

Name

MINISTOP CO., LTD.

Scope of business

Convenience store operations promoted by franchises of Ministop "combo" stores, which offer convenience store products and services as well as fast food prepared in-store.

Representative

Nobuyuki Abe, President and Representative Director

Date established

May 21, 1980

Capital

¥7,491,533,000

Stock exchange listing

Tokyo Stock Exchange, First Section  
(Listed August 1, 1996)

Company headquarters

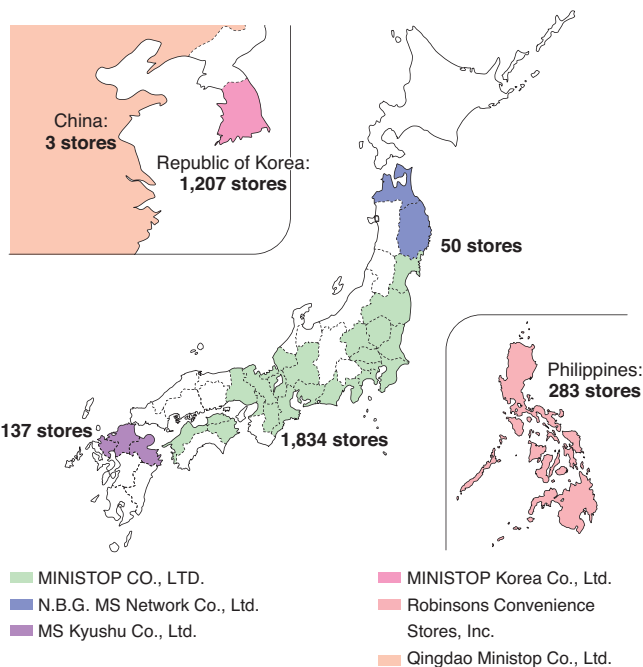
1-1 Kanda-Nishikicho, Chiyoda-ku, Tokyo 101-0054

Main business office

1-5-1 Nakase, Mihama-ku, Chiba City, Chiba 261-8540

Offices

Main Business Office (Mihama-ku, Chiba City, Chiba)  
Tokyo District Office (Chiyoda-ku, Tokyo)  
Tohoku District Office (Miyagino-ku, Sendai City, Miyagi)  
Tokai District Office (Nakamura-ku, Nagoya City, Aichi)  
Kinki District Office (Chuo-ku, Osaka City, Osaka)



Environmental Consideration for Printing This Report

Paper



The paper chosen for this report helps to rejuvenate forests, as it is made from the timber from the thinning of managed forests.



We support forest conservation by using FSC-certified paper. The FSC verifies that the processes—from logging to paper manufacturing and printing—are conducted in a sound way.

Ink

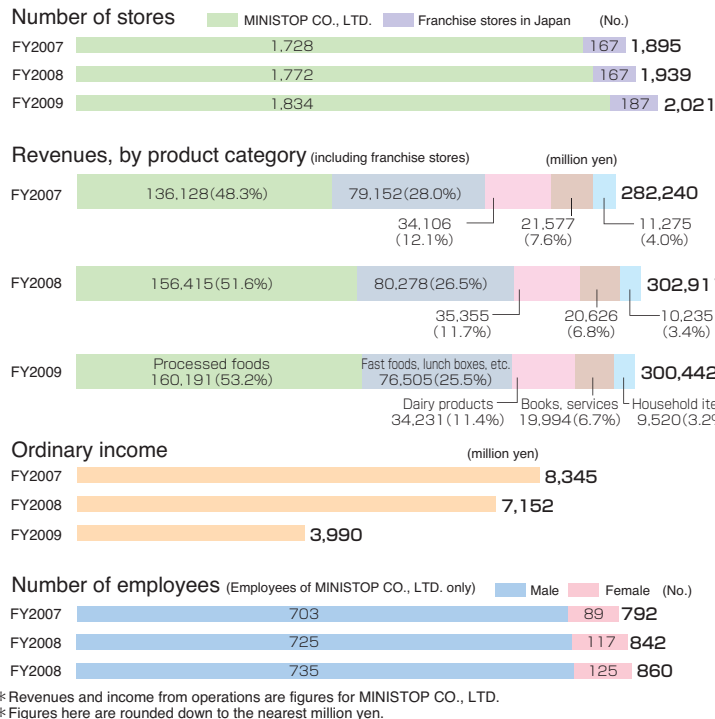


We use vegetable-based inks to reduce the release of air-polluting volatile organic compounds (VOCs).

Printing Method



The "Waterless Printing" technology is a water-based developing method that releases no hazardous liquids. After the developing process, the effluent is harmless enough to be released into the municipal sewerage system.



Editorial Policy

Policy

1. Written for the customers  
We consider anyone who has any dealings with Ministop to be a "customer" (see page 2).
2. Readability  
Besides writing in an easy-to-read style, we sought to produce a report compact enough for the reader to grasp all the essential facts in one reading.
3. Level of detail  
In order to give readers a deeper insight into Ministop, this year we have expanded the content and increased the number of pages in the report.
4. Website links  
We prepared this report with a focus on only a selection of all Ministop activities in fiscal 2009. Please visit our website for more details.  
[http://www.ministop.co.jp/eco\\_social/index.html](http://www.ministop.co.jp/eco_social/index.html) (Japanese Only)
5. Prepared with reference to GRI Guidelines (G3), and Environmental Reporting Guidelines 2007 by the Ministry of the Environment, Japan.  
We included everything in the report that we felt was important from Ministop's perspective.

Period covered

Fiscal 2009 (March 1, 2009 through February 28, 2010)

Report coverage

MINISTOP CO., LTD. and stores under a valid franchise agreement  
\* Some data covers stores that have an area franchise contract with MINISTOP CO., LTD.  
\* Overseas stores not covered.

Postscript

This year Ministop celebrated its thirtieth anniversary and adopted a new mission, "realizing a society full of beaming smiles." This mission is exactly what corporate social responsibility (CSR) is all about. But we know that our mission will not be achieved only through internal discussion. Communication among many stakeholders must serve as the driving force to accomplish it. Please send us your opinions and feedback after you read this report. The Editorial Team looks forward to hearing from you.



Editorial Team: Tsuji, Ito, Noguchi, Kawasaki, Moride

Contact:

Yoshitaka Moride, Shigeki Kawasaki, Hideaki Noguchi, Sukenori Ito, Kumiko Tsuji  
Environmental & Social Contribution Section, Communication Promotion Dept.

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QR code for mobile website

This report can be viewed at the website indicated above. It can also be downloaded in PDF format.

- Japanese edition (No.11) issued June 2010 (next issue expected June 2011).
- English edition (No.3) issued August 2010 (next issue expected August 2011).
- Reviewed by Cre-en Inc.



# 2010 MINISTOP CSR Report

A Word from the President



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## Cover Message

"Go En No Kizukai" Chopsticks from the Five Yen for Forest Care program are made using wood that comes from the careful management of the forests in the Yoshino region of Nara Prefecture in Japan. Instead of the typical use of complete logs to make disposable chopsticks, these special chopsticks are made using the wood edges and ends (see photo) from the sawmilling process.

Proper forest thinning and selective logging is essential for the proper care of managed forests, but this work costs money. Revenues to cover those costs are needed to help the functioning of a healthy forest industry. Imports of cheap timber from overseas are causing serious challenges for Japan's forest industry. By selling these "Go En No Kizukai" chopsticks, Ministop is helping make the Japanese forest industry more sustainable.



Note: See page 11 for more information about the "Go En No Kizukai" chopsticks.  
(Photo location: Yoshino, Nara Prefecture (source of timber for "Go En No Kizukai" chopsticks))





## Ministop at Thirty: A New Mission

### Ministop at thirty

In May 2010, Ministop celebrated its thirtieth anniversary. Reflecting on the past 30 years, I believe Ministop has evolved in pace with the needs of the times as lifestyles changed with the wave of economic growth. Indeed, the entire convenience store industry has evolved. The fact that our industry has been able to create this much infrastructure in society is, I believe, a large achievement.

The downturn in consumption has made customers more selective about products and service in recent years, so I feel it is important for us to have a new look at our own business.

We need to recognize the importance of interactions at the local level through dialogue with customers in our stores every day, through our Child Internship Program, and so on, and to fulfill the proper role of each Ministop store in the community. In May 2009, the Japan Franchise Association (JFA) announced the Declaration on Convenience Stores as Infrastructure of Society.<sup>1</sup> As part of the infrastructure of society, Ministop takes things further, working in its own way to protect the environment and address food safety and security, to contribute to the local economy, and to constantly respond to customer needs.

Overseas, having already extended our operations into Korea and the Philippines, in 2009 we also expanded into China. In both Japan and overseas, we work to create new infrastructure while respecting the cultures of each country, and aim to create new value in our roles as convenience stores.

### Protecting and nurturing the environment

One can easily get the sense that in society overall, concern about environmental issues is rising. This is evident in meetings like the international conference on climate change (COP15)<sup>2</sup> at the end of 2009, and an international conference on biodiversity protection (COP10)<sup>3</sup> to be held in Nagoya in 2010.

To do its part to prevent global warming, Ministop is undertaking a variety of energy conservation efforts where the impacts are largest in its own stores, in lighting, refrigerators, freezers, and so on.

In 2009, we introduced efficient LED lighting in store signage as standard equipment in new stores. We also opened Japan's first FSC-certified store in Saitama Prefecture (100% of structural timber for the building is made using Japanese FSC-certified timber). We are working both inside and outside our stores to reduce carbon dioxide emissions, through a variety of new initiatives such as providing used cooking oil as a raw material for biodiesel fuel, and launching a car-sharing service using store parking lots (see page 7). Customers cannot see the actual LED lights inside the store signs or the timber inside the walls, but as part of our communication with customers, we make an effort to let them know about our initiatives even in places where they cannot see them.

Another example of our efforts is the "Kubiki" line of original chilled sake (see page 11). Many of our people, myself included, have actually gone to the sake brewery, and by getting directly involved in the work of rice planting and sake making, have been able to really experience the importance of human harmony with nature. One could say with this product line, people, the environment and the product are very closely connected to each other.



Nobuyuki Abe  
President and Representative Director  
Ministop Co., Ltd.

阿部信行

### Spreading fair trade around the world

Ministop has already been handling fair trade products since 2006 (see page 5). Fair trade is a very meaningful framework in society, because by protecting producers' interests it enables them to be more self-sufficient. Unfortunately, however, the level of awareness about fair trade is still relatively low in Japan, and the volume of fair trade products in the market is also relatively low, so there is a lot of room for expansion. Perhaps one reason for the low receptivity to fair trade here is the lack of effort by the corporate world. Some say that fair trade has not attracted many business professionals, but Ministop has made it a goal to turn fair trade into a viable business. As one step to accomplish this, in fiscal 2010 we appointed a person in charge of fair trade, and we aim to really promote fair trade, working also in liaison with experts, NGOs and other organizations.

### A new Ministop with eyes on the future

Ministop's thirtieth year has been an important turning point. We adopted a slogan of "going back to basics," reexamined our role in society, and gathered ideas and input from the entire company. Now we have adopted a new mission to be fulfilled together with our franchise stores. Our mission incorporates the idea of "realizing a society full of beaming smiles," using Ministop's own special "deliciousness" and "convenience" to enrich the hearts of everyone with whom we deal.

Dialogue is important if we are to fulfill this mission. To deepen this dialogue, through the ABC (Abe Club) I have been making an effort to directly exchange views with staff on a department-by-department level (see page 20). In addition, starting in fiscal 2010 we created the Ministop Customer Satisfaction (CS) Forum (see page 19), in which each franchise store can dialogue directly with Ministop management. By offering opportunities for this kind of dialogue, we have been able to reach a shared understanding on various issues more than ever before.

The importance of communication with customers was also raised in the Chat with the President (see page 3). This discussion pointed out that in the context of diversity of information and the interactions between people, both inside and outside the company, better communication is essential in order for individuals to better share their thoughts and ideas.

Current economic conditions are not representative of the period of the past 30 dynamic years, and customers today are only interested in anything if it has real value. To help people feel a sense of abundance, Ministop will constantly strive to offer true value, deepen our connection with customers, and grow together with local communities.



### AEON's Basic Principles

As a member of the AEON group of companies, Japan's leading retail group, Ministop adheres to AEON's Basic Principles and Code of Conduct. The word "AEON" is originally a Latin word meaning "eternity." The center of our philosophy is "our customers." As a company that is committed to maintaining customer focus, our consistent mission is to provide our customers with maximum benefit.

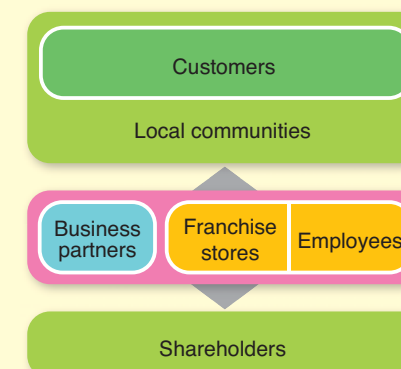


### The AEON Code of Conduct

1. AEON people are always grateful to the many other individuals who provide support and help, never forgetting to act with humility.
2. AEON people value the trust of others more than anything else, always acting with integrity and sincerity in all situations.
3. AEON people actively seek out ways to exceed customer expectations.
4. AEON people continually challenge themselves to find new ways to accomplish AEON ideals.
5. AEON people support local community growth, acting as corporate citizens in servicing society.

### "Mission" of Ministop Business

We realize a society full of beaming smiles with "deliciousness" and "convenience."



Ministop is supported by a wide range of parties, including customers, shareholders, local people and communities, business partners, franchise stores and employees. We value dialogue to help our business activities bring a smile to everyone with whom we interact.

#### Customers:

All individuals and groups that utilize our products and services are our customers.

#### Communities:

We aim not only to offer convenience for shoppers, but also to serve as an essential part of our local communities, through cooperation with local governments, schools, neighborhood activities, and more.

#### Business partners:

We build partnerships based on fair business practices.

#### Franchise (FC) stores:

Franchise stores are partners that share with headquarters our mission to be part of the community and bring smiles to customers.

#### Employees:

Employees are individuals working at the headquarters. Each employee plays a part in making this a company of motivated people.

#### Shareholders:

We raise corporate value by enhancing our financial performance and management, and also by paying attention to the societal dimensions of our business.

1. Japan Franchise Association (JFA) <http://www.jfa-fc.or.jp/particle/108.html>  
3. 10th Conference of the Parties to the UN Convention on Biodiversity

2. 15th Conference of the Parties to the UN Framework Convention on Climate Change



# Fair Trade: Delivering Prosperity and Wellbeing

Ministop invited specialists to join an exchange of ideas and opinions about how to have more customers know about and be interested in buying our fair trade products (see more on page 5).

This discussion was held on December 22, 2009.

## Fair trade in Japan: Current status, issues, and Ministop's initiatives

Fair trade offers valuable ways to address social concerns in developing countries, but it should not be used only to promote an image of social contribution; if fair trade does not mature into a market that sustains fair trade mechanisms, it will not be effective in solving problems. In this discussion we look at current status and issues relating to fair trade, and reflect upon Ministop's initiatives.

**Abe** : Ministop wants to offer customers a sense of fulfillment and a new sense of value, so since launching sales of Fair Trade Can Coffee Black in 2006, we have added other fair trade products, including chocolate, fruit juices, dried mango, and so on. We continue to procure raw materials, develop new products, and sell the products in stores, while cooperating with manufacturers, nonprofit organizations, experts, and others.

**Maeda**: Fair Trade Can Coffee Black was the world's first product of its kind. By offering it in cans, we made it easier for customers to purchase this coffee and have made the product easier to sell in convenience stores.

**Fujimoto**: This was a year of continued price-cutting in the coffee market, but even though we maintained our original prices on our Fair Trade Can Coffee Black, customer demand was steady, so I get the sense that customers also recognize its quality.

**Inoue**: It was during the 1980s and 1990s that fair trade really got started in Japan, but it has been only in the past ten years or less that the average person has become aware of fair trade. The awareness level and market here are not as mature as in Western countries.

**Maeda**: Besides Fair Trade Can Coffee Black, Ministop has also handled other fair trade products. But with the exception of coffee, it is difficult to secure a stable source of product, so we tend to offer limited quantities for only a certain period of time or only in a certain part of the country.

**Inoue**: These kinds of problems always arise when we try to sell fair trade products in Japan. Packaging and stocking are still done mostly in small units in Japan, with the result being that production costs are higher than necessary here compared to Europe.

**Funaki**: With the exception of people who have a higher level of interest in fair trade, one problem is that not enough information is getting across to consumers. Interest in fair trade is gradually rising today, so it is important to let more people know that they can buy fair trade products at Ministop.

## Popularity of fair trade products

Fair trade products still present many challenges, but to raise their popularity, specifically, what kind of initiatives are needed?

**Inoue**: Fair trade certification and labeling (see page 5) are effective ways to help fair trade products get better recognition, but certification does cost money. In Japan, a lot of business is being conducted in folk handicrafts that are not subject to labeling, so the level of awareness has not risen higher and consumers are not yet at the stage where they will choose to purchase a product simply because it has a fair trade mark on the label.

**Funaki**: Besides labeling as a means of letting people know more about fair trade products, it might also be worth thinking about communication approaches available to convenience stores exactly because they are familiar to people and located nearby in the neighborhood.

**Inoue**: Many organizations are engaged in fair trade and work under the principles of fair trade, even if their products are not certified with an international label. The important thing is to convey the fact that they are fair trade products. Labeling is an effective way to have people recognize a product, but it is at best only one of several approaches.

**Abe** : It is essentially the store staff who have the ability to properly introduce products to customers. The same goes for any product. This is why it is essential that franchise store staff convey information during their interactions with customers in the store, for example, by mentioning the meaning of fair trade products.

**Funaki**: Perhaps Ministop can consider itself to be a communication platform. Advertising is not the only form of communication.

**Abe** : We can also see some potential for word-of-mouth to spread product awareness. For example people may mention to family and friends that Ministop is carrying fair trade products, or simply raise the topic of fair trade.

**Funaki**: I believe Fair Trade Can Coffee Black has its own strong customer appeal as a coffee beverage in a can. It sells because the product itself is appealing. From the customer's perspective, it is after drinking the coffee that the person becomes aware it is a fair trade product. The next time, the customer may decide to seek out a fair trade product to buy.

**Abe** : We cannot ignore the price point if we want to popularize a product. I would like us to create a framework that can attract a lot of customers to make a purchase, while we still maintain a certain price and product quality. This is a framework we can achieve and these are products we can procure exactly because of the large number of Ministop stores, so we will tackle the issues of fair trade products while making the most of our strengths.

Reiko Inoue  
President  
PARC Interpeoples' Cooperation (PARCIC)



Approaches that emerged in the West have become the international standard for fair trade today, but I think it would be a good thing to develop a new style centered on Japan and Asia. There is an opportunity to do this now because the awareness of fair trade is still relatively low here. I would like to find ways to communicate the meaning of fair trade that are easy for Japanese to understand.

Shigenori Funaki  
Account Director  
Business Planning Department, Business Producing Division, HAKUHODO Inc.



A key question is how you want customers to view Ministop's fair trade products, so your choice of how to communicate the message is critical. If you can establish these as strategic products that Ministop customers can feel an affinity for, I think you can create a sense of attachment for Ministop as their store of choice.

Nobuyuki Abe  
President and Representative Director  
Ministop Co., Ltd.



I would like to create a new sense of value, different from the conventional concept of a convenience store. Fair trade is one of those new senses of value. Ministop is looking seriously at the issues facing fair trade today and is committed to tackle them head on in a realistic way.

Akihiko Maeda  
Managing Director, General Manager of Merchandising Div.  
Ministop Co., Ltd.



We started this initiative with fair trade products to create something of value and boost customer satisfaction with Ministop. Convenience stores are always launching new products. Many of them don't survive as regular products, but we are making an effort to keep offering fair trade products.

Akihiro Fujimoto  
Director, General Manager of Fast Food Merchandising Div.  
Ministop Co., Ltd.



If we can carry fair trade products in the category of fast foods—for which Ministop is well-recognized in the market—I believe we can strengthen our communication with customers and win greater customer recognition.

## Future initiatives

A variety of opinions emerged about addressing the issues involved in fair trade products and popularizing them in Japan. What approaches can Ministop take to tackle them?

**Funaki**: What if, in cooperation with experts, nonprofits, and other organizations, we were to establish Ministop's own standards and communicate them to customers? This would be something like Ministop's own fair trade label.

**Fujimoto**: There already exist various concepts of certification labels for fair trade, but Ministop probably also has some of its own unique ways. We will consider the best approaches to popularize fair trade products.

**Funaki**: To create a sustainable society, people need to get a sense of fulfillment that cannot be obtained simply by the pursuit of practicality. Fair trade products are one type of product that can give people this sense of fulfillment.

**Maeda**: The fact that we are able to have customers enjoy buying Ministop's soft ice cream as a regular Ministop product is, I think, because we have consistently communicated about our high standards for ingredients and production methods to our customers. By engaging in this type of communication with customers, we will work to popularize our fair trade products as well.

**Inoue**: I hope that Ministop will match up people involved in fair trade and a variety of senses of values, help to create cooperative relationships, and work collaboratively to develop products.

**Funaki**: I would like to see Ministop continue challenging itself and working confidently as a convenience store committed to continue selling fair trade products. I also encourage you to develop ways to visually portray your achievements in handling these products.

**Abe** : Fair trade products will probably not become more popular just because they are fair trade products. We have to satisfy customers on all dimensions—product quality, price, and the message that comes with the product. From this discussion, I also realized the importance of having store staff who can properly communicate the message about fair trade products when customers ask for them, so that customers can really feel the sense of fulfillment not possible through mass production and mass consumption. We will work to further develop, offer, and popularize fair trade products and contribute to society in Ministop's own special way as a convenience store.



Note on fair trade: By paying fair prices to producers and laborers of low social and economic standing in developing countries, fair trade helps to protect their rights and support their independence.



## Fair Trade: Realizing a Society Full of Beaming Smiles

Ministop has been carrying fair trade products since 2006. By having customers purchase fair trade products, we are both securing the profits of producers and delivering peace of mind to customers.



More than half of the people in England and Germany know about the concept of fair trade, and in these countries the market for fair trade products has grown to a considerable size. The spirit of fair trade is for producers, retailers and consumers to all enjoy the benefits of fair trade products, and to support the continued independence of producers. Another big advantage is that many fair trade products are healthy because they use organically-grown ingredients.



Fairtrade Certification Mark: Only businesses which have met the standards set by Fairtrade Labelling Organizations International (FLO) are licensed to use this label. FLO-CERT, an independent organization, verifies compliance with the standards.

FY2009  
Number of  
fair trade  
products sold

1.36  
million

### Promoting fair trade products

In 2009, we launched sales of three new fair trade items. While few customers choose an item just because it is a fair trade product, we hope that since we will continue selling these products, more customers will discover them and become interested in fair trade. In May, we started selling Fair Trade Cafe Au Lait, and sold our entire inventory in just one month. Besides coffee, which has a high sales volume, it is extremely difficult to develop other fair trade products from a price perspective, but I hope to expand our fair trade lineup to other items as well.

Rie Zukawa  
Dessert & Beverage  
Merchandising Dept.,  
Merchandising Div.



### Future initiatives

Going forward, I would like to focus on two big objectives: having people understand the fair trade concept and knowing what effect buying these products has, as well as expanding the lineup of fair trade products we sell in our stores. It is important for franchise stores, employees, NGOs, NPOs, customers and other people in a variety of positions to take advantage of their respective strengths and work together to accomplish these objectives.

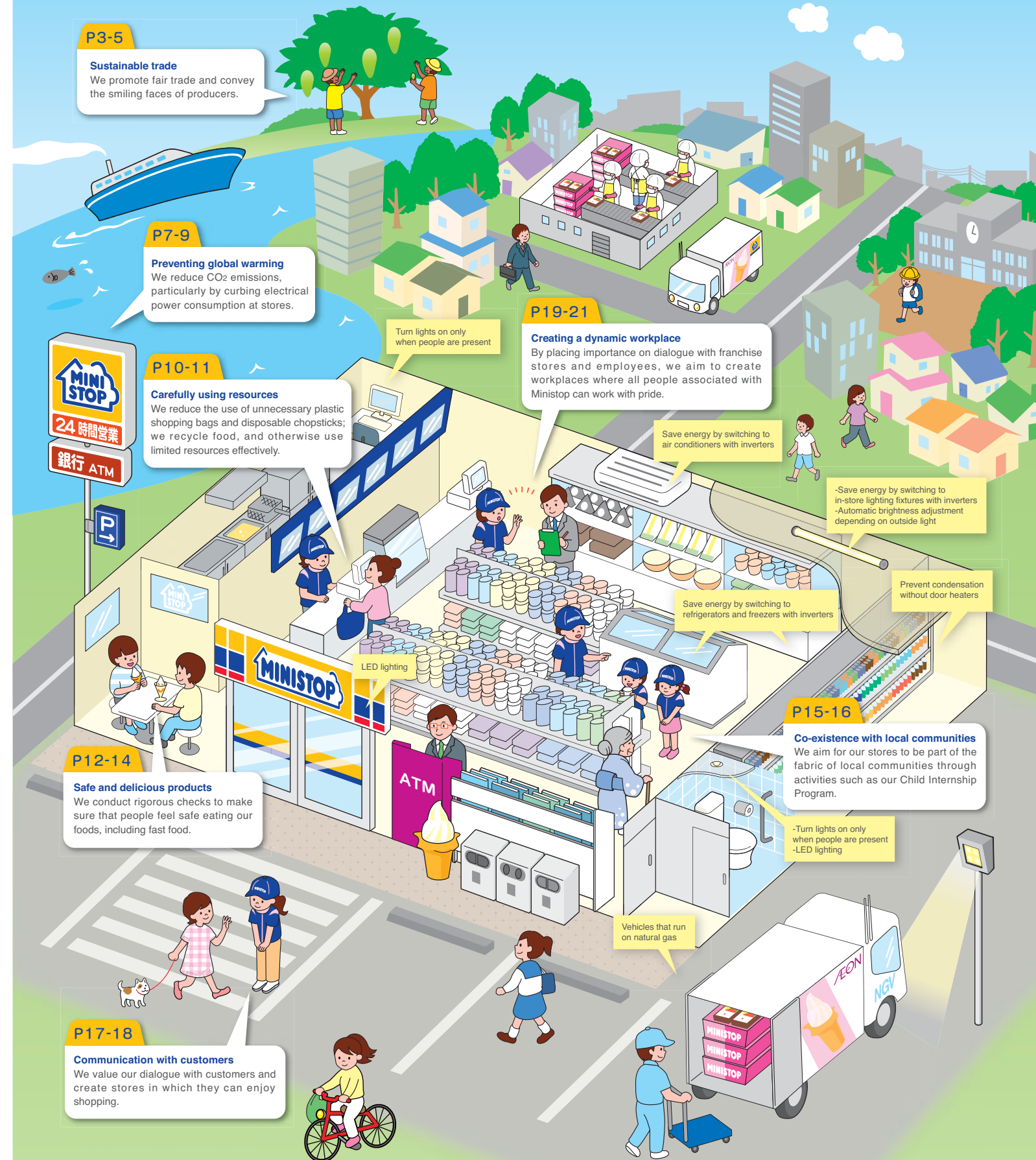
Sachiyo Okamura  
Coordinator Merchandising Dept.,  
Merchandising Div.



## CSR MAP

### Ministop's Initiatives for the Environment and Society

Ministop aims to create stores where all people involved will have smiling faces.



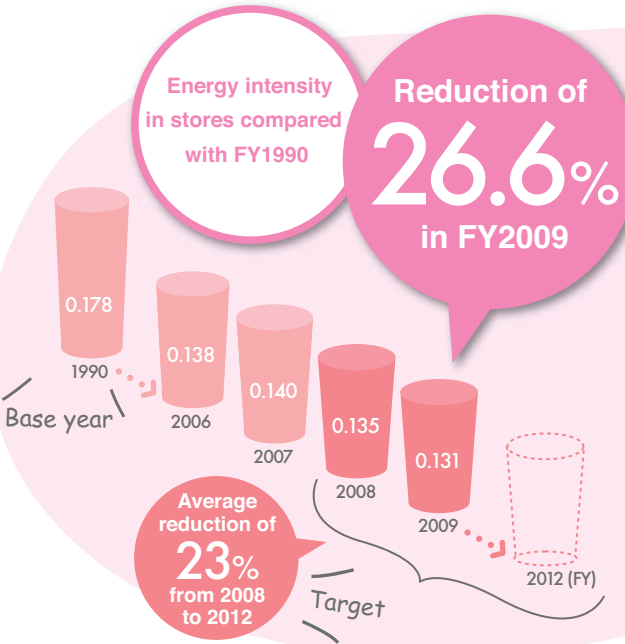


## Environmental Initiatives



Because at least 80% of Ministop's total CO<sub>2</sub> emissions are from electricity use at stores, keeping our power consumption down is an important part of our efforts to prevent global warming.

In addition to reducing electricity consumption in our stores, Ministop is advancing various efforts together with customers to prevent global warming.



### Reducing CO<sub>2</sub> emissions at stores

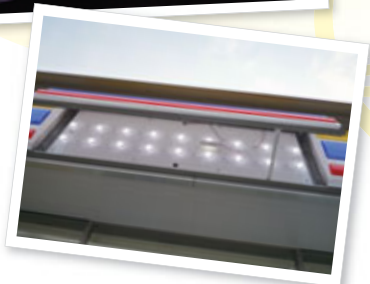
To cut CO<sub>2</sub> emissions, Ministop has set the goal of reducing the energy intensity in stores by an average of 23% (compared with the fiscal 1990 level) between 2008 and 2012.<sup>1</sup> Refrigeration and freezer equipment uses the greatest amount of electricity at Ministop stores, accounting for 39.1% of the total electricity consumption in stores. Therefore, Ministop has been working steadily to install high-efficiency freezers and refrigerators.

Ministop has successfully reduced the energy intensity in stores by 26.6% (from the fiscal 1990 level) in fiscal 2009 by gradually introducing the latest energy-efficient air conditioning and lighting facilities at existing locations.

1. Energy intensity (kWh/m<sup>2</sup>·h) in stores is the amount of energy consumed per unit of floor space, per hour of store operation.

### Switching store signs to LED lights

Ministop is reducing electricity consumption by 63.8% from conventional stores by switching the light tubing of our three-color decorative facade store signs from fluorescent to LED lighting, beginning with new outlets in the last half of fiscal 2009. We are also reducing electricity consumption 55.4% by adopting LED lighting for our pylon signs as well.



Number of stores that introduced LED lighting in FY2009

34 stores

### Stores constructed using FSC-certified wood

In December 2009, Ministop opened the Ministop Koshigaya-Laketown East Store, in Saitama Prefecture, the first commercial facility in Japan constructed using 100% FSC-certified timber grown in Japan. This store itself is also FSC-certified.<sup>2</sup>

At stores built using Japanese FSC-certified timber, the CO<sub>2</sub> emissions generated from resource extraction through to materials production are 33% less than generated for steel-frame structures. These stores contribute toward Japan's goal of using forests to reduce CO<sub>2</sub> emissions by 3.8%, to realize the Kyoto Protocol targets.

Ministop plans to open at least 20 FSC-certified stores per year from now on.



2. FSC certification: The Forest Stewardship Council (FSC) is an international non-profit organization which provides certification of lumber that is produced in an economically sustainable manner. The certified lumber is produced giving consideration to preserving the forest environment, and without harming the interests of local communities. The use of FSC-certified products contributes to maintaining the health of the world's forests and protecting the global environment.

### Ministop launches car-sharing service<sup>3</sup>

Ministop launched the "i-share" car-sharing service, which makes use of convenience store parking lots, in collaboration with Japan Car Sharing, Inc. from October 2009.

We aim to meet consumer demand for access to cars just when people want to use them, taking advantage of convenience stores, which have become part of the infrastructure of our lives. While expanding the number of locations where this service is offered, Ministop is also considering the introduction of electric vehicles and charging stations to further reduce impact on the environment.

3. Car-sharing is a new model of car use whereby individual cars are accessed (shared) by multiple users.

### Sales of carbon offset products<sup>5</sup>

In 2008, Ministop began selling carbon offset products, whereby customers can contribute to the reduction of CO<sub>2</sub> emissions by buying products.

When customers purchase carbon offset products, a portion of the sales price is used to purchase CO<sub>2</sub> emissions credits under the Clean Development Mechanism (CDM) of the Kyoto Protocol.<sup>6</sup> These credits are donated to the Japanese government to help Japan achieve its CO<sub>2</sub> reduction goals. In addition to regular carbon offset products, Ministop introduced carbon offset winter gifts in 2009.



Hello Kitty shopping bags and tumblers



Shabondama Sekken (additive-free soap company) gifts



People Tree Fair trade organic herb tea set Fair trade organic tea set

373 units

Total sales of 2009 carbon offset winter gifts

5. Carbon offset products: Products for which CO<sub>2</sub> emissions credits are purchased to offset the CO<sub>2</sub> emitted during product manufacturing, etc.  
6. Clean Development Mechanism (CDM): The CDM is a framework under the Kyoto Protocol whereby industrialized nations provide technical, financial or other support to reduce CO<sub>2</sub> and other greenhouse gas emissions in developing countries, and the donor nations can deduct a portion of the emissions reductions achieved from their own emissions volumes. These reductions can be bought and sold as emissions credits.

### Providing used oil for biofuel

In August 2009, Ministop began providing used cooking oil as a raw material for biodiesel on a temporary basis in fiscal 2009 from 218 stores (as of June 2009) in the 23 wards of Tokyo.<sup>4</sup> The used oil was refined into biodiesel, blended with light diesel (to make B5 fuel), and mostly used for municipal buses.

The use of this fuel reduced CO<sub>2</sub> emissions by about 83 tons per month compared with using light diesel only.

4. Biodiesel is a plant-based fuel. While the combustion of biodiesel does emit CO<sub>2</sub>, this is the CO<sub>2</sub> that was fixed in the plants from which the fuel was made, so these are not counted as new CO<sub>2</sub> emissions. Biodiesel is considered to be carbon neutral, and reduces CO<sub>2</sub> emissions when it replaces fossil fuels.

### Carbon footprint labeling

Ministop is participating in activities toward the establishment and authorization, under Japan's carbon footprint system, of a PCR for chilled beverages.<sup>7,8</sup>



Unified carbon footprint mark

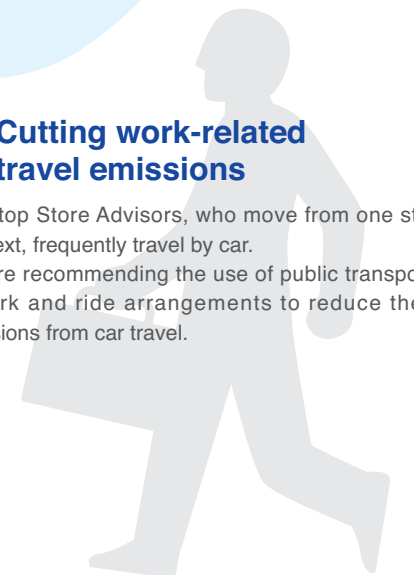
7. Carbon footprint system: A Japanese government initiative to prevent global warming whereby the life-cycle greenhouse gas emissions (CO<sub>2</sub> emissions equivalent) from a given product or service are calculated, and clearly displayed with a unified mark.

8. PCR (Product Category Rule): The PCR stipulates the use of common CO<sub>2</sub> emissions calculation standards for each product or service category.

### Cutting work-related travel emissions

Ministop Store Advisors, who move from one store to the next, frequently travel by car.

We are recommending the use of public transport and of park and ride arrangements to reduce the CO<sub>2</sub> emissions from car travel.



## Environmental management

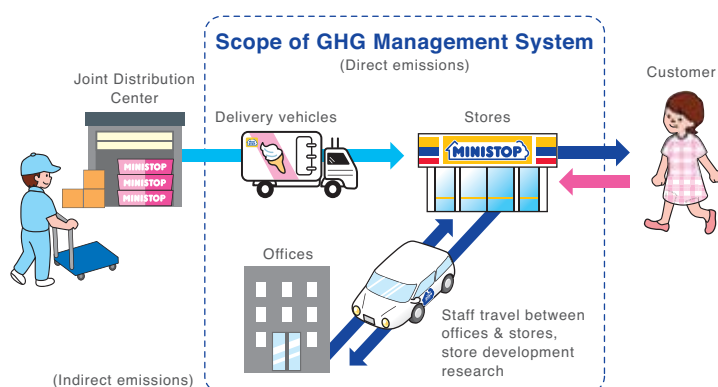
### Conformity with ISO 14001

Starting in fiscal 2010, Ministop will check the status of conformity with ISO 14001 environmental management system requirements through internal audits based on Ministop's environmental manual.

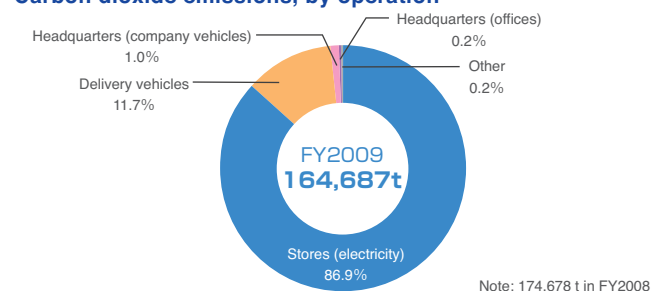
## Greenhouse gas management

Ministop created its Greenhouse Gas<sup>1</sup> Management System based on GHG Guidelines<sup>2</sup> with the aim of effectively reducing greenhouse gas emissions throughout its operations. In 2005, the company implemented the GHG Management System at all levels of its organization and business activities,<sup>3</sup> to cover direct emissions caused by delivery from the Joint Distribution Center, stores, offices and staff travel between offices and stores.

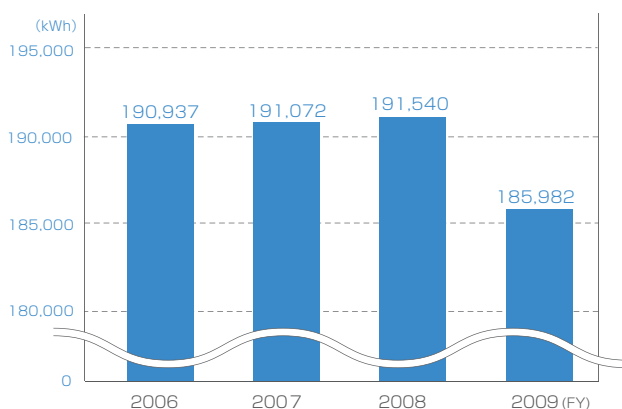
1. Six greenhouse gases are defined in Japan's Law Concerning the Promotion of Measures to Cope with Global Warming (1998), including carbon dioxide, methane, nitrous oxide, and three chlorofluorocarbon (CFC) alternatives.
2. The Guidelines for Company Reporting on Greenhouse Gas Emissions (2005)
3. Due to the diversity of the company's operations, measurement of the GHG emissions of N.B.G. MS Network Co., Ltd. is limited to the company's retail stores.



### Carbon dioxide emissions, by operation



### Annual amount of electricity consumption per store



### Ministop Environmental Policy (Third revision)

We will consider the global environment, together with our customers, franchise stores, and business partners. Aiming to create a recycling-oriented society, we will learn together and take action, with a full recognition of our respective roles.

#### Continuous improvement

We will continuously improve our environmental management systems, and will set and periodically revise our environmental targets and objectives based on this Environmental Policy. We will incorporate environmental practices (green procurement, resource conservation, energy conservation, reuse, recycling, waste reduction, etc.) into all our business activities.

#### Compliance

We will comply with all laws and regulations relating to environmental protection, as well as any environmental commitments made by Ministop in response to requests.

#### Safe and reliable products and services

We will develop and select safe and reliable products and services, while considering the diverse lifestyles of our customers.

#### Environmental protection activities

We will participate proactively tree planting and other environmental protection activities.

#### Policy awareness

We will promote awareness of our Environmental Policy among Ministop employees and all people associated with Ministop operations.

#### Policy disclosure

We will make our Environmental Policy available to the public and properly disclose all related information.

## Initiatives at company headquarters and offices

The headquarters and other offices strive to reduce CO<sub>2</sub> emissions by instituting "cool biz" and "warm biz" dress systems (these terms relate to a government-sponsored awareness campaign promoting business wear that better matches the season, in order to reduce office heating and cooling costs), and by setting the air conditioning at appropriate temperatures.

In addition, the Saitama Nara-machi Store (Saitama Prefecture) began using an electric vehicle (Mitsubishi Motors i-MiEV) on a trial basis in fiscal 2009 to contribute to lowering CO<sub>2</sub> emissions during staff travel.



Electric vehicle i-MiEV

## Distribution initiatives

Ministop has worked to reduce the total number of delivery routes by making routes more efficient, thereby increasing the number of stores serviced on each route. As a result, the driving distance per store has decreased by 2.1 kilometers since fiscal 2008, while average monthly emissions of CO<sub>2</sub> and other greenhouse gases have been cut by approximately 29 tons. In addition, we have proactively introduced vehicles that run on compressed natural gas (CNG). As of February 28, 2010, we had 34 CNG vehicles in our fleet. In fiscal 2010, we aim to reduce the weight of our temperature-controlled delivery trucks by approximately 85 kilograms, thereby increasing fuel efficiency and reducing CO<sub>2</sub> emissions.



Natural gas-powered truck

## Reducing waste

### Food product recycling

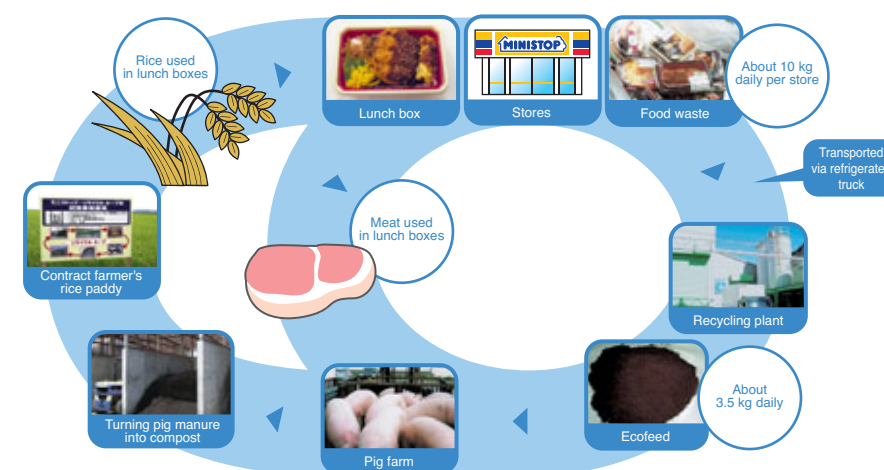
The fiscal 2009 food recycling rate was 47.4%. In accordance with Japan's Food Recycling Act, we will continue to work towards a target of increasing the recycling rate by 2% each year through 2012 to achieve our ultimate target of a 50% recycling rate.

Ministop views leftover food items not as waste but as a resource. In 1998, we began trials and tests of composting and other methods to recycle leftover food. The result was the start in 2004 of our "ecofeed" project, producing feed mainly for use by pig farmers.

Meat from pigs raised on ecofeed is used in our minced pork outlet lunch boxes, which went on sale in April 2008. The ecofeed project is currently in operation in Kanagawa Prefecture, and we plan to gradually establish similar projects in more regions in the future.

In addition, we are implementing a program in which pig manure is turned into compost and used by farmers under contract to cultivate rice. We aim to create a recycling loop, whereby rather than throwing away food, we effectively utilize it and once again return it in a new form to our stores.

### Ministop's food recycling loop



### Commitment to quality feed

For our food recycling initiatives to be sustainable, the feed and compost from food recycling must be of high quality so as to satisfy farmers. To this end, Ministop uses high-grade recycling plants and plays a central role within the AEON Group to develop schemes that will ensure stable supplies.

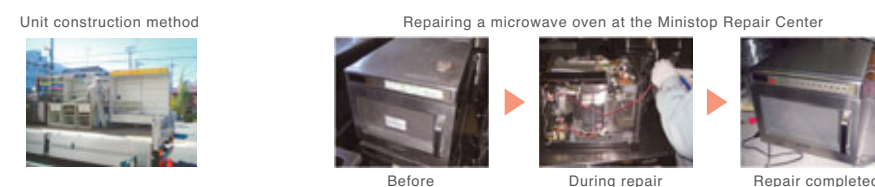
Since Ministop's founding in 1980, we have recycled 100% of the used cooking oil coming from the preparation of fast foods for our stores, using outside contractors to convert the used cooking oil into livestock feed, soap, and ink, etc.

We also carried out a project (see page 8) to supply used oil as a raw ingredient for biodiesel fuel.

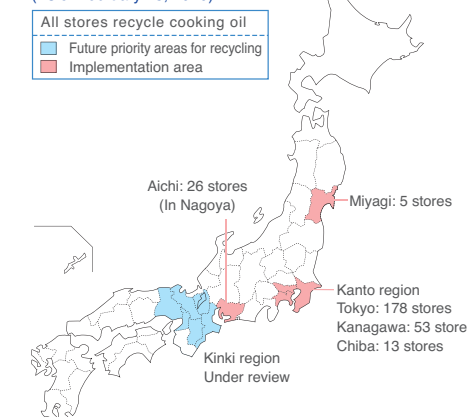
### Reducing construction waste and reusing equipment

For buildings that meet certain requirements, we assemble prefabricated units on-site, which reduces the amount of waste material produced.

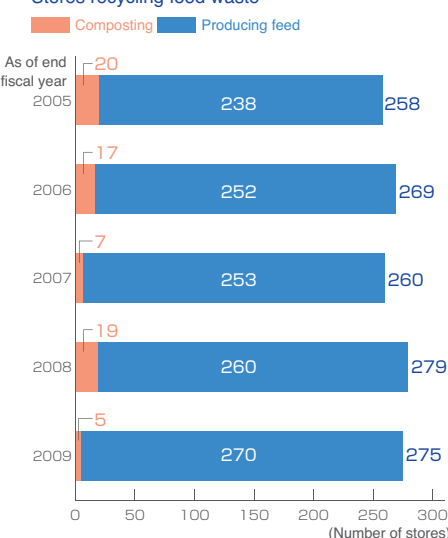
When stores are renovated or closed, furnishings and equipment are collected at the Ministop Repair Center, where they are repaired and reconditioned for use in future stores.



### Areas recycling food waste (As of February 28, 2010)



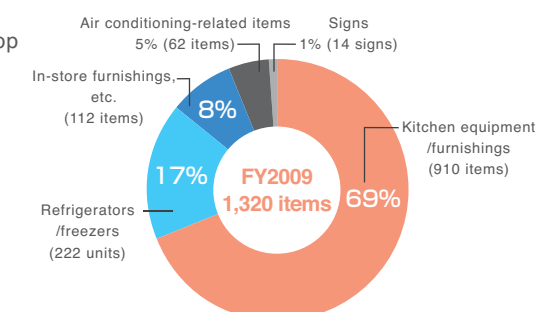
### Stores recycling food waste



### FY2009 Food recycling rate

47.4%

### Reused equipment and furnishings





## Reducing usage of plastic shopping bags and disposable chopsticks

Because convenience stores sell box lunches and other prepared food for customers to heat and enjoy right away, and because most sales are to people on their way to something, we always make sure to ask if customers need plastic bags or disposable chopsticks, rather than automatically giving them to everyone.

### Reducing plastic bag usage

We hope to change customers' habits, by asking those who do not really need plastic bags to cooperate in cutting down on unnecessary plastic bag usage and making sure that appropriate sized bags are used; we are also increasingly utilizing bags that use less material. By continuing our experimental effort to provide cash back to customers who do not use bags, we achieved a 33% reduction in plastic bag consumption in fiscal 2009 (exceeding our target of a 32% reduction compared to 2001).

We will continue to strengthen our efforts, with a 2010 goal of achieving a reduction of 35% in plastic bag consumption compared to 2001.

### Number of items given out per store each year

	FY2007	FY2008	FY2009
Shopping bags	235,861	227,495	218,868
Disposable chopsticks	54,513	53,128	49,250

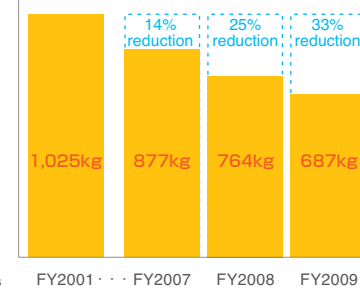


In-store sign encouraging reduced usage of disposable bags and chopsticks

Average store consumption of shopping bags compared to FY2001

33% reduction

### Annual usage of shopping bags per store



## Supporting the "Go En No Kizukai" Chopsticks campaign and the "My Chopsticks Club"

We participate in waste-reduction activities through our stores, including the "My Chopsticks Club" and sales of our "Go En No Kizukai" (Five Yen for Forest Care) Chopsticks, which contribute to the "KIZUKAI-UNDO" (Wood Products Use Campaign) to revitalize forests by making use of domestic timber thinnings. In addition to reducing the number of chopsticks we give to customers, we work through our stores to communicate the benefits of more customers using our "Go En No Kizukai" disposable chopsticks.



## TOPICS

Since 2005, Ministop has collaborated with the Kubiki Sake Brewing Co., Ltd., based in Kakizaki, Niigata Prefecture, on the Kubiki line of original chilled sake.

Ministop set out to create fine sake products, and our initiative spread as far as those working in rice paddies and sake breweries, addressing every element leading to fine sake, including the land, water, rice, and even the rice malt. Our employees have even participated in rice planting and harvesting, as well as the preparation and pressing stages of the sake-making process, sharing both the hard work and the joys of the process.

Our hope is that through these products, we can provide an opportunity for not just those producing and selling the products but everyone—including our customers—to join with us in thinking about the value of nature. For this reason, since 2008, we have also donated a portion of sales to support tree planting activities in the watershed around Kakizaki.

We aim to contribute to public appreciation of biological diversity through these tree-planting activities and by helping people learn about water.



## Ministop's Key Initiatives

## Ensuring Food Safety

At Ministop, we undertake a variety of efforts to ensure that our customers can enjoy our products with peace of mind.

In addition to ensuring sanitary conditions at all our stores and withdrawing any products that have passed their expiration dates, we carefully control the quality of our products at every step, from the procurement of raw materials to processing at our plants, and up to the point of sale.

## Quality and hygiene control

### Cooperation with our suppliers

Ministop brand products (including fast foods, box lunches, bread products, prepared foods and cooked noodles) must undergo a "line test" prior to sale, to confirm that the products meet specifications for taste and product safety.<sup>1</sup> Product inspections are also conducted in-store to ensure safety.

We further ensure safe and reliable products by having third-party audits that confirm the hygiene and quality management conditions at our factories. We utilize world-class inspection agencies to ensure the safety of the production processes of our overseas suppliers.

In addition, we have created a Quality Improvement Committee that brings together our business partners, and regional sub-committee meetings are held regularly so that each company can share information and know-how, including with government and industry participants. Through sharing best practices, we work to improve the level of performance of each processing plant.

1. Line Tests: Tests conducted on the actual production line to verify that products are produced in accordance with required quality standards prior to offering them for sale.

### Hygiene and quality management at stores

To continue to provide safe and reliable products for our customers, third-party "store hygiene audits" are conducted twice each year, including surface swab tests of equipment and fixtures, oil oxidation tests, checking of hygiene conditions in kitchens, and checking of product storage and control conditions. Store Advisors also conduct inspections each week to verify hygienic conditions and quality assurance at our stores.

The equipment that serves our soft ice cream, a popular Ministop product, is sterilized daily, and disassembled, cleaned and sterilized every week, with quarterly safety inspections and replacement of parts. Additionally, third-party product testing is performed six times per year, to ensure product safety.



## Choosing products with confidence

### Allergy and nutrition information

We provide nutritional information and warnings of potential allergens on the product labels of our box lunches, bread products, prepared foods, cooked noodles and other food items. Information is provided on 25 allergens, including the seven items mandated by law, as well as for eighteen items that we list voluntarily.

Allergen and nutrient information for our fast food items is also available through our website and special web browser for handheld devices. In consideration of those customers having multiple allergies, we make it easy to search these websites for multiple allergens (up to 25 items), allowing users to specify whether they are searching for products that either do, or do not, contain the specified items.

### Screen views of our online allergen information websites (<http://www.ministop.co.jp/menu/allergen/>) (Japanese Only)

Users can search for products containing potential allergens.



Users can check for allergens, calorie counts and other nutritional information.

アレルギー情報	卵	乳	小麦	大豆	そば	そば	鶏卵
鶏卵	含有	含有	含有	含有	含有	含有	含有
小麦	含有	含有	含有	含有	含有	含有	含有
大豆	含有	含有	含有	含有	含有	含有	含有
そば	含有	含有	含有	含有	含有	含有	含有
鶏卵	含有	含有	含有	含有	含有	含有	含有
アレルギー情報	卵	乳	小麦	大豆	そば	そば	鶏卵
含有	含有	含有	含有	含有	含有	含有	含有



# The Crunchy Chicken Story

Ministop's popular Crunchy Chicken, a delicious combination of chicken and potatoes. Here is the story behind this safe and tasty treat, from the source to the customer.

## Raising chickens

你好!



The chickens are raised on a poultry farm in the outskirts of Beijing under a management policy formulated by the poultry farm based on the "Five Uniformities" recommended by the Chinese government.



Wang Wan Li  
Chicken Farm Plant Manager  
BEIJING HUADU BROILER CO.

The most important aspect of chicken farming is good health management to prevent birds from becoming ill. The farmers carefully control temperature, moisture and airflow in the chicken coops, and the birds receive regular health examinations by resident veterinarians. To prevent infection, the coops are located away from town, and the entry of humans is strictly limited. The manager resides on site, and avoids all outside contact. The coops also follow the all-in, all-out method whereby all the mature birds are shipped at once and then replaced with an entirely new batch of chicks after the coops are sanitized in accordance with international standards. The birds are given feed prepared at a directly managed factory and raised under uniform practices for three generations (grandparent, parent and product generations) to produce high-quality chicken meat.

## The Five Uniformities

(Chinese government guidelines for raising poultry)

- Uniform Chicks: Have all broiler chicks provided by the same supplier
- Uniform Immunization: Have all poultry farms follow common disease prevention and disinfection regulations
- Uniform Feed: Source all the feed used from the same supplier
- Uniform Medicine: Use uniform medicine and management methods
- Uniform Butchering: Ship all mature birds in a single batch for butchering

## Chicken meat inspections



The chicken meat is inspected prior to acceptance for shipment using testing for viruses and so on, on samples from each coop.

The inspection laboratory, which has received ISO 17025 certification, runs tests to confirm that the birds have no diseases. This ensures that only high-quality, safe chicken meat is used to make Crunchy Chicken.



Wang Hong Wei  
Veterinarian and Vice President  
BEIJING HUADU BROILER CO.

## Cutting factory

Because the chickens are prepared at a cutting factory adjacent to the processing plant, they can be processed raw, without losing their flavor.

## Processing plant



All Crunchy Chicken is prepared at a chicken meat processing plant in the outskirts of Beijing. This facility has received ISO 9001, ISO 22000 and other certifications, and implements strict quality management under the HACCP standards.<sup>1</sup> The plant is also certified as a heat processing facility by Japan's Ministry of Agriculture, Forestry and Fisheries.

## Sales



Fried one more time at the store and served to the customer!

It took about 18 months to create Ministop's original Crunchy Chicken, from concept to product. We wanted to achieve a crisp, crunchy sensation with simple in-store handling. We carried out extensive research on the ideal size and shape. I can recommend our Crunchy Chicken with all confidence.



Fumiaki Mitsuzuka  
Food Section  
Fast Food Merchandising Dept.  
Merchandising Div.

1. HACCP is an abbreviation for Hazard Analysis and Critical Control Point. When used in food products manufacturing, the HACCP management system identifies potential food safety hazards, specifies critical control points, and continuously monitors these points to prevent risks.

### Flavoring



The chicken is marinated in a liquid with potato flour, which gives Crunchy Chicken its flavor.

### Coating



The chicken is delicately coated by hand with specially produced bread crumbs that are mixed with raw potatoes, and then deep fried in oil.

### Frying, freezing and sorting



The chicken is fried, frozen, and sorted by color and size.

### Inspection and packaging



The finished product is packaged after a final inspection to check for any foreign matter or other irregularities.

## Third-party inspections of Ministop supplier factories

SGS conducts annual inspections on 252 items specified by Ministop, including verification and discussions on improvements with factory managers.<sup>2</sup> The SGS inspections have given high ratings to the Crunchy Chicken plant.

2. SGS is an inspection, verification, testing and certification company based in Switzerland.



Han Jian Fei  
Vice President  
BEIJING HUADU BROILER CO.

We do certain work by hand at the production plant to bring out the flavor of chicken and potatoes. We cannot produce the best chicken without the direct attention of each employee. We educate all our employees in quality management and hygiene management. We help workers from distant regions find housing, organize recreational activities, and otherwise strive to create a comfortable work environment.



# Ministop and Local Communities

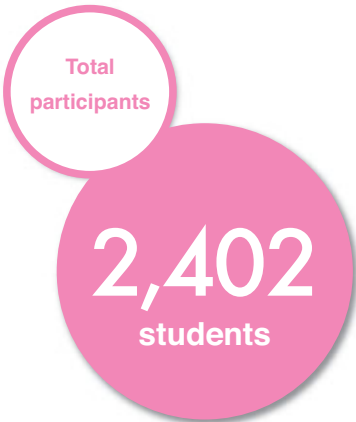
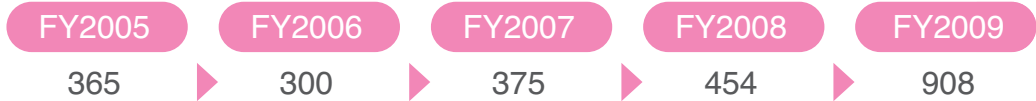


Ministop strives to gain the trust of those we serve, making the most of our unique position as a convenience store integrated into the life of local communities.

## Working with schools

Ministop's Child Internship Program, initiated in 2005, offers educational work experiences for elementary and junior high school students. Our hope is that this program helps participants learn the importance of greeting others, and that they will gain an appreciation for all those working in their community.

### Number of students participating in the Child Internship Program



We have been very fortunate to have the cooperation of the Ministop Kita-Kogane Store through such activities as the work experience it offers local children and the "Exciting Expedition Team" program, through which students explore and learn about the local community. The children get to learn about both the fun and the challenges of work, which helps them as they think about their future.



Working side-by-side with store staff has been really good for the children. We see how they greet others more warmly and are more accommodating to their younger schoolmates.

Mr. Hajime Miyamoto, Mr. Kohei Sueyoshi  
Kogane Elementary School  
(Matsudo City, Chiba Prefecture)



Because we want our store to be an integral part of the local community, we have been actively participating in the program to provide elementary and junior high school students with the experience of working at our store. We help the students prepare by working with them to draw up a work schedule, explaining what their duties will be and what it will be like to work at the store, all of which helps them gain a clear idea of what the work experience will involve.



There are also a lot of ways in which the store benefits by hosting the interns. In particular, because the children need to be shown how to greet customers with energy and welcoming smiles, the employees become motivated to be good role models, and the store becomes very lively. We plan to keep hosting the Child Interns and to further deepen our ties with the community.

Yoshiharu Ohashi, Store Manager  
Ministop Kita-Kogane Store (Matsudo City, Chiba Prefecture)

## "Safety Station" activity

### What is a Safety Station?

One role our stores play on a daily basis is to serve as "a safe and secure base" within the community. Through our voluntary efforts to provide Safety Stations, we partner with local communities and governments, helping nurture a safe and secure community and provide a healthy environment for young people. The Safety Station program is organized under the Japan Franchise Association.

### Safety Stations participating stores' conference—Award-winning store at the Fukuoka Prefecture conference



A woman in her twenties came into the store and asked us to call the police because she was being followed by a stalker. I felt a bit nervous calling the emergency number for the first time, but I called right away. She was able to wait in our Eat-in corner, and the police soon came and she was in good hands. I think she was able to avoid a bad situation by being able to stay in the store, in sight of other people.

Yuka Kuroiwa, Store Manager  
Ministop Kurume Mii Store (Kurume City, Fukuoka Prefecture)



Safety Station poster displayed on store entrance doors

## Cooperation with local governments

We have signed cooperative agreements with various local governments (19 prefectures and 8 cities) to support people who may encounter difficulties returning home during times of disaster.<sup>1</sup> In 2009, we signed a comprehensive agreement with Chiba Prefecture to contribute to regional development and support, including assisting people returning home during disasters. This agreement covers eleven areas under which Ministop commits to promote broad-ranging activities for the community, including promoting localized production of goods for local consumption as well as cooperation for responding to disasters in the area. We will continue to expand the geographical coverage and diversity of our activities in cooperation with local communities.

1. These include the prefectures of Aichi, Chiba, Fukui, Fukuoka, Gifu, Hyogo, Kagawa, Kanagawa, Kyoto, Mie, Nara, Oita, Osaka, Saga, Saitama, Shiga, Tokushima, Tokyo and Wakayama, and the cities of Chiba, Kawasaki, Kobe, Kyoto, Osaka, Sakai, Saitama and Yokohama.



Meeting with the Governor Kensaku Morita of Chiba Prefecture



"Specialties of Chiba" Lunch Box

### Fundraising activities

Beginning with the Circle of Flowers program, through which flower and tree seedlings have been donated to elementary schools since 1990, we conduct fundraising campaigns every year involving our customers, including for disaster relief and support for developing nations.

#### FY2009 Overview of in-store fundraising

Beneficiary	Period	Organizations receiving donations	Amounts donated at stores (yen)
"Chocolate for Happiness" Campaign <sup>2</sup>	3/1~3/31	Action against Child Exploitation (ACE)	45,388
Laos School Building Campaign	4/21~6/21	Japan Committee for UNICEF	7,127,234
24-Hour charity television program "Love Saves the Earth"	7/3~9/6	24-Hour Television Charity Committee (Nippon Television Network Corporation)	12,136,355
Philippine Typhoon Ketsana Relief Fund	9/29~10/13	Embassy of the Republic of the Philippines in Japan	3,766,519
Sumatra Earthquake Relief Fund	10/14~10/20	Embassy of the Republic of Indonesia in Japan	741,078
Haiti Earthquake Relief Fund	2010/1/15~1/31	Japan Platform	4,356,363
Circle of Flowers program	Periods other than listed above	The Foundation for Flowering and Greening	21,144,305 <sup>3</sup>
Total amount donated by customers			49,317,242

■ AEON group joint fundraising ■ Fundraising by Ministop

2. The "Chocolate for Happiness" fundraising campaign was carried out at nine stores.  
3. Total of in-store donations (11,052,670 yen) plus 1% of sales of soft ice cream every Saturday (10,091,635 yen).



Flower seedlings presented to children



Recycled plastic donation boxes that can be reused many times



## Communication with Our Customers



We place great emphasis on communicating with our customers in stores, so each customer can fully experience the convenience and delicious products at Ministop.

### Customer approach

We think it is important for each store staff to serve customers with cordial hospitality at convenience stores with strong ties to the local community, where customers feel free to drop by at any time. Communication with customers, starting with heartfelt greetings and assistance while shopping, is the very essence of the retail business. We actively seek customer opinions and feedback, and reflect these in making better stores.

#### Store communication example

##### Aiming to become a community base

We have made various efforts, right from the store opening, with the goal of becoming a store that is loved by the local community. Since our store is located in the center of an industrial zone, we participate in the industrial zone association to form closer ties with people from the factories nearby, and otherwise work at local communication by positively stepping out into the community. We receive orders for box lunches to cater industrial zone events held twice each year. We also cater local elementary and middle school baseball tournaments.

We put up a community bulletin board on the wall next to our Eat-in corner, which locals use to publicize their events. We also actively participate in the Yellowtail Program (see page 19) to improve the communications skills of store staff. Staff are on the front line of our operations, so staff training is essential to create a good atmosphere in stores. We will keep striving to ensure our staff greet and welcome customers into our stores, put smiles on customers' faces, and create an enjoyable shopping experience.



Masahiko Aizawa, Store Manager (right in photo)  
Ministop Shiroy Kawayago Store (Shiroy City, Chiba Prefecture)



Masato Miyamura, Assistant Manager, Kashiwa/Matsudo Area, Chiba Business Dept., Store Operations Div.

The theme at Store Operations Division this year is to maintain ongoing dialog with our franchise stores and customers. At Ministop, we deliver value to customers through our franchises. For that reason, we think it is important to maintain dialog between our Store Advisors and the franchises—which are in direct contact with customers—to know our customers more deeply. We seek to use that knowledge to propose and realize Quality Service and Cleanliness (QSC) as well as a product assortment that matches the demand at each locale. Certain items such as pre-ordered products, WAON (AEON Group's e-money), mobile coupons (available for mobile website members to receive a discount on a purchase) and Self Coffee foster communication and interactions with customers, and we are strengthening these products as a sales district.

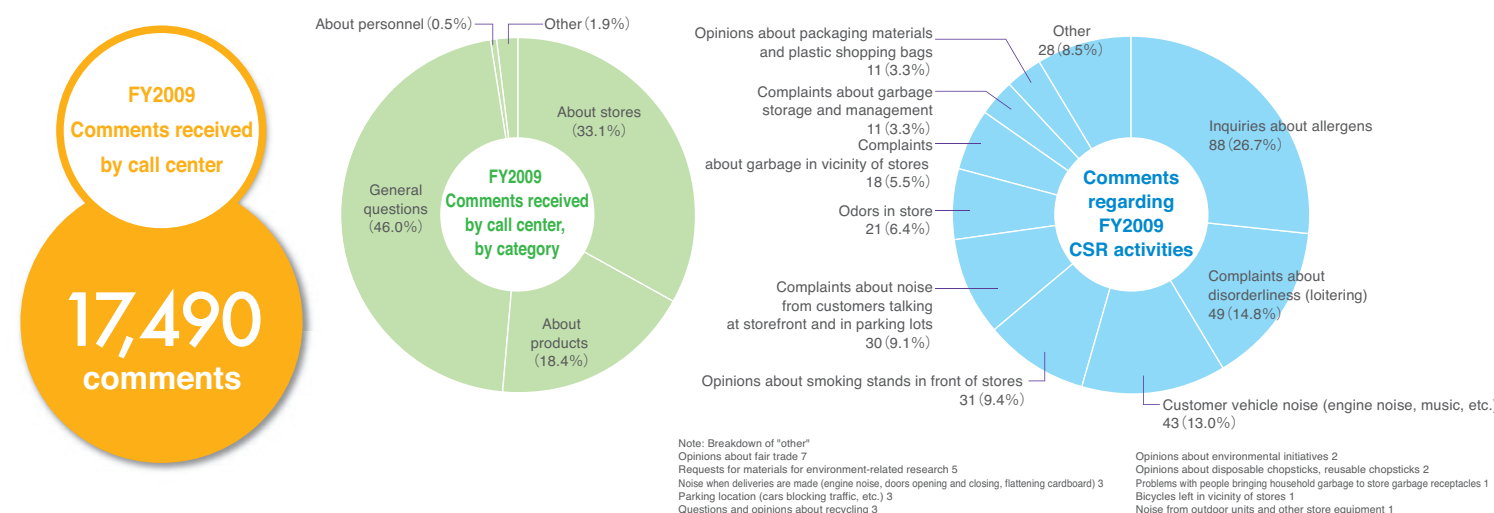
Ministop will continue working together with our franchise stores from a sales viewpoint in both selling products and services and in valuing communication with our customers.

Note: QSC stands for Quality, Service and Cleanliness. These are the most fundamental and important principles to be observed by parties engaged in the food and beverages business.

## How we listen to our customers

### Relations with customers (Call Center)

In fiscal 2009, the Call Center and individual departments received a total of 17,490 comments (a 0.5% increase over the previous year) from customers. Of the total, 69.3% were received by telephone, 22.9% by the company website, and the remainder by letter and postcard. Ministop formulated a Customer Response Policy in March 2008, and will use this policy as a platform for the further use of customer comments to improve our business with our franchise stores and business partners. Environment-related comments increased by 4.8% from the previous year, and accounted for 1.9% of total.



#### Comments from our customers

"The pasta salad labeling does not indicate the dressing flavor."

"The label states that the pasta salad contains dressing, but the type of dressing is not clear from the outside labeling. I only discovered that the pasta salad has pickled plum and bonito dressing after I opened the package. I am allergic to pickled plum, so I had to throw it away. The label said it 'contains dressing' so I bought the salad thinking it was a normal dressing, such as Japanese-style or Italian. Common sense dictates that the label has to be improved. Thank you for your kind consideration."

(E-mail received June 7, 2009 from a customer living in Tokyo)

#### Product Manager Reply

Thank you very much for your valuable comments. We will make the improvements by attaching stickers indicating the dressing flavor, and we will use easy-to-understand labeling in future product development.



#### Customer Reply

Thank you for your quick response. I will decline your offer of a refund. Thank you for resolving the problem. (E-mail received June 8, 2009)

### Friendliness checks (Mystery Surveys)

Since 1997, we have conducted "friendliness checks" as a tool for improving each store's level of customer service and cleanliness to ensure that customers enjoy a pleasant shopping experience. The surveys are conducted by independent investigators posing as ordinary customers.

### Reader Survey on the 2009 Ministop CSR Report

We received 34 comments with ideas and thoughts about the 2009 Ministop CSR Report, issued in June 2009, and would like to thank everyone who provided valuable feedback. We review every opinion and comment received, and put them into action to make improvements.

#### Comments about the 2009 Ministop CSR Report



The article about the mango parfait was very detailed. It was very good, and the article about fair trade was also excellent. Not many people know about fair trade, so you might want to make more of an appeal in your stores. (Woman from Saga Prefecture)



I read about your initiatives to prevent global warming with great interest. You must be doing far more than the other companies. While it may seem harsh from a cost-benefit perspective, please look beyond the immediate implications to cherish the long-term view. Your customers certainly appreciate those types of efforts. (Man from Ehime Prefecture)



# Ministop and Our Franchise Stores & Employees



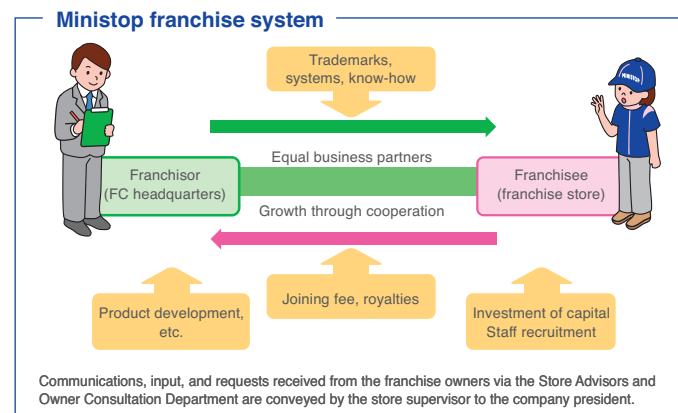
Ministop consists of our corporate headquarters and member stores that have entered into a franchise contract. The headquarters and franchise store owners work together to provide service to customers, with consideration given to the special characteristics of each store and local community.

We aim to build personal relationships in which all people related to Ministop respect one another and work with ambition.

## Ministop and our franchise stores

### Headquarters and franchise store relationship

Ministop operates on a franchise system in which the headquarters provides franchise stores with product supply systems, and other support, and the franchise store pays royalties to the headquarters. Ministop values its franchise partnerships in which both the headquarters and franchise stores enjoy growth and prosperity.



### Fair and balanced contracts

#### Franchise Contract Officer Certification Program

Ministop has established its own FC Contract Officer Certification Program, and only those individuals who have passed the certification test are allowed to explain the franchise contract to candidates hoping to become franchise owners. Certification is valid for one year, meaning that Store Development Supervisors are required to pass annual FC Contract Officer certification tests as they strive to maintain and raise their skill level.

#### FC Contract Certification Officers

	FY2007	FY2008	FY2009
FC Contract Certification Officers	82	85	85

#### Number of franchise contracts<sup>1</sup>

Contract conditions	FY2006	FY2007	FY2008
Franchise store openings (including relocated existing stores)	200	212	210
Franchise stores closing during contract period <sup>2</sup> (including stores closed before relocation)	79	82	90
Franchise stores renewing contracts	84	110	95
Franchise stores not renewing contracts	73	91	79

#### Litigation cases<sup>1</sup>

Description	FY2006	FY2007	FY2008
Initiated by franchise store or franchisee	0	0	0
Initiated by Ministop	0	0	1

1. Fiscal 2009 data will be presented in the Franchise Contract Overview and Key Points scheduled for publication in July 2010.  
2. The contract period is seven years.

### Ministop CS Forum

In February 2010, we began holding the "Ministop CS Forum" to give franchise store owners and executives from the company headquarters an opportunity to engage in dialogue. By sharing their ideas on Ministop's goals, as well as well as franchise stores, Store Advisors and the staff that support the front line, they will build an increasingly strong partnership.

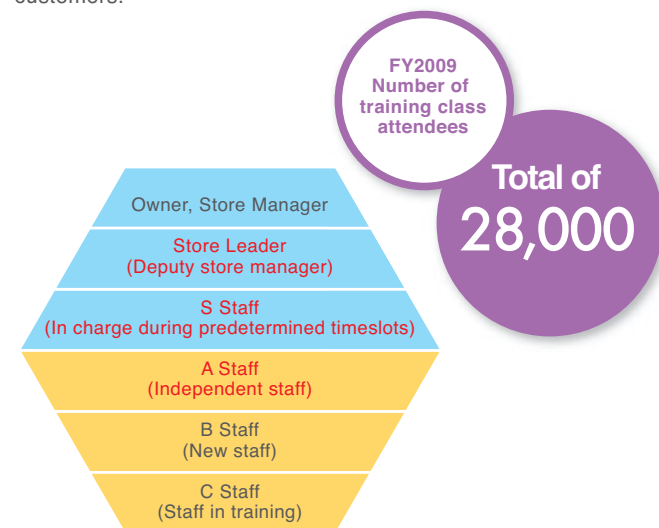


### FC Staff Education Program—The Yellowtail Program

Ministop believes that motivated store employees directly translate into better customer satisfaction, so we introduced the unique Yellowtail Program in 2005 to educate employees and promote consistency throughout the workforce.<sup>3</sup> The educational program has become more widely utilized over the subsequent years.

In fiscal 2009 we worked to train SL (Store Leaders: Deputy store managers). A total of 730 SLs are working at stores.

Going forward, we will focus on training A Staff (independent staff), aiming to ensure that all staff are able to communicate well with customers.



3. Because the program provides career-advancement opportunities for employees, it is named after the yellowtail fish, which in Japan is associated with gradual improvement.

## Ministop and our employees

### Creating a dynamic workplace

#### Brand Project

At Ministop, from 2007 we carried out a two-year Business Process Transformation Team to resolve issues throughout the organization, in order to find solutions to new problems emerging in the ever-changing convenience store industry. In connection with Ministop's thirtieth anniversary we launched the Brand Project. The objective of the project is to create a sustainable company by thinking about Ministop's future in order to develop a sense of unity among employees and create a vibrant workplace, as well as enable employees to feel proud and confident about the company and their work.

#### Project implementation

We started by taking a thorough look at the essence of Ministop by surveying employees and holding 15 staff meetings.

Repeated surveys and many meetings led us to the conclusion that it is important for Ministop to reaffirm its corporate value and create a corporate culture that will be the company's foundation.

Our first action, on the occasion of our thirtieth anniversary, was to determine the mission that Ministop and our franchise stores would work together to achieve.



### Communication with employees

In 2008, we launched the ABC (Abe Club) with the aim of establishing a direct line of communication between employees and top management.

With the ABC, the company president visits company offices and franchise stores to communicate directly with employees about the issues facing Ministop and lead to improvements.

The company president has made 52 visits thus far, and spoken with 526 people. In fiscal 2010, the company president will once again communicate with all employees.



Akira Iikubo, Assistant Manager Branding Development Section

The Brand Project started as an evolved version of the Business Process Transformation Team to resolve issues throughout the organization. We began with discussions about what we should do going forward, focusing on how we can create a sense of unity and energy among employees. With an eye on Ministop's thirtieth anniversary, we created opportunities for employees to gather and discuss Ministop's "core" in this project that started in 2009. The debate returned to "square one" many times, and I think about it now each day was really a challenge. The many discussions led to the decision to redefine Ministop's corporate philosophy in order to put all employees on the same page, allowing us to arrive at a strategy for building a corporate culture as a base. While placing importance on the concepts of "talking," "thinking through things," and "order" cultivated in the Brand Project, we will shift to an implementation phase which I hope will create a good corporate culture. Also, as stipulated in our new corporate mission, we will aim to bring smiles to the lives and lifestyles of all people related to Ministop.



## Committee on Diversity in the Workplace activities

A "Women's Work Style Study Group," which focused on promoting the activities of women, was established as part of a two-year-long effort of the Business Process Transformation Team initiated in 2007. The volunteer members of this group conducted surveys and held seminars exploring how women can best continue working in the key role of Store Advisors after they give birth to a child. The group also developed "Lifestyle NAVI," a guide to making use of procedures and support services related to marriage, maternity and childcare. In recognition of these activities, and the equal employment systems and policies Ministop has been implementing, in October 2009 we received the Excellence Award from the Director General of the Chiba Prefectural Labour Bureau in the Corporation Awards for the Promotion of Gender Equality. The award is based on the Commendations for Enterprises Promoting Equal Employment/Work and Family Harmonization under the Ministry of Health, Labor and Welfare.

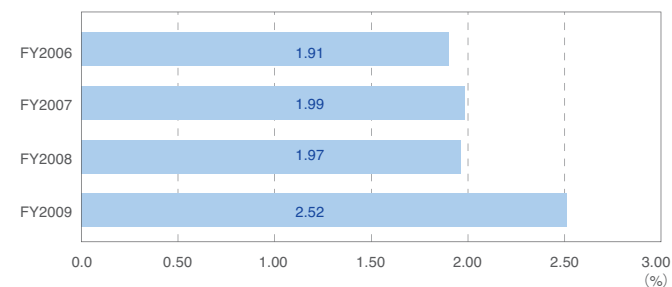
In order to sustain the attention given to the issue of women's employment even after the disbanding of this study group, we established the "Committee on Diversity in the Workplace," which includes the participation of personnel representatives and union representatives. Although the current focus is on women, we aim to become an organization with a new value system that allows staff having a variety of differences, not only in terms of gender, to work together and complement one another's strengths.



Chizuko Nakai  
Branding Development Section

The staff of Ministop includes many Store Advisors (SAs), whose job is to support our stores that are open 24 hours a day, every day of the year. One big issue for our company is how these SAs can continue their work even when they confront the time constraints that go along with major life events such as pregnancy and childbirth. Our diversity efforts also need to address concerns beyond those of women and of employees taking care of children or other family members—and our challenges will not be met simply by setting up new systems and rules. While it can sometimes be stressful to communicate with one another and to understand all of our differences, I hope we will learn to accept that every individual is different, and create a vibrant company where we all understand and respect each other's uniqueness and strengths, bringing out the best in one another.

Rate of employment of disabled persons



Number of staff joining the work system to support childcare

FY2006	FY2007	FY2008	FY2009
1	4	4	4

Percentage of staff receiving physical examinations

	FY2006	FY2007	FY2008	FY2009
Basic	96%	87%	99%	100%
Extensive	91%	90%	97%	100%
Comprehensive	89%	83%	98%	100%

Each number indicates those receiving physical examinations between April and the following March.

## Work system to support childcare

To support employees to balance work with raising children, we have established both a childcare leave system and a childcare support work program that allows for shorter working hours. We also have programs that provide monetary gifts in recognition of the birth of a child and the conclusion of childcare leave, and since fiscal 2009 have also expanded the system to cover children up through their entry into third grade.

## Physical examinations

All employees receive physical examinations appropriate for their age group, in addition to stool testing. In order to increase the percentage of those receiving physical examinations, employees can use paid medical leave for this purpose.

## Advancement system

Between September and December each year, employees in middle management take part in testing for potential career advancement.

## Third Party Opinion

### Independent opinion—Towards a better Ministop



Genki Sudo  
Writer and  
retired Japanese mixed martial artist

Starting out as a wrestler in high school, Mr. Sudo progressed in the martial arts while studying art at the University of Santa Monica. After returning to Japan, he gained fame as a leading fighter, leaving the ring at the end of 2006. Since his sparring days, he has also been active in a variety of fields, including as an actor, calligraphist and author of numerous books including "Let's Cat." Active also in promoting environmental awareness and charitable activities, Sudo continues to promote the message that "We are All One."

When I heard that Ministop was turning 30, I felt like it was happening to an old friend. I was born right around the same time as Ministop, and my generation grew up with Ministop and other convenience stores. You could say my generation's lifestyle is totally linked with convenience stores.

When I was a student, I would stop by one convenience store or another at least once a day, to buy a manga comic book or to grab a bite to eat or late night snack. Even now, when I'm working or out on the town late, it's good to know that convenience stores are still open if I need anything, and so I find myself stopping in. I'll flip through the magazines and buy something to drink or a midnight snack. It's a way I can treat myself.

There are a lot of convenience stores around town, but I have my preferences, and when I feel like eating fast food, I naturally choose Ministop. And when I see that familiar Ministop sign, my appetite kicks in.

I got a chance to read this year's Ministop CSR report, and learned for the first time just how much attention Ministop gives to things like food safety, cooperating with local communities and producers, and other social concerns. I have to admit I was actually a little surprised.

Those of us in the first generation to grow up with convenience stores might associate them with junk food or the odd assortment of things they might sell, and we did not know

that they could offer food items with such attention to food safety, or products with so much "added-value." We just knew we liked the taste of Ministop's fast food and box lunches. So, it was exciting and eye-opening to learn that behind that good taste there are also high aspirations of the management and staff.

We may have grown up with convenience stores around us, but on the inside we're disappointed if we encounter products or services made with low aspirations. Even for some little snack food, if someone makes sure that the materials that go into it are first-rate, that's naturally the one we will reach for. So when we learn that Ministop cares about the safety of materials it uses, that it recycles food waste, and that it is working so hard to help local communities and promote fair business practices, there is just no question: Ministop is the one for us. But while all those efforts are great to see, it is also kind of a shame that the story has not reached a lot of people like me. Maybe you could give more thought to strategies to publicize what you're doing, and communicate them to the public.

It's hard to give much further advice to Ministop when it already has such high aspirations in developing its business, but if I were to offer one little thing, I'd suggest that more traditional and natural packaging materials like as paper and wood be used to wrap boxed lunches and other items. Some items might require plastic packaging, but products like boxed lunches that you pick up and hold for a while can really feel much nicer if they are made using natural materials that are pleasing to the eye and to the soul. This might mean some challenges in terms of product management and distribution systems, but this approach could have an important impact, since it would encourage those of us raised on convenience stores to have more respect for the food we eat. Because convenience stores are so central to our modern lives, I'm sure that it would really have a major impact on society if Ministop could take up this kind of challenge, and I'm sure it would further enhance Ministop's brand image.

I have high hopes for what Ministop and its positive business attitude can achieve.





## About Ministop CSR Report 2010

- 1. Which parts of the Ministop CSR Report 2010 interested you the most?  
Which aspects would you like Ministop to work on in the future?

- 2. Which points in the Ministop CSR Report 2010 would you like to know more about?

- 3. Please share any other opinions or comments you would like to communicate to us.

Thank you.

Please Send Us  
Your Opinions and  
Feedback

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Thank you for reading the Ministop CSR Report 2010. We would like to know what you think of our activities and operations. Please use the postcard below to send us your opinions and comments. Your input will be used to help determine our future activities and how we can continue to improve.

Personal information you provide will be used only as a reference for the preparation of the next report. When subcontracting mailing tasks to outside contractors, Ministop supervises them properly and takes steps to prevent unauthorized access and any leak or abuse of personal information. Except where required by legislation, we do not provide personal information to any third party.

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Would you like to receive next year's CSR Report? (Scheduled for release in August 2011)		<input type="checkbox"/> Yes <input type="checkbox"/> No