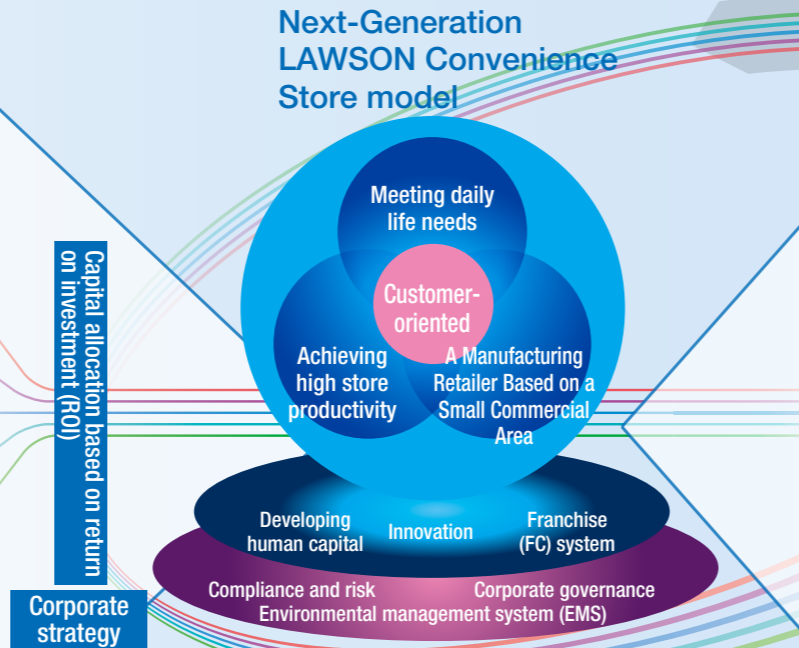


Social challenges Lawson is tackling

- Declining labor force** (Employed people aged 15 to 64)
Projected rate of decline by 2025 compared with 1990 **Approx. 20% decrease**
Source: "Population Census," Ministry of Internal Affairs and Communications for data up to 2015 (excluding people of unknown age); "Future Population Projections of Japan (projection as of January 2012)" (projection of medium variant births (deaths)), National Institute of Population and Social Security Research for data after 2020
- Rapidly aging society** (Increase in the population of residents aged 75 or older)
Projected rate of increase by 2025 compared with 1990 **Approx. 3.6 times**
Source: "Population Census," Ministry of Internal Affairs and Communications for data up to 2010; "Population Projection for Japan," Ministry of Internal Affairs and Communications for 2015 data
- Empowerment of women** (Increase in the number of double-income households)
Compared to 1991 **Approx. 1.4 times**
Source: "Annual Report on Health, Labour and Welfare," Ministry of Health, Labour and Welfare, "White Paper on Gender Equality," Cabinet Office, "Special Survey of the Labour Force," Ministry of Internal Affairs and Communications, "Labor Force Survey (detailed tabulation)," Ministry of Internal Affairs and Communications
- Rise in medical expenses**
Projected rate of increase by 2025 compared with 1990 **Approx. 2.9 times**
Sources: "Annual Report on Health, Labour and Welfare 2011," Ministry of Health, Labour and Welfare for data up to 2009; "Future Outlook for Medical Expenses and Estimate of Financial Impact," Health Insurance Bureau, Ministry of Health, Labour and Welfare (October 25, 2010) for data after 2015
- Worsening food and plastic waste problems**
Food waste in 2016 **6.43 million tons** Plastic waste in 2013 **9.4 million tons**
Source: Announcements by the Ministry of the Environment: Estimated Food Waste in Japan in FY2016 (April 2019) and Plastics Smart Campaign (January 2019)
- Rise in average global temperatures**
(Long-term global goals determined by the Paris Agreement of December 2015) Compared with the pre-industrial era **2°C or less**

Inputs

- Financial capital (funds)**
Capital raised to fund business activities through sales of shares and borrowing
- Manufacturing capital (IT and infrastructure)**
Necessary tangible assets for conducting business activities, generally referred to as "infrastructure," including land, buildings, machinery and IT
- Human capital (human resources)**
Employees' collective skills and capabilities, personal motivation and organizational experience that contribute to sustainable corporate growth
- Intellectual capital (technologies and brands)**
General intangible assets including brands, reputation, intellectual property and software
- Social capital (resources and social norms)**
Natural resources, social norms, and relationships of trust established with stakeholders



Outputs

- Investment determined according to capital discipline to meet the expectations of the equity market**
- Leveraging the full supply chain to develop products that meet local community needs**
- Nurturing human resources who are self-motivated and innovative to satisfy local community needs appropriately**
- Cultivating innovation based on prompt perception of changes in local communities**
- Contributing to communities as social infrastructure in careful consideration of society and the environment**

- Superior taste**
Lawson aims for deliciousness in side dishes and boxed meals, frozen foods, and sweets. We also offer services designed to increase your everyday joy, thus helping make life more "delicious."
- Human kindness**
Beyond conventional products, Lawson sells pharmaceuticals and private brand products in response to the growing health-consciousness and food safety concerns of society. Additionally, we are committed to providing a supportive environment for every member of the Lawson family.
- Environmental (Machi) friendliness**
As part of our goal of protecting not only the local environment where Lawson stores are located but also global, Lawson promotes various cooperative initiatives with customers.

"Creating Happiness and Harmony in Our Communities"

