

Human kindness

Generating smiles in the community

1 Advancing the theme of “Eat deliciously and improve your health”

● Evolution with health needs

2000
Early period

NATURAL LAWSON
(established 2001)

2010
Period of creation

Launch of bran bread
(2012 onward)



Launch of onigiri rice balls with sticky barley
(2012 onward)



Launch of smoothie series
(2015 onward)



2018
Period of growth

Launch of Motto! Yasai
("more vegetables") series (2018 onward)






Lawson has established 11 unique themes, including “Eat more vegetables,” “Get your protein” and “Enjoy low calories” as action strategies aimed at realizing its three keywords for health: “Lower salt,” “Lower carbs” and “Reduced additives.” We are implementing these strategies by developing a variety of products that contribute to our customers’ health. With the advent of the rapidly aging society, increase in lifestyle-related diseases and reported growth of the burden of medical expenses, extending people’s healthy life expectancy has become a social concern. As the need for ready-to-eat meals has increased due to the home-centered lifestyles dictated by the COVID-19, meanwhile, we recognize our responsibility to create smiles in our communities by providing an assorted lineup of prepared foods that families can enjoy with peace of mind.

We began by conducting new product demonstration experiments at about 140 NATURAL LAWSON stores nationwide, and then expanded the program to LAWSON stores across Japan. This approach has been applied not only to developing products for customers concerned with sugar intake, but also to renewing our widely popular bran bread, onigiri rice balls with sticky barley, and smoothie series with even more of the delicious taste customers love. Healthful frozen foods with their dietary fiber and sugar contents indicated on the packaging are among other popular new products.

● Lawson’s Three Essentials for Health

- Lifestyle diseases (excessive carbohydrate or salt consumption)
- Needs for healthy life extension

Lawson’s Three Essentials for Health

<p>Low salt</p>	<p>Low carbs</p>	<p>Low additives</p>
 <p>30% (max.) reduced salt content centered on main normal diet staples</p>	 <p>Use of bran (grain husks) to control carbohydrate intake</p>	 <p>Chemical flavoring-free frozen foods (selected products)</p>

We are now working to add more products to our healthful foods category, which has seen sales escalate from about 20% of total sales in fiscal 2015 to about 30% in fiscal 2019. Efforts to expand this product lineup will continue in the future. As concerns low-salt products, we are pursuing such initiatives such as introducing new technologies to maintain superior taste by applying our know-how in bringing out the delicious flavors inherent in the soup stock, other ingredients and seasonings we use. We employ soybean meat in products as appropriate.

Beginning in fiscal 2020, moreover, we have taken up the challenge of developing seasonings without salt or chemicals that will change the conventional view of convenience store foods. We followed our successful launch of dal and coconut chicken curry with brown rice at NATURAL LAWSON in March with the release of dal and cashew chicken curry with brown rice at LAWSON stores in the Tokyo Metropolitan Area in June. We optimized the superior taste of the ingredients in these new curry products without the use of salt or chemical seasonings.

The conventional image of convenience store boxed meals has changed dramatically as consumers have come to consider LAWSON’s boxed meals reliably superior. We will continue to take on challenges to assure the health and safety of everyone in our communities.



Dal and coconut chicken curry with brown rice



Dal and cashew chicken curry with brown rice



2 Supporting a healthy community life

Care-focused LAWSON stores with nursing care consultation desks for seniors

Health consciousness has been advanced through the operation of Care-focused LAWSON stores offering consultations by counselors such as care managers at permanent nursing care consultation desks and products that support seniors and their families. We also use their community salons as regional bases for multi-generational interaction to hold health assessment meetings, “Orange Café” dementia caregiver training courses and other events related to health and preventative care.



A nursing care consultation window in a Care-focused LAWSON for senior citizens

Crew members who have qualified as “registered sales clerks” provide customer consultations concerning medicines

Every store that carries OTC drugs employs crew members with national registered sales clerk licenses. Customers who visit convenience stores to shop for medicines often want immediate relief from cold or headache symptoms for themselves or family members. Registered sales clerks inquire about their physical condition and symptoms and recommend the most appropriate medicine. Associated products such as cooling gel sheets, beverages and easy-to-eat foods are available for purchase at the same time.

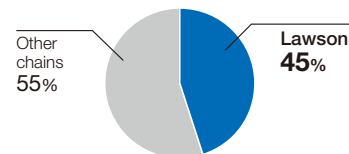


Hospital LAWSON (in-hospital) convenience stores

Lawson has responded quickly to the needs of hospital patients by leading the industry in locating convenience stores in Japanese hospitals. Besides regular products and services, Hospital LAWSON stores feature a lineup of products designated by hospitals. We also cooperate with individual hospitals in developing customized stores and services such as hospital wagon sales. Recognizing the hospital as a community in its own right, we seek the daily happiness of every hospital patient by giving careful consideration to their detailed needs.



● Ratios of convenience store chains operating in-store hospitals



*Data based on survey results compiled by Lawson (as of August 2020)

Supporting healthy diets at LAWSON Farm ^{*1}



In its efforts to assure LAWSON stores a stable supply of vegetables and fruits that support the healthy eating habits of our customers, the Lawson Group has established LAWSON Farm, a corporation eligible for farmland ownership with member farms at 18 locations nationwide. LAWSON Farms employ the Nakashima method of farming, which involves conducting soil diagnoses to develop ideal soil for growing crops before planting and supplies appropriate nutrition according to the growing conditions to produce healthy, delicious vegetables and fruits. We are also working to satisfy the GAP (JGAP, ASIAGAP)^{*2} guidelines for sustainable agricultural production through efforts in the areas of quality improvement, food safety and environmental protection.



*1 The registration number inscribed below the JGAP certified farm mark is the number for LAWSON Farm Chiba.

*2 GAP: Good Agricultural Practice (agricultural production process management). LAWSON Farms accorded GAP certification have attained the Japanese JGAP standard or international ASIAGAP standard.

● Certified Nakashima method products from Lawson Farms nationwide

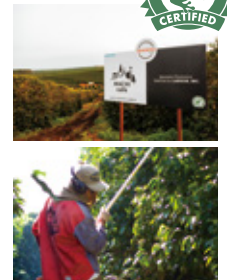
Farm name	Certified product
Lawson Farm Chiba	Japanese mustard spinach (rape), spinach, radish, carrots, cabbage
Lawson Farm Tokachi	Potatoes, carrots
Lawson Farm Yamanashi	Peaches, Kyoho grapes
Lawson Farm Aichi	Cabbages
Lawson Farm Hyogo	Onions
Lawson Farm Tottori	Daikon radishes
Lawson Farm Ichikikushikino	Lettuce
Lawson Farm Satsuma	Cabbages

Rainforest Alliance

Consideration for society and the environment Using only beans from Rainforest Alliance certified plantations*

The MACHI cafés inside LAWSON stores seek to protect the human rights of coffee producers and workers by sourcing beans only from Rainforest Alliance-certified plantations that use natural resources and environmentally (“machi”) friendly farming methods. Rainforest Alliance certification is granted to farms that adhere to more sustainable farming practices and meet strict environmental, social and economic standards.

* Not applicable to single origin or decaffeinated series.



3 Reinforcing support for franchise stores

Lawson Headquarters' closest, most strategic partners are the franchise owners and store crews who serve customers on the forefront in communities throughout Japan.

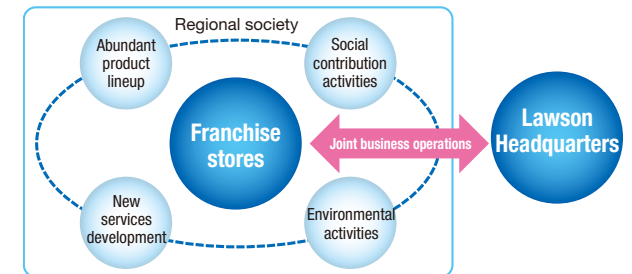
If they are to serve as refreshment hubs in our communities where people gather with a smile, LAWSON franchise stores must be active and energetic. Headquarters contributes by supporting their recruitment activities and optimizing their benefit packages, as well as by reinforcing various initiatives and systems to encourage sound store management through clear, open communication.

Lawson recommends, moreover, that its franchise owners operate more than one store. This enables them to spread the risk posed by the emergence of new competing stores, so that they can maintain stable management while expanding their business more easily than when operating a single store.

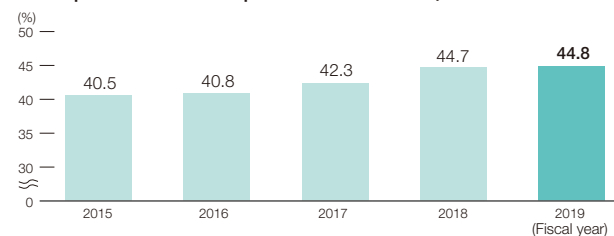
In February 2020, Lawson amplified its efforts to promote multiple-store management by establishing an education/training system to enhance financial support and encourage a transition to multiple-store management by franchise stores under single-owner management that were facing a difficult business environment.

Lawson has established the original Management Owner (MO) system to support franchise owners who open additional stores based on a reinforced partnership with Headquarters. The MO system is making a substantial contribution to the progress of the LAWSON chain as a whole, not only by enhancing the brand image of the Lawson chain through development of model stores and sales floors, but also by providing a platform for MOs to advise other owners on store management as well as to exchange opinions or propose improved work procedures to Headquarters management personnel as representatives of the franchise stores in their region. As of end February 2019, there were approximately 190 MOs operating stores in various regions of Japan.

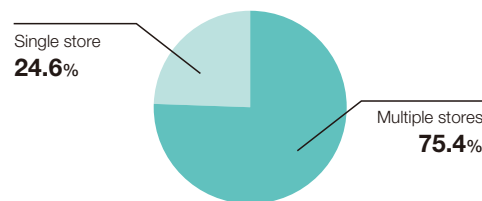
We will continue our efforts to become an indispensable part of the community infrastructure by building an even closer partnership with these franchise stores and by reinforcing such near- to mid-term initiatives as supporting our less profitable stores and encouraging multiple-store and new franchise store ownership — in addition to the franchise management support measures implemented so far.



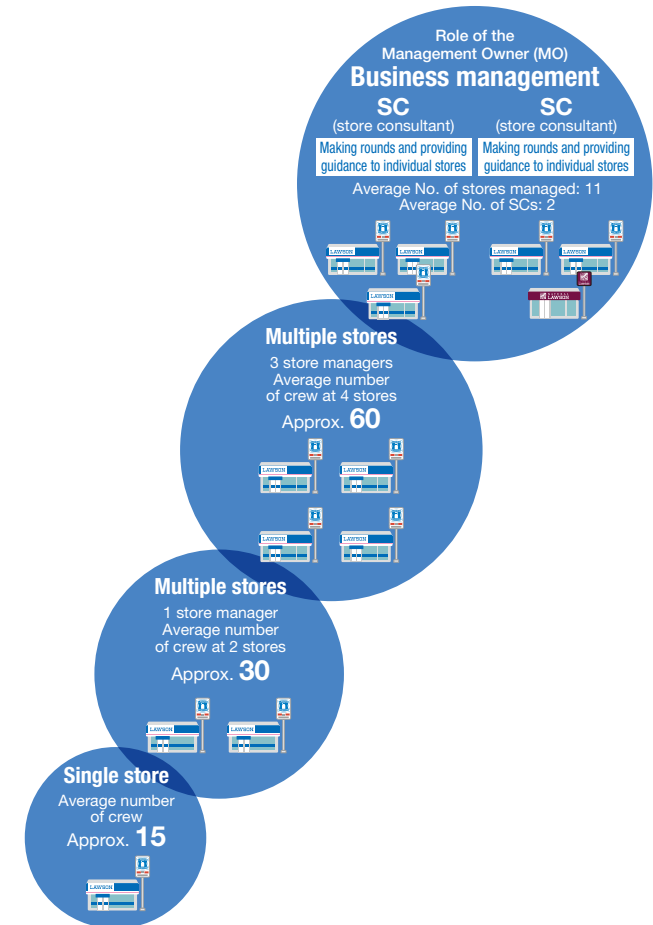
● Multiple store ownership ratio *As of end February 2020



● Multiple store ratio *As of end February 2020



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● New measures to stabilize franchise store management (effective fiscal 2020)

1. Support to help struggling franchise stores with single-store management as they transition to multi-store owner management



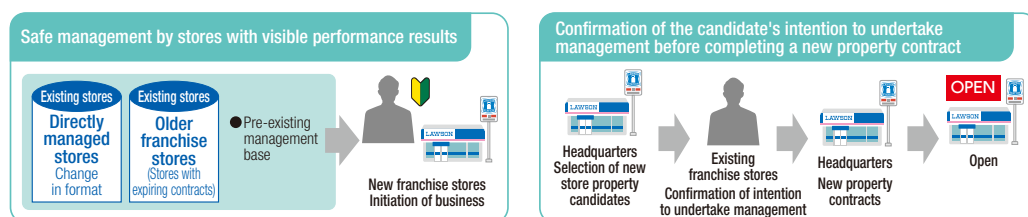
2. Support for store manager training

Headquarters employees provide direct support for cultivation of multi-store managers.

3. Contract matching

As a rule, Lawson is happy to provide guidance concerning existing stores for potential new owners.

After confirming a candidate's intention to undertake LAWSON store management, we proceed with contract signing and opening of the new property.



4. New five-year contract packages

We will establish a new five-year contract package system for potential owners who feel uncertain about signing a ten-year franchise agreement. Adoption of the new package will be a matter of choice. (Introduction within 2020 scheduled.)

5. Change to store profit-based management system

The Company's overall management target will be changed from Headquarters sales to franchise store profits in a move intended to reflect Headquarters' primary concern for the franchise stores' profitability, and to ensure that every Lawson employee works more responsibly than ever before to achieve it. The KPI (key performance indicator) for employee bonuses will also be changed to franchise store profits.

6. FC owner support system

Approximately 100 Headquarters employees will be assigned to eight locations nationwide to support franchise store owners who take vacations. (Effective mid-September 2020)

Besides implementing the above measures, Headquarters is responding to the impact of the COVID-19 pandemic on an individual store basis by providing management support for stores whose customer traffic and sales have fallen off significantly. Our approach is to support stable management according to the situation.

Communication to build strong partnerships with franchise stores

Lawson has established a number of systems aimed at strengthening its partnerships with franchise stores by enabling members of the Board of Directors, including the President, to communicate directly with franchise stores. We place special value on feedback from our franchise stores, which operate in direct contact with customers, and seek to achieve mutual consideration and mutual prosperity with them through close communication. In fiscal 2020, we have taken such measures as a change to online meetings to prevent further spread of the COVID-19.

Lawson Seminars (convened twice annually for all franchise stores)

The President and other members of management share the Company's policies and directions with the franchise owners by providing them with detailed explanations of future business strategies, and informing them of product development planning in conformance with the policies.



Seminars for franchise stores are held nationwide.

Area meetings (convened monthly at branch offices throughout Japan)

Franchise stores from the same areas gather to share details of sales activities planned for the following month as well as of their past successes, or to exchange opinions with the aim of helping individual stores improve their management capabilities.

Lawson Owner Welfare Association board meetings (2 times/year)

Meetings of Headquarters executive officers and representatives selected from among franchise (FC) owners in each area convene twice a year. Organized to provide FC owners with opportunities to exchange opinions with Headquarters, the meetings are attended by the President and other members of Lawson's Board of Directors, who join in discussions covering a range of issues.

MO General Assembly (1 time/year)/MO Executive Committee meeting (2 times/year)

Lawson's management owners meet regularly with Headquarters management to exchange opinions as representatives of their regional franchise stores in accordance with Lawson's Group-wide practice of participation in management.

Lawson Owner Hotline (as needed/available to all franchise stores)

In July 2019, Lawson established a system of both internal and external telephone consultation contacts (in law offices) to enhance communication with franchise owners.

We also provide for direct communication with the President (as needed) and conduct questionnaire surveys at member stores (once a year).

Franchise store benefit system

Lawson Owner Welfare Association

The Lawson Owner Welfare Association provides franchise stores with benefits embodying the three principles of "comfort," "health" and "peace of mind." The wide range of benefit packages includes various allowances, mutual aid and compensation for franchise owner members and their families as well as for store crew and staff members.



4 With Lawson's Way as the cornerstone, we will build a "Lawson whose personnel can continue working cheerfully and happily with lively, positive energy"

Promotion of diversity and realization of a work/life balance

■ Creating work environments in which diversified personnel work enthusiastically

Lawson promotes diversity with the aim of assembling employees with widely varied values who join together and perform to their full potential to strengthen its franchise chain further. We have constructed systems for promoting diversity under the direction of the President, established a special subsidiary to promote employment of people with disabilities, developed childcare facilities in our workplaces, and opened offices for conducting labor-management consultations with a focus on improving operating efficiency and work environments.

We continue to pursue active efforts to recruit women and foreign nationals as regular employees, while broadening the scope of our international employment activities to include such initiatives as local hiring in South Korea and elsewhere.

In our desire to retain our female employees over the long term, we have introduced such programs as career development training, childcare leave training, and elective leadership training to support young women in their career and life planning. We are continuing to

pursue these initiatives with the aim of increasing the proportion of female employees among those in management positions to 30% by fiscal 2020.

Lawson encourages male employees to take their childcare leaves, moreover, in hopes of inspiring active male participation in child-rearing and housework leading to efficient, highly productive work styles among both men and women. The ratio of fathers taking childcare leaves exceeded 90% in fiscal 2018 and 2019, indicating that this practice is taking root in Lawson's corporate culture.

We introduced a flexible full-time (limited work location) employee system designed for compatibility with obligations such as childcare, long-term care and cancer treatment in 2018, moreover, and raised our employee retirement age to 65 effective March 2020. Plans are also in the works to introduce an active full-time senior employee system to help transform Lawson into a company whose employees can continue working with satisfaction later in life.

Other initiatives we are implementing or investigating include a rewarding work reformation project, remote work programs realizing various work styles and a cross-Company mentor system as well as fostering of a culture of positive reinforcement to enable employees to continue working and growing energetically over the long term.

Implementing a nurturing personnel management system

■ Cultivating human resources who think and act on their own initiative

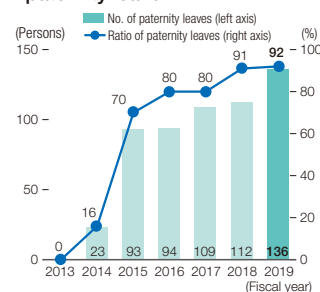
Guided by our Group philosophy, we encourage every employee to think and act independently by employing two evaluation systems: the Employee Behavior and Skill Level Evaluation, which evaluates the employee behavior (processes) that produces positive results; and the Performance Evaluation, which assesses results concerning actual employee behavior.

We also encourage every employee to declare a career plan based on a career development sheet, and follow up by conducting career development interviews to support their growth as individuals.

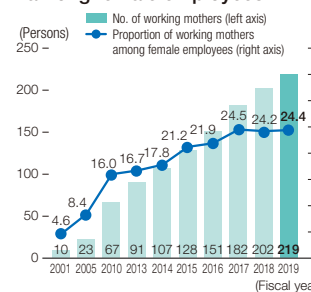
In fiscal 2018, we discontinued the internal award system we had implemented to honor employees who addressed challenges voluntarily and achieved results in terms of operational or business performance improvement. We replaced it with the new L-Challenge (Lawson Challenge) Award initiative that inspires employees to suggest or implement ideas unique to Lawson. We are developing a structure for encouraging employees to take up challenges to improve work procedures and conditions from a Companywide perspective, beyond the scope of their own responsibilities, thus sharing their knowledge with others throughout the Company as a means of enhancing employee motivation and improving the business performance of the LAWSON store chain as a whole.



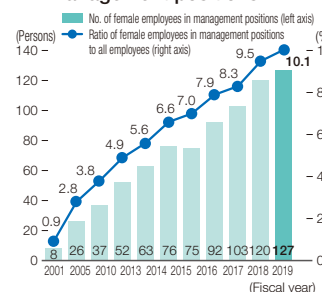
● Ratio of male employees taking paternity leave



● Proportion of working mothers among female employees



● Proportion of female employees in management positions



● Diversity Promotion System



The President joins participants in a training session for selected female employees

Industrial safety and hygiene promotion

■ Efforts to assure safe, worker-friendly workplaces

We ensure that the 5S Methodology encompassing “sorting, systematizing, sanitizing, sustaining and supervising” is fully implemented by our franchise stores in accordance with procedures clearly specified in our operation manuals. We also hold safety management meetings Companywide to raise awareness concerning driving safety among store supervisors and others whose jobs involve driving. When a serious work-related accident occurs, we investigate and analyze the cause and share our findings internally with the aim of preventing recurrence.

Also in the area of work environment improvement, we focus on such mental health monitoring activities as presentation of improvement points and stress check results for the various departments.

Health initiatives for employees and franchise owners

■ Recognizing health as the foundation for happiness.

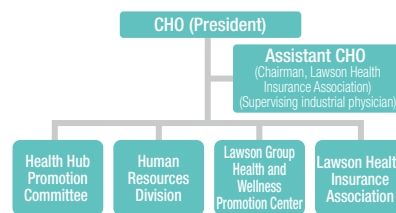
As a company that contributes to customers’ overall health, Lawson places paramount importance on the health of our employees and the owners and crews of affiliated stores as well. In his role as CHO (Chief Health Officer), the President announced a health declaration to this end in 2013. We have recently established the Community Health Hub Promotion Committee comprising the general managers of every department to promote health management and lead efforts to reinforce and direct health initiatives and health management for the Company and its customers. Since September 2018, we have been working to strengthen Groupwide health promotion measures in cooperation with the Lawson Group Health and Wellness Promotion Center, a body operating under the direct supervision of the President, the Human Resources Division, management and labor, and the Lawson Health Insurance Association.

Promoting the health of its franchise owners is another important concern for Lawson. The various health preservation programs provided through the Lawson Owner Welfare Association (see page 31) include a subsidy plan for medical examinations and operation of a health support desk.



Conducting interviews with industrial physicians and public health nurses to support employee health

● Health management systems



Message

We will create environments where everyone can work independently and energetically by sharing the principles advocated by the new “Lawson’s Way” code of conduct.

Lawson has established a new code of conduct, the “Lawson’s Way,” to pursue realization of our Group Philosophy, “Creating Happiness and Harmony in Our Communities.” Serving as action guidelines for all Lawson personnel, the Code clarifies roles and induces a strong awareness of our shared mission and responsibilities to ensure that everyone from Headquarters’ employees to personnel who interact with customers daily are all working toward the same goal. The five basic principles of the Lawson’s Way are shared among Lawson people in every position, from supervisors*¹, merchandisers*² and RFC*³ to leaders and owners. We ask the opinions of affiliated store owners and crews nationwide concerning proposals from the officers of various departments, and draw on their input to finalize procedures suited to each particular site. This approach simplifies procedures and makes them easily understandable for anyone. Their implementation begins this year, with our corporate officers leading the way with tangible action based on the Lawson’s Way. The five basic principles are particularly important to these efforts due to their simplicity. We consider them essential to understanding the nature of the LAWSON store as a community hub.

We continue working at the same time to optimize the Company’s working environments to enable employees to work energetically and cheerfully. Empathizing with our colleagues, vocalizing our ideas, and enjoying every little challenge, we will contribute through our actions to enhancing customer satisfaction and increasing profit margins at LAWSON stores. We will spare no effort to ensure that these accumulated activities create greater happiness and harmony throughout our communities.

*1 SV (Supervisor): Store Management Instructor
 *2 MD (Merchandiser): Person in charge of product development
 *3 RFC (Recruit Field Counselor): Person in charge of store development

Katsuyuki Imada (right)

Member of the Board
 Senior Executive Managing Officer
 Division Director, Corporate Strategy and Planning Division
 Human Resources

Eri Yanagida (left)

General Manager, Human Resources Division



5 Supporting the activities of the women, children and seniors in our communities

Social initiatives

Helping people during the COVID-19 pandemic

All of us at Lawson are working to protect everyone in our stores from infection by the COVID-19. We are also conducting various activities to support people who are facing difficulties day after day.

In March 2020, we distributed rice balls at no charge to schoolchildren in childcare facilities in 47 prefectures nationwide who were without their school lunches due to the temporarily school closure. This program involved delivering 584,983 rice balls to a total of 7,163 facilities and 307,332 children over a three-day period. We also expressed our concern for children with limited space to play at home during the closure by holding a free “Enjoy Coloring with Lawson” cartoon page coloring/printing



event using multifunction copiers at the stores from March to April. All the many participating children had a wonderful time.

The COVID-19 pandemic exerted a formidable impact on the Japanese food scene as well. We responded by developing Miruku Mushipan (“steamed milk bread”) using milk intended for school lunches whose consumption has decreased, for sale at approximately 2,400 stores in six prefectures in the Kinki region. A plan to use highway buses to transport fruits and vegetables that had been slated for sale at Mashiko Road Station theme park in Tochigi Prefecture and sell them at five stores in Kanagawa Prefecture during the park’s closure also met with a positive reception.



Fund-raising activities organized at the stores to generate happiness in their communities

We established the Lawson Group’s “Happiness in communities” Fund-raising campaign to realize the concept “Aiming to create a better future for children.” A total of some 7 billion yen (as of end February 2020) has been collected since September 1992 through in-store donation boxes and Loppi multimedia terminals, and from Ponta point and d-point donations.

We also pursue activities such as measures to prevent COVID-19 infections, and accept donations for emergencies such as earthquake and torrential rain disasters year-round.



Community Happiness donation activities

Support Dreams Fund

(Scholarship program for children from single-parent families)

Organization receiving donations National Federation of Single Parents and Children’s Welfare Associations in Japan



This scholarship program was established to provide support to children in single-parent families who wish to realize their dreams. 30,000 yen is provided to 400 3rd-year junior high school and high school students on a monthly basis.

Lawson Green Fund

Organization receiving donations The National Land Afforestation Promotion Organization



We support school afforestation activities conducted in primary/junior high schools and special needs schools throughout the nation, and also support forest improvement projects led by voluntary organizations. The number of projects joined by franchise owners and others is 1,537 as of the end of February 2020.

“Dream Classes” Fund

Organization receiving donations Public interest corporation: Japan Football Association



We support the “Dream Classes” where athletes talk to children about the importance of having a dream. Approximately 570 students of 18 classes in eight schools have participated in the “Dream Classes” since the project was launched in 2019. (For details, please see the right column.)