

Lawson contributes to happiness and harmony in its communities by creating added value through its customer-oriented business model.

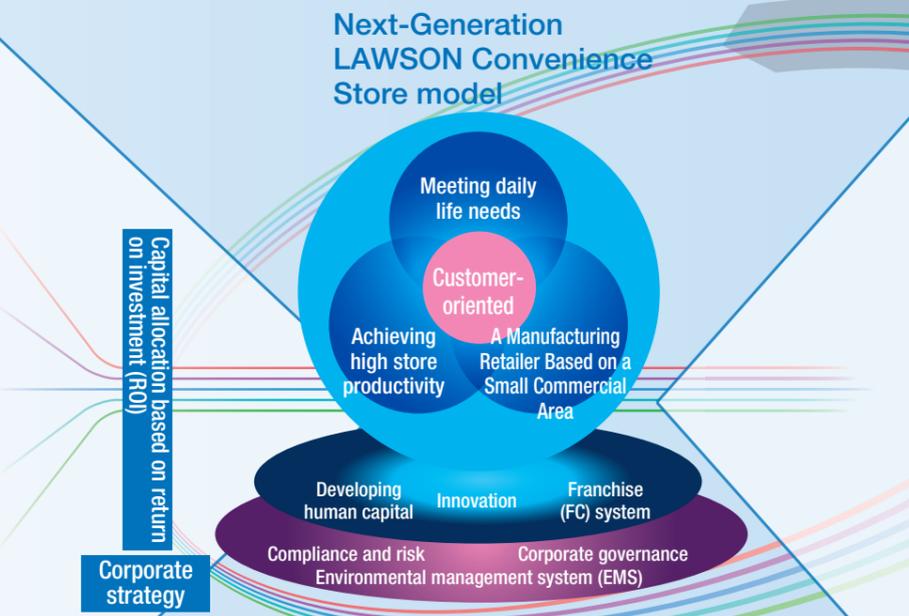
Lawson will continue to increase its corporate value by leveraging its unique customer-oriented business model as a Manufacturing Retailer Based on a Small Commercial Area model. This means meeting daily life needs and achieving high store productivity while executing appropriate management strategies. Lawson's business model is designed to increase both its visible capital, including physical assets and funds specified in the financial statements, and its invisible but tangible capital, such as human capital and information, through appropriate investment in these areas. Lawson will strive to honor its three promises and make contributions to society as an indispensable part of the community by repeating its corporate value creation cycle.

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 2021)" (projection of medium variant births (death)), 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**

Outcomes

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"



The Sustainable Development Goals (SDGs) were adopted at the United Nations Sustainable Development Summit in September 2015. The summit set 17 goals, such as No Poverty, Good Health and Well-being, Quality Education, and Climate Action, and 169 targets to achieve the SDGs on a global scale by 2030. Through the pledge to "Leave No One Behind," each nation is working toward solving the issues. At Lawson, we are proactively promoting SDGs initiatives as part of our aim to achieve our corporate philosophy of "Creating Happiness and Harmony in Our Communities."