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About Lawson

Becoming an Easy Place to Work

■ Supporting an ideal balance between work and family life

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.



Next-Generation Certification Mark "Kurumin"

● Childcare Support Policy Menu

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

Note: Until the child finishes third grade

● Employee Composition

	FY 2009	FY 2010	FY 2011		FY 2009	FY 2010	FY 2011
Employees (consolidated)	5,236	5,703	6,475	Reduced Working Hours to Provide Childcare Program Participants	18	32	36
(Male/Female)	4,493/743	4,725/978	5,150/1,325				
Employees (non-consolidated)	3,452	3,340	3,367	Nursing Leave Program Participants	2	2	1
(Male/Female)	3,061/391	2,920/420	2,940/427	Insured Medical Exam Takers (%)	88.2	79.0	83.6
Female Managers (%)	2.32	2.78	3.76	Average Age	38.3	38.9	39.5
Employees with Disabilities (%)	1.8	1.7	1.9	Average Years of Service	11.4	12.2	12.5
Employees Taking Maternity Leave	18	16	19	Turnover (%)	4.0	7.2	4.9
Employees Taking Childcare Leave	24	28	37	Number of Work-Related Accidents	66	57	49

*Numbers below the double line indicate non-consolidated (include corporate officers, etc.) totals.

Building good labor-management relations

Lawson strives to build labor-management relations that prioritize solid communication founded on mutual trust. In addition to holding regular labor-management meetings, to improve employee satisfaction (ES) and productivity as the company continues to grow, we hold discussions to improve work efficiency and working environments and research and discuss our HR policies. Excluding corporate officers, managers, etc., there were 2,412 regular employees participating in the "UI Zensen Alliance Lawson Union" as of February 29, 2012.

Main labor-management discussions

- Branch-Office Labor-Management Meetings (Monthly)
- Regional Labor-Management Meetings (Bimonthly)
- Regional Labor-Management Conferences (Bimonthly)
- Central Labor-Management Councils (Bimonthly)
- ES Improvement Committee (Monthly)





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Maintaining Fair Relations with Our Business Partners

The Lawson Group has developed the “Code of Ethics” to build trustful relations with business partners and the “Lawson Group Purchasing Policy” to further improve customer satisfaction.

Promoting Fair Transactions

To establish trust with business partners, the “Corporate Conduct Charter” (see p.15) and the “Code of Ethics” call 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.

Lawson Group Purchasing Policy

Reinforcement of the compliance and risk management system for the entire supply chain is required due to the higher consumer awareness of the product “background” and globalization of the procurement of raw materials. Cooperation of business partners is essential to meet the above corporate social responsibilities. Accordingly, Lawson developed the “Lawson Group Purchasing Policy” in September 2010. We have promoted transactions with partners who agree with the policy.

Moreover, we request our partners to cooperate in the activities of the Lawson Group through “Business Partner Questionnaire Survey” (see p.91).





Together with Our Business Partners and Shareholders

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Maintaining Fair Relations with Our Business Partners

Business Partner Questionnaire Survey

Every year, the Lawson Group administers questionnaires to its business partners concerning their compliance and risk management systems. Though participation was difficult for those affected by the Great East Japan earthquake, our FY 2011 questionnaire enjoyed its usual success and saw widespread participation.

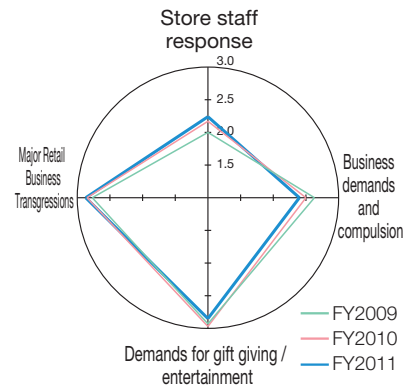
When asked about our response to the earthquake, most respondents said it was satisfactory. However, some suppliers stated, for example, that tough demands were placed on them to supply products and that communications routes were confused.

Members of our Products and Services Department and Store Construction Department stated that there had been an ongoing lack of communication with business partners, but efforts to improve conditions have gradually improved such evaluations and positive trends are emerging.

We are identifying problem areas and issues from the results of these kinds of questionnaires and reporting them to upper management as we share the information at departmental meetings, training sessions, and other such opportunities. We also provide feedback to business partners who complete the questionnaire.

We take the opinions of our business partners seriously, and use them to gain abroad perspective from which to revise and enhance our compliance structure.

● Results of the business partner questionnaire survey
(On a scale of +3.0 to -3.0)



"3.0" being the best.





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In Order to Properly Disclose Information to All Shareholders

To fulfill our corporate social responsibilities (CSR) and carry out corporate governance within the Lawson Group, we work to disclose information at the appropriate time and in a suitable and fair manner to all stakeholders, including our shareholders and investors.

Philosophy on disclosing information

In accordance with our "Basic Rules on Information Disclosure", one of our internal regulations, we have created the "Basic Principles Concerning Information Disclosure", which we post on our website to inform of our philosophy regarding the disclosure of information. (<http://lawson.jp/en/ir/disclose.html>)

In accordance with Tokyo Stock Exchange standards, we post our financial statements on TDnet and our annual securities report on the Financial Services Agency's EDINET. We also post further details in the "IR (Shareholder & Investor Information)" section on our website (<http://lawson.jp/en/ir/>), as well as holding twice-yearly operating results briefings for institutional investors.

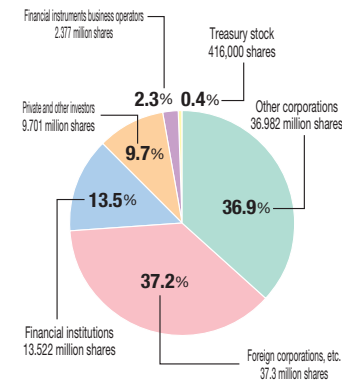
General Meeting of Shareholders

So that our shareholders have ample opportunity to consider and better understand proposals, we send out early notices convening shareholders meetings, as well as posting both Japanese and English versions of these notices on our website. Shareholders can also exercise their voting rights and receive video feeds of the meeting online.

Communication with institutional investors and analysts

In addition to posting a variety of information on our website, every year we also increase opportunities for investors to attend briefings and individual meetings (FY 2009: 273 opportunities, FY 2010: 269 opportunities, FY 2011: 374 opportunities). As a result of active dialogue with investors in North America and Europe, who express keen interest in ESG (Environment, Society, and Governance), the amount of shares held by foreign investors rose from 29.2% at the end of February, 2011 to 37.2% as of February 29, 2012.

■ Distribution of dividends to shareholders





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Corporate Governance and Internal Control Initiatives to Promote Compliance Improvement of the Risk Control System for a Speedier Response

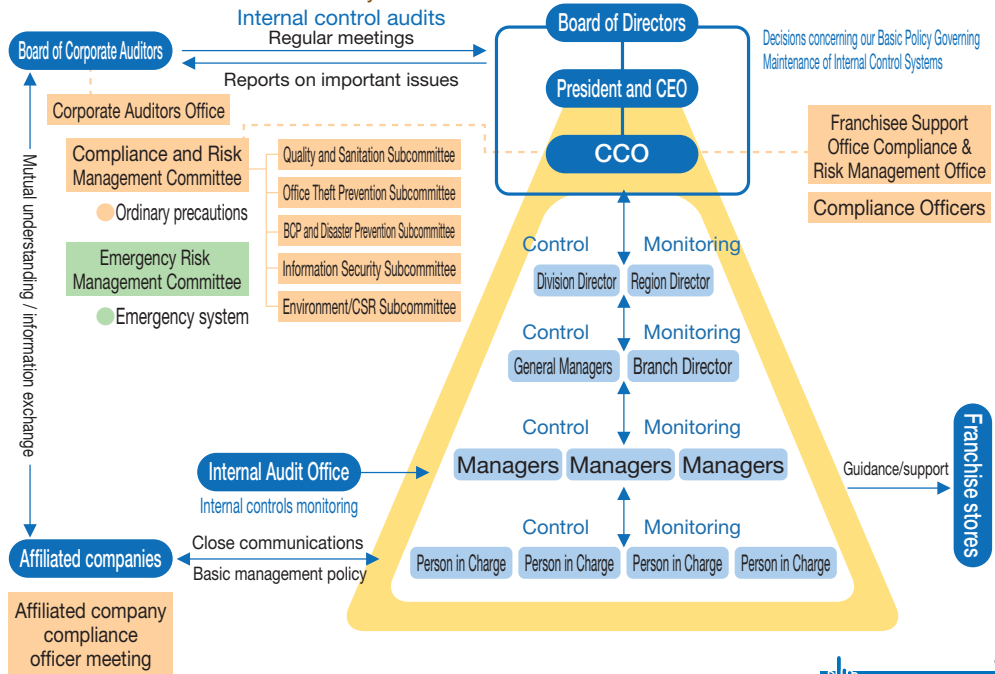
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Corporate Governance and Internal Control

Lawson strives to enhance Corporate Governance by improving the soundness and transparency of management, through ensuring compliance and affirmative disclosure.

● Overall view of Lawson's Internal Control System





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Corporate Governance and Internal Control

Board of Directors & Executive Officer System

The Board of Directors intentionally has few members, 7 members of the board including 3 outside members of the board, to facilitate swift and right management decisions. This system enables us to make fair decisions on important matters about company affairs including the formulation of business strategy. In addition, the executive officer system enables us 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 by attending Board of Directors and other important meetings, providing opinions, and reviewing important documents.

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. For ensuring sound and sustained corporate development, we review our basic policy each year in accordance with changes in management environment and other situations to maintain an effective and rational internal control system.

"The Fiscal 2012 Basic Policy for Maintaining the Internal Control System"

In the interest of maintaining comprehensive and unified information security governance systems in FY 2012, we have added to our basic policy requirements for closer coordination between our Risk Management Department and IT Department, improved effectiveness of our Disaster Control Manual and BCP (business continuation plans), and better communication between Lawson and our main subsidiaries, all changes approved at the February 2012 Board of Directors meeting.

Click here for more information



Japanese only





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Initiatives to Promote Compliance

We promote a better company structure to raise awareness of compliance.

Company 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 & Risk Management Office, which has its own full-time staff. Compliance officers are also appointed in each corporate headquarters division and at the region offices in Japan.

Every month the Compliance & Risk Management Committee meeting is convened by the CCO, acting as Chairman, and once a quarter we hold the Affiliated Company's Compliance Officer Meeting. Ascertaining compliance issues and risks in the Lawson Group allows us to prevent the occurrence of corporate misconduct.

For the maintenance and enhancement of the compliance system

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. Based on the Corporate Conduct Charter and the Code of Ethics, we have periodically revised the Lawson Group C&R Handbook, which summarizes these standards of conduct so that we can maintain and enhance employee awareness of compliance and risk management through work.

<Findings of the 8th (fiscal 2011) compliance questionnaire survey and measures to the results>

To figure out the penetrance of the compliance system, we perform compliance surveys covering all company personnel once a year. In order to quickly devise policy based on questionnaire results, in FY 2011 we changed the questionnaire period from the second half to the first half of the year. Results were lower than the previous year, and issues of particular note include a drop in initiative concerning the indicating and correcting of problems, work environments not conducive to asking for help, and increased anxiety after having experienced the earthquake.

Based on these results, in FY 2012 we will be putting together and improving a Group consultation office, exchanging ideas and identifying problems with stores, and conducting new disaster control drills (every March 11th), among other initiatives. We will also be continuing to review our BCP (business continuity plan) and disaster control measures based on our response to the earthquake while conducting compliance and risk management training and promoting further improved compliance and risk management.





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Improvement of the Risk Control System for a Speedier Response

In order to prevent the occurrence of misconduct and other problematic incidents, we will improve the risk management system and further share risk information.

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.73-78 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 five 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. We have also prepared a BCP (Business Continuity Plan) to minimize business interruptions and other damages that we are likely to suffer in the event of a large-scale natural disaster or pandemic.

With the aim of revising our risk management system incorporating lessons learned from our response to the Great East Japan earthquake, in FY 2012 we are focusing on putting together a BCM (business continuity management) system, improving disaster control awareness through disaster control training three times a year, continuing our risk management workshops, and getting more people to attend AED workshops.



▲ BCP guidelines



▲ AED workshop

As of August 4, 2012

Lectures for headquarters employees: 42 sessions, 1,215 participants

Lectures for owners: 20 sessions, 405 participants (started in October, 2011)





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Improvement of the Risk Control System for a Speedier Response

Maintaining Lifeline Functions during Major Disasters

In the case of large-scale disasters, the Lawson Group strives to ensure the ongoing operation of stores and the rapid restoration of service.

For more information, click here.  [Featured Page\(p.5\)](#)

Improving Information Security

We have established the Lawson Group 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. We are conducting regular checks of headquarters employees to gauge observance of Lawson Office Security Rules.

Since FY 2011, we have been promoting the acquisition of Information Privacy Professional certification and improving the level of personal information management within each department.

Crime Prevention Measures in Stores

Lawson conducts training that encourages staff to put their own safety first and, for example, greet customers in a cheery, energetic tone with a constant focus on preventing theft. In addition to carrying out the efforts to the right, headquarters is encouraging local police forces and the Japanese Franchise Association to help improve antitheft measures for the convenience store industry as a whole.



▲Mock robbery training

Details of the crime prevention measures

1. Promotion of the installation of security cameras

Antitheft cameras installed outside all stores enhance our ability to prevent crime and help arrest criminals should a crime occur.

2. Improvement of security camera functions

By replacing all the security camera systems with digital systems, the number of cameras will be increased, the image quality will be enhanced, the video recording capability will be improved, and replacement of video tapes will be unnecessary.

3. Improvement of the environment for crew education

Alerts on crime prevention to POS registers and store computers are being distributed and tools and manuals for use in crew education, including the self checklist for crime prevention, are being developed.

4. Strengthening of crime prevention rounds

We will provide the guidance on making the rounds of the store specifically for crime prevention in order to enhance the awareness of franchise stores.





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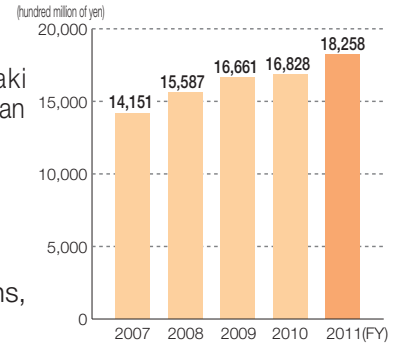
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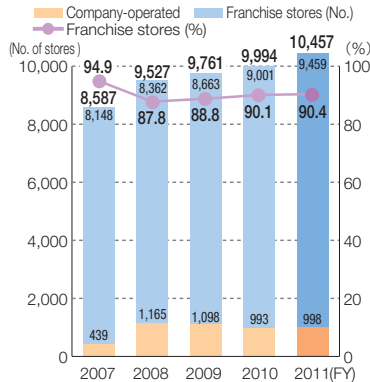
Corporate Data (As of February 29, 2012)

Company Name Lawson, Inc.
Address East Tower, Gate City Ohsaki, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-8643, Japan
President and CEO Takeshi Niinami
Established April 15, 1975
Capital 58,506,644,000 yen
Number of Employees 6,475 (Consolidated)
Business Activities Development of Lawson franchise chains, etc.

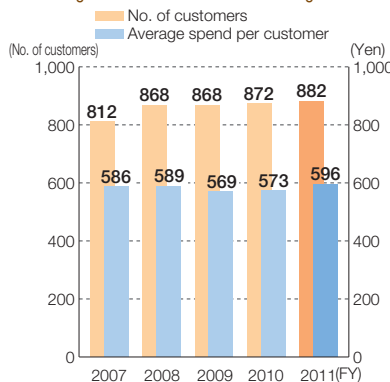
Consolidated Net Sales of All Stores



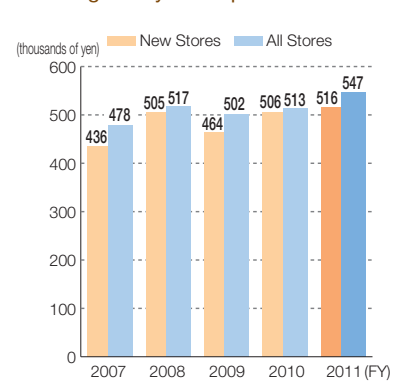
Number of Stores¹



Average Number of Customers / Average Purchases



Average Daily Sales per Store



¹The number of convenience stores being managed by the consolidated Lawson Group; includes stores run by Ninety-nine Plus, Inc., Lawson Okinawa, Inc., and Lawson Toyama, Inc.



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Store Information **10,457** stores in Japan*1

(As of February 29, 2012)

*1 Includes stores run by Lawson Toyama, Inc.

*2 Stores run by Lawson Okinawa, Inc.

Chugoku Region **565**

Tottori	93	Hiroshima	146
Shimane	92	Yamaguchi	112
Okayama	122		

Kyusyu Region **1,110**

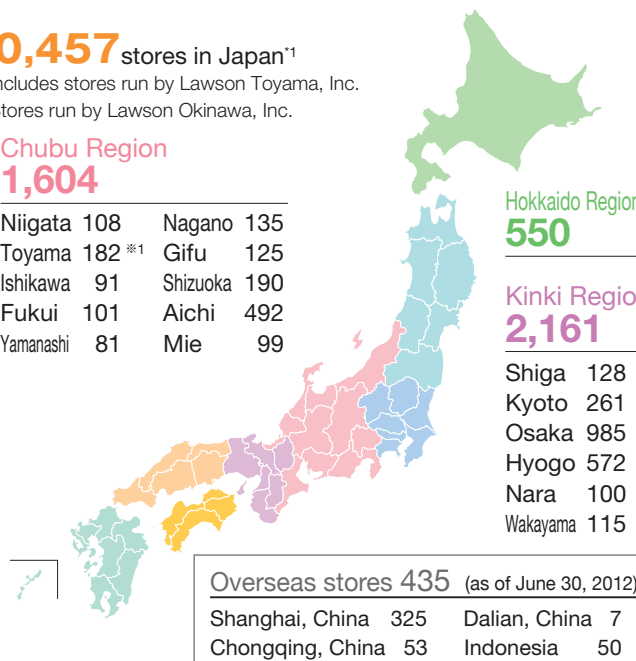
Fukuoka	375		
Saga	63		
Nagasaki	90		
Kumamoto	98		
Oita	143		
Miyazaki	85		
Kagoshima	109		
Okinawa	147*2		

Shikoku Region **422**

Tokushima	103
Kagawa	99
Ehime	160
Kochi	60

Chubu Region **1,604**

Niigata	108	Nagano	135
Toyama	182*1	Gifu	125
Ishikawa	91	Shizuoka	190
Fukui	101	Aichi	492
Yamanashi	81	Mie	99



Tohoku Region **832**

Aomori	173
Iwate	153
Miyagi	193
Akita	158
Yamagata	64
Fukushima	91

Hokkaido Region **550**

Kinki Region **2,161**

Shiga	128
Kyoto	261
Osaka	985
Hyogo	572
Nara	100
Wakayama	115

Kanto Region **3,213**

Ibaraki	117
Tochigi	111
Gunma	71
Saitama	425
Chiba	367
Tokyo	1,384
Kanagawa	738

Overseas stores 435 (as of June 30, 2012)

Shanghai, China	325	Dalian, China	7
Chongqing, China	53	Indonesia	50

Group Company Data (As of February 29, 2012)

Leading Consolidated Subsidiaries

- Ninety-nine Plus, Inc.
- Lawson Asia Pacific Holdings Pte.Ltd.
- Lawson Toyama, Inc.
- Lawson HMV Entertainment, Inc.
- Shanghai Hualian Lawson, Inc.
- Lawson ATM Networks, Inc.
- Chongqing Lawson, Inc.
- BestPractice, Inc.
- Dalian Lawson, Inc.

Leading Affiliated Companies

- Lawson Okinawa, Inc.
- PT Midi Utama Indonesia Tbk





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Mr. Nishikawa of the Ministry of Land, Infrastructure, Transport and Tourism puts forward ideas concerning BC (business continuation) to Japanese companies and gives advice about how to execute and improve them. Here he shares with us his objective view on Lawson's methods of dealing with the Great East Japan Earthquake. We take his advice seriously and will use it to make ourselves a better company.

Pass on what has been learned from the disaster to future generations around the world.

Land and Property Market Division Manager, Land Economy and Construction and Engineering Industry Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Satoru Nishikawa

Mr. Nishikawa is also an auditor at the nonprofit Business Continuity Advancement Organization, of which Lawson is also a participant. As an expert in business continuity, he talks on a variety of things Lawson is doing or can do to better handle natural disasters.



There are three things companies should either do or not do when it comes to disaster prevention to avoid adding to the damage: do not stop doing business, ensure the safety of those in the workplace, and meet disasters head-on with the understanding that companies and their stores are members of those communities.

Lawson was doing these three things when the Kobe-Awaji Earthquake hit in 1995. The company stayed open for business, using handcarts to deliver products to those in need. As a person in charge of disaster prevention at the time, I was impressed with their approach.

Lawson went through disasters like the Niigata Chuetsu Earthquake and Iwate-Miyagi Nairiku Earthquake, and the resulting experience has led to better business practices that are perpetuated throughout the company. Even directly after the Great East Japan Earthquake, business went on at 60% of the stores in the Tohoku and

Ibaraki areas. Temporary stores on the Tohoku coast, which was hit by massive tsunami, opened up one after the other. It was no doubt a great source of happiness and hope for those afflicted to be able to just go down to the store as usual. The support provided to those who could not return home that night was also the company fulfilling its role as a lifeline of the community.

Many around the world thought the earthquake spelled doom for the Japanese economy, but the fact that faith was restored in Japan through Lawson and other Japanese companies' response to the disaster, their business continuity plans, and their enthusiastic sharing of information with other countries cannot be ignored. I hope Lawson has learned from this disaster again and will continue to pass on its business continuity style in the face of such disasters to future generations around the world.

LAWSON

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Franchisee Support Office Environment and Society Office

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Shinagawa-ku, Tokyo 141-8643, Japan

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Website: <http://www.lawson.co.jp/>

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