### LAWSON



Lawson, Inc.

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### **Creating Happiness and Harmony** in Our Communities

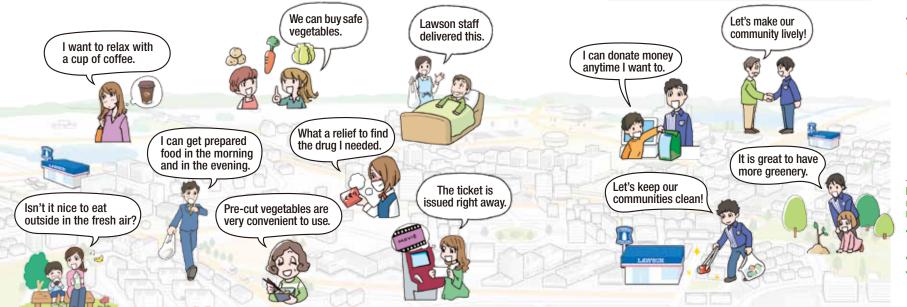
This is the Corporate Philosophy of the Lawson Group. We contribute to the happiness of the citizens of our communities by helping the communities overcome the challenges facing them and responding to various requests from our customers.

#### Lawson Group Environmental Policy Our commitment

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

#### Our principles

- 1. Creation of a low-carbon society
- 2. Consideration in the development of products and services
- 3. Active participation in social contribution activities
- 4. Continuous improvements
- 5. Observance of laws and regulations
- 6. Promotion of communication





#### Lawson Group's Core Stakeholders

The Lawson Group conducts its business in cooperation with society (local communities) as a whole, including seven core stakeholders. Moving forward, we will continue to provide unique value in addressing a variety of challenges facing society and our customers by leveraging our stores' accessibility within local communities.

#### Lawson communication media



#### Community-Citizens Harmony Project Report A simple, clearly written report on our responses to social

10 10 10

Report on industry trends and the Group's business initiatives and financial position in relevant years as well as the projected earnings assessment/ analysis and outlook for the coming MD8Afiscal year

**Financial Section** 

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A good community member

#### About us

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### All for our customers' = "satisfied smiles"



# MACHI café serves coffee with a warm heart.

MACHI café, Lawson's in-store freshly-brewed coffee service began with our desire to offer customers a relaxing moment in their community. We believe that this service is possible only when customers are served delicious coffee and a warm welcome at the same time.

### Delicious taste experienced $\bullet \bullet \bullet \bullet \bullet$ , by the heart

Customers' impression of the way they are served affects their taste. We prepare each cup of coffee carefully and hand it to the customer personally with a friendly word. Hospitality is our first priority.

#### Delicious taste experienced •••• by the tongue

Seeking out-of-the-ordinary convenience store taste, MACHI café pays careful attention to every detail of coffee bean selection and roasting and to the milk it serves.



A gathering of Grand Fantasistas (\*2

#### Cordial service by Fantasistas

Store crew with good knowledge of MACHI café and an ability to convey its special character and the enjoyment of drinking coffee to customers are called Fantasistas (<sup>11)</sup>. Today, about 6,000 Fantasistas are serving carefully prepared cups of coffee to customers throughout Japan (as of end February 2015).

\*1: Fantasista: This title is awarded to store crew who have passed a special certification examination held biannually under Lawson's unique qualification system.
\*2: Grand Fantasista: Store crew leaders who meet such criteria as a store screening become candidates for the title of Grand Fantasista, which is awarded after a selection process within the branch. Only Fantasistas who reach exceptionally high levels in their respective branches are eligible. A total of 50 Grand Fantasista had been selected nationwide as of end February 2015.

### From coffee beans to – a customer's cup of coffee

MACHI café's guality control, social contribution and environmental activities

MACHI café, LAWSON's in-store freshly brewed coffee service, gives full consideration to quality control, society and the environment in everything from the coffee beans to the cups of coffee served to customers. Paving special attention to the beans, milk. roasting method and coffee machine, we pour our enthusiasm into every cup of coffee we hand to our customers.

#### Quality considerations

Social and environmental

contributions

#### Born from our enthusiasm for serving customers

The origins of MACHI café extend back to a time when cups of coffee were selling especially well at a few of the stores selected to offer coffee on an experimental basis. These were stores that provided exceptional customer service and at which a relationship of trust had been formed between the store crew and the customers. This inspired the decision to establish a MACHI café that focuses on "made to order" instead of "self-service." Discussions of the coffee machine and sales system followed.



Product development

#### Safety, reliability and environmental consciousness

In developing products, we focus not only on taste and guality, but also on social and environmental concerns. We ask our suppliers and business partners to pay careful attention to product safety and reliability, moreover, as well as to human rights and the environment.



#### The tastes customers want

Ponta card data were thoroughly analyzed to discover the tastes customers desire most. Based on this analysis, MACHI café began serving blended coffee, a standby for middle-aged male customers taking a break from work, café latte, a popular choice among female customers, and other customer favorite.



#### **Use of Rainforest Alliance Certified™ coffee beans**

We use only Rainforest Alliance Certified<sup>™</sup> coffee beans\* that are grown with attention to environmental and worker protection. This certification is awarded only to farms that meet strict criteria for environmental conservation and farm workers' wellbeing. \*Except for our Single Origin Series and drip bags





I am Dr. Lawson, an expert on Lawson. I will be helping vou read this booklet.

Careful attention to the roasting

process and milk selection

out the unique characteristics of

roasting processes. We use only

customers can enjoy the original

Post-mixi

Production

rich sweetness of milk.

\*Heat sterilized raw milk

#### **Designation of farms and** production areas

By using beans (Arabica coffee) grown on designated farms in five countries and production areas where it is possible to establish secure control of everything from

coffee bean growing to shipment, we have successfully realized a high-quality deep, rich blended coffee with a sweet and fruity sour taste.



#### **Recycling used coffee grounds**

Waste produced in the coffee-roasting process includes the thin skins of the beans and the used coffee grounds. These are recycled as fertilizer and cow bedding.



#### Authentic customized coffee machine

We have customized a fully-automatic We employ a post-mixing method that produces blends after bringing machine made in Italy, the home of espresso, for use in the MACHI café. each bean variety through different The machine can be set to make a maximum of 16 menu items. The raw milk\* in our café latte so that wide choice of items on the menu. including café

latte and mattcha (green tea) latte, is especially popular with female customers.

Sales

#### Bring your own tumbler for an eco-friendly discount

Customers who bring their own tumblers receive a 10 yen discount from the drink menu prices (on most items). This helps to reduce the amount of waste produced by the service (paper cups).



### Cherishing each coffee bean creates the great taste of MACHI café coffee.

The delicious taste customers enjoy in MACHI café starts with the selection of farms to produce our coffee beans. Each cup of coffee served in MACHI café is produced with quality as well as the welfare of the farm workers and the environment taken into consideration.



has earned Rainforest Alliance certification- that is environmentally and socially responsible.

Social contribution activities

### **Creating greater happiness** and harmony in our communities

Lawson supports its communities and their citizens in various ways, including "development and sales of healthful food products," "support for customer health management and sales of pharmaceuticals," "promotion of sales of locally sourced products and food ingredients," and "support for childcare and young people."



### Supporting your health and safety



· In-store dispensing

- pharmacies
- Sales of OTC (over-the-counter) drugs
- Access to health consultation services
- Agreements on health promotion with local aovernments

- Mineral-rich vegetables · Low-carbohydrate bran bread
- · Low-sodium and lowcalorie menus
- · Healthful snacks and beverages
- Nutritionally balanced boxed lunches





- Cooperation in promoting local tourism
- · Promotion of sales of locally sourced products and food ingredients

Making communities

- Provision of support for childcare and young people in the communities
- · Contributions to environmental preservation
- Crime prevention and development of young people
- Measures to prevent disasters
- Comprehensive agreements with local governments
- Support for communities through fundraising

Social contribution activities

**O** themes

Let's eat vegetables.

(fish & soybeans).

4 Low sodium

Delicious low-carb foods

**6** Saving calories with a smile

6 Let's eat high-quality protein

For better intestinal health

Healthful product development:

Enjoying the taste of quality ingredients

## **Delicious and healthful =**

We offer safe food products because we want our customers to be both mentally and physically healthy while still enjoying "delicious taste." Lawson wants to contribute to the good health of every generation by offering lowcalorie, low-carbohydrate and low-salt food ingredients and products.



#### 10 themes for healthful product development Focusing on "delicious taste" to contribute to customers' mental and physical health

Lawson develops healthful products with 10 themes, including "Let's eat vegetables." and "Delicious low-carb foods." Salads and vegetables you feel like eating every day, low-carbohydrate bran breads developed jointly with a major bread bakery, healthful sweets and drinks, and nutritionally balanced boxed lunches – we want to contribute to the health of every generation through the foods people eat every day.



Note: Not all the products are shown. Some may no longer be available. Healthful low-carbohydrate and low-calorie bran bread

Bran (a grain's outer husk), which is higher in dietary fiber and lower in carbohydrates than ordinary wheat flour, is used in bran products. They are low in carbohydrates and calories, make you feel full longer, and have a soft, moist texture and pleasant smell.

#### Let's eat vegetables





Tomato pasta salad

Corn Salad (crispy corn salad)

### • NATURAL LAWSON Healthy Series



Healthful snack series

Nutritionally

lunches

balanced boxed



Green smoothie

.....



Note: Not all the products are shown. Some may no longer be available.

#### Committed to providing safe, fresh, high-quality vegetables Expanding "Lawson Farms" nationwide

Lawson is expanding its "Lawson Farms" agricultural corporation nationwide to ensure a stable supply of safe, fresh, high-quality fruits and vegetables to Lawson Group stores in order to contribute to a healthful dietary life. Our goal is to establish a system that enables us to procure fresh vegetables for LAWSON stores year-round from a nationwide

network of production areas. Lawson has partnerships with DAICHI wo MAMORU KAI and Radishbo-ya, moreover, two companies that have taken the lead in handling organic, low-agrochemical farm products.



### Healthful vegetables from healthy soil

Lawson's pre-cut vegetables (except some products in some areas) are made with agricultural products grown using the Nakashima-method. This is an agricultural method developed to grow healthful vegetables in healthy, mineral-fortified soil, and Lawson is introducing the method to Lawson farms, which operate under exclusive contracts with Lawson.







Shredded cabbage

### Social contribution activities

### **Supporting your** health and safety

Lawson provides an extensive range of self-medication support services to help customers manage and maintain their own health. These services include selling medicines, opening stores with nursing care service providers as franchise owners, collaborating with local governments, and organizing sports events to help community residents control and maintain their own health.

#### Collaboration with drugstore chains Expanding the number of stores incorporating dispensing pharmacies



Lawson is working with Qol Co., Ltd., a major dispensing pharmacy chain, and MIZ-Pharmacy Co., Ltd., a dispensing pharmacy and drugstore operator in Saga Prefecture and Fukuoka Prefecture, to open stores with in-store dispensing pharmacies

Approximately 40 stores had been opened as of end May 2015.

#### Collaboration with a nursing care service company Establishing nursing care service centers in stores



Lawson has developed "CABE LAWSON " a convenience store incorporating a nursing care center, in collaboration with Wisnet Co., Ltd., a provider of extensive community-based nursing care services. A home-care support office, salon-type space and care consultation counter are installed in the store, with a nursing care service provider or care manager on duty full-time. The first store opened in Saitama prefecture in April 2015 and the second three months later in August.

#### Enhancing the sales of OTC (over-the-counter) drugs Supporting your safety at LAWSON stores



Lawson has been expanding sales of OTC drugs by convenience stores since the introduction of the "System for Registration of Sellers" as part of the 2009 revision of the Pharmaceutical Affairs Law. OTC drugs were being sold at 100 stores, including those with an in-store dispensing pharmacy, as of end May 2015.

You can use "Loppi" to place orders, too!

LAWSON

ENTERU

#### Providing support for better health Organizing citizens' sports events



Lawson contributes to better health by organizing citizens' sports events. such as marathons and triathlons, and collaborating with RENAISSANCE INCORPORATED, a major sports club operator.

#### Increased cooperation with local governments to promote health Providing backup for community health measures

Lawson has signed agreements concerning support for community health measures with a various cities: Amagasaki City, Hyogo Prefecture (October 2013), Matsumoto City, Nagano Prefecture (November 2013), Saga City, Saga Prefecture (August 2014), and Kurume City, Fukuoka Prefecture (March 2015).

#### Home delivery services bringing us closer to customers

### Lawson contributes to the happiness of communities and their citizens in various ways

Lawson provides home delivery services in cooperation with home delivery companies and mobile sales and order delivery services in cooperation with local governments and support organizations for the elderly and people for whom visiting stores is difficult. Lawson makes customers happy by always providing services from their perspective.

#### To depopulated villages

#### Providing mobile sales and order delivery services for depopulated villages with the local store as a base

Lawson sells and delivers food products and daily necessities to elderly customers and customers living in remote locations for whom visiting stores is difficult by providing mobile sales and order delivery services. We provide an "eve-on-the-community" service, moreover, in which we confirm the safety of people in households with elderly occupants by asking questions such as, "Is everything OK?" or, "Are you eating regularly?" when conducting mobile sales.

#### • Yamabiko LAWSON Jinseki-kogen-cho Store (Jinseki-kogen-cho, Jinseki-gun, Hiroshima Prefecture)

Lawson established a store in the michi-noeki (roadside station) in a depopulated village in collaboration with the Jinseki Kogencho Municipal Government to maintain infrastructure functions in an area where the population is aging and depopulation is progressing. The store provides mobile sales services and acts as a local community center to help keep the depopulated village alive.



Yamabiko I AWSON Jinseki Kogen-cho Store

 LAWSON Saga Yoshinogari Store (Yoshinogari-cho, Kanzaki-gun, Saga Prefecture) Lawson began providing a mobile sales service on April 1, 2015 in collaboration with the Social Welfare Corporation of Yoshinogari Town, About 300 food products and daily necessities, mainly Lawson products, are available.







#### to customers' homes

Lawson's home delivery services We take orders over the phone, etc., and deliver the ordered products to the customer's home. The products, including boxed lunches, onigiri (rice balls), beverages and other heavy items, toilet paper and a large selection of other products, are delivered free of charge if the order is for 700 yen or more.

Lawson traveling sales services We visit homes for the elderly, companies, multipurpose halls and other facilities and offer an extensive variety of snacks. beverages, fruits and daily necessities for

#### Providing new services under a business alliance with SG HOLDINGS

Lawson founded SG Lawson in a joint venture with SG HOLDINGS CO., LTD, in June 2015 to offer home ordering and delivery services in small commercial areas and introduced the services in Setagaya Ward, Tokyo, the same month

Supporting your health and safety



マチの暮らしサポート



To various places

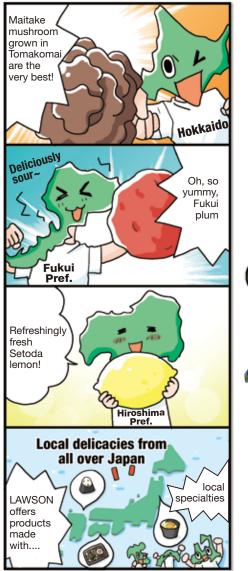
sale.





## Making communities more lively =

Lawson collaborates closely with local communities and governments to conduct various activities, including promotion of local production for local consumption\*, participation in Safety Station activities, responses to large-scale disasters and assistance in reconstruction, and in-store fundraising to support "greenery" and "children."



\* Local production for local consumption: Activities to encourage consumers to purchase locally produced products

#### Signing comprehensive agreements with local governments Using stores nationwide to make communities happier and livelier

The Lawson Group signs comprehensive agreements with local governments in Japan to promote community contribution activities, such as communitybased store management, product development, environmental preservation efforts and childcare support activities. Lawson takes advantage of its nationwide network of over 12,000 stores to make Promotion of option 11 communities throughout Japan happier and livelier.

#### Promotion of sales of locally sourced products and food ingredients Lawson develops and sells products using food ingredients

and specialties from various regions of Japan to successfully realize local production for local consumption contributing to revitalization of local communities nationwide



Ibaraki Prefecture Rice with shirasu (whitebait) unloaded a Fukui Prefecture: Oarai port Fukui ume onigiri (Japanese plum rice

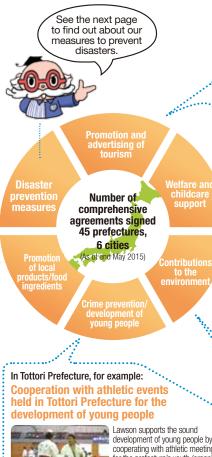
Kochi Prefecture



Hokkaido:

Hiroshima Prefecture: Oita Prefecture: Setoda lemon cheese cake Toriten yuzu mayo onigiri (chicken tempura, Chinese lemon and mayonnaise rice balls)

Note: Not all the products are shown. Some may no longer be available. \_\_\_\_\_



development of young people by cooperating with athletic meetings for the prefecture's youth (organized by the Tottori Sports Association) to improve their competitiveness in sports, teach them proper skills and train them mentally and physically.

In Toyama Prefecture, for example: About 180 stores in Tovama Prefecture



In Shiga Prefecture, for example:

prefectural government public

relations materials in 40 stores

Racks devoted exclusively to materials

activities advertising and promoting

families

20円割引き 為

information

·\*\*\*\*\*\*\*\*

publicizing the prefectural government's

tourism have been installed in 40 stores

in Shiga Prefecture to provide a variety of

.....

In the Tohoku Region, for example:

to households with children

Issuing "childcare support coupons"

We issue "childcare support coupons" to customers

the Tohoku region - Aomori, Iwate, Akita, Yamagata

ローソン子育てわくわくクーボン!智慧は記書書

who are raising children in the five prefectures of

and Fukushima prefectures - to provide support

for children, the generation of the future, and their

Installation of racks for

The stores set their air conditioners at 27°C in summer and 18°C in winter. They ask customers if they need a plastic shopping bag or not, moreover, to decrease the number of bags used The stores promote eco-friendly lifestyles through these activities in cooperation with the citizens of Toyama Prefecture.

🕘 🛄 📖 🕮 🕘 🛄 📖

20円割引券 20円割引券

sergeran @ @ farmaren

Working to become a safe and reliable store for you ~Safety Station activities~

've got to hurry up

not to

#### Prevention of emergency scams

In one case, a quick-witted store crew member talked to a customer who was spending too much time at the ATM and successfully prevented an emergency scam. In another, a store employee questioned a customer who wanted to transfer money, which turned out to be an attempted refund scam.

 Helping people who fall ill suddenly and the elderly

 Cooperation with community crime and disaster prevention activities



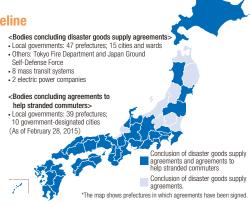


## Making communities more lively

#### Responses to large-scale disasters

#### Preparations to serve as a community lifeline

In the event of a large-scale disaster, LAWSON stores, even those located in a disaster area, will do their best to continue operating in order to serve as a lifeline for residents' daily lives. Lawson is committed to its social responsibility as a convenience store operator, moreover, and has signed disaster goods supply agreements and agreements to help stranded commuters with local governments and public organizations nationwide.



### Supporting reconstruction of disaster areas through the Disaster Relief Fund Delivering your goodwill to the affected areas

In the event of a major disaster, the fundraising boxes in stores are converted to Disaster Relief Fund boxes in order to deliver the goodwill of customers all over Japan to people in the disaster area. Collected donations are delivered to the affected people through emergency centers in the respective areas and to the Japan Red Cross Society and other organizations.

Depositary ceremony of fund-raising for the relief of Nepal earthquake victims, 2015

#### Results of the Disaster Relief Fund activities since FY2014 (As of end July 2015)

		· · · · ·	
Fundraising campaign title	Area	Duration	Donations collected
Nepal Earthquake 2015 Relief Fundraising	Fundraising box set at: Lawson Group stores nationwide <sup>*1</sup> 12,056 stores	May 1 – 18, 2015	¥34,450,763
Relief Fulluraising	Via Loppi <sup>*2</sup>		¥5,686,000
	Using Ponta points	April 28 – June 30, 2015	¥271,662
Hiroshima Heavy Rain Disaster Relief Fundraising	Lawson Group stores nationwide: 11,922 stores	August 22 – September 15, 2014 *From August 22 to September 1, fundraising was conducted only at LAWSON stores in Hiroshima Prefecture.	¥30,091,901

\*1 Lawson Group: LAWSON, NATURAL LAWSON, LAWSON STORE 100

\*2 Fundraising via Loppi was conducted only in LAWSON and NATURAL LAWSON stores with Loppi multimedia terminals.

### - Fundraising via Loppi

We have started accepting donations via Loppi multimedia terminals in our stores to enable customers to select the recipients of their donations. Victims now receive relief donations more quickly when major disasters occur.

Note: Relief donations are accepted for a limited time only.



Displaying the above QR code to the Loppi bar code reader takes you straight to the fundraising menu.

## Supporting the reconstruction of the Tohoku Region

## Ongoing cooperation with disaster area reconstruction efforts

More than four years have passed since the Great East Japan Earthquake, but the disaster area is still on the road to reconstruction. The Lawson Group continues to provide support for the people in the affected area from a multilateral perspective, including the opening of nearby stores, development of products using food ingredients produced in Tohoku, offering employment, and conducting fundraising activities to support the education of disaster affected students.



**Recovery Activities** 

from the Great East Japan earthquake



machi, Fukushima Prefecture, after the disaster. The store

serves as a place for local citizens to get together

parents and children"

**Reconstruction Support Project** 

Project implemented in Iwate Prefecture

with the theme of the "ties between

Egao (smile) Station Project

In 2015, we sold products made with locally produced raw materials for local consumption in lwate and organized sports classes to let parents and children enjoy time together. We plan to continue the above project and to implement it in other prefectures in Tohoku in 2016.

NORTH CONTRACT



## Making communities more lively

#### Support for "greenery" and "children" Lawson Group's fund-raising activity, "Happiness in Communities"

The Lawson Group promotes fundraising activities mainly in support of "greenery" and "children." Donations expressing customers' goodwill collected in the stores, together with donations from headquarters, are donated to three public entities and used in greening projects conducted mainly by schools nationwide and in projects supporting children as part of the Tohoku Region reconstruction.

#### The Lawson Group's "Happiness in Communities" Fund Cumulative Donations: About ¥7.5 billion (For September 1992 through February 2015) Donations include those collected in stores,

donations from headquarters, donations via Loppi, and donations of Ponta reward points

Lawson Green Fund

#### Achievements of the activities (September 1992 – February 2015)

Approx. ¥3.66 billion Activities conducted: 3,741 locations Size of the area planted for greening: Approx. 6,771 ha Number of trees planted for greening: Approx. 16,920 thousand

The size of the area and the number of trees planted for greening have been calculated based on the total amount of donations raised throught Lawson Green Fund activities, the overall achievements of the Green Fund activities, and certain assumptions.



Recipient: Civic Force



A get-together of recipient students: Photo courtesy of Civic Force

#### The Support Dreams Fund is a scholarship program organized to support the students affected by the Great East Japan Earthquake. The program helps 1,097 recipient students make their

dreams come true by providing scholarships amounting to ¥30,000 per month.

Activities on a mountain



**TOMODACHI Fund** 

(supporting students in the Tohoku region through

The Lawson Green Fund supports greening projects carried out by school volunteer groups,

Franchise owners, store managers, store crew and headquarters employees participate

contribution projects that benefit from the Lawson Green Fund.

Activities in a school

mainly from elementary, junior high and special needs schools throughout the country, as well as through projects conducted by volunteer groups in Japan and overseas.

Recipient: The National Land Afforestation Promotion Organization

Participation in Greening Contribution Projects

TOMODACHI Female High School Students Career Mentoring Program in Fukushima

The TOMODACHI Initiative is a

for U.S.-Japan educational and cultural exchange, development of

eaders of the next generation.

l awson supports educational and

Japan-U.S. public-private partnership

тойо

DACH

#### Elementary school children experience work in a convenience store Participating in the Student City program by operating a booth for experience-based learning

Lawson operates a booth (store for hands-on experience) in Student City, a facility managed and operated by the Kyoto City Board of Education, Sendai City Board of Education and Junior Achievement

Japan. A small "town" is reproduced in Student City, a venue comprising booths simulating a LAWSON store as well as the stores and offices of other sponsor companies, including banks and newspaper publishers. Upper grade elementary school children learn about social and economic mechanisms and children's relationship with society through job experience.

### **Environmental Activities**

### **Groupwide Environmentally Friendly Initiatives**

Lawson considers the environment in every location and every step of its business operations, from product development, manufacturing and delivery to store equipment and management.





### From product development and manufacturing to store delivery

We consider the environment in various aspects of product development, manufacturing and delivery, including the following: developing innovative containers and packaging to conserve resources, employing a production process management system to reduce raw materials waste, and reducing the energy consumed in transporting raw materials and products.



#### Developing products using domestic raw materials **Reducing energy consumption** Creating in transportation products

Lawson produces boxed lunches. rice balls, desserts and other products that make use of domestically sourced, seasonal ingredients. This not only contributes to the revitalization of local communities across Japan, but it also reduces energy consumption. because the ingredients do not have to travel as far as those imported from overseas.



Delicious! Akashi specialty octopus rice



Almond ielly with watermelon (topped with watermelon **Delicious!** Local specialties from the Miura Peninsula) Hokkaido salmon and salmon roe boxed lunch



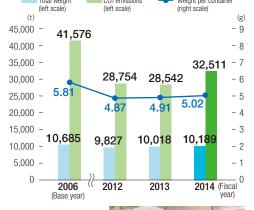
Lawson received the Award of Excellence in Distribution at the Food Action Nippon Awards for two consecutive years (2013 and 2014). The awards recognize outstanding efforts to help increase consumption of domestically produced foods. "Kara-age Kun," made from 100% domestic chicken

Environmentally-friendly containers and packaging Reducing CO<sub>2</sub> emissions by using lighter, plant-derived containers and packaging

We have reduced CO<sub>2</sub> emissions by 40% just by limiting the use of wrapping films around the lids of lunch boxes. Our cold noodle containers are made from bio-PET plastic, part of which is derived from sugarcane.

Cold noodle containers made from bio-PET plastic

#### Container/packaging weight and CO<sub>2</sub> emissions Total weight CO<sub>2</sub> emissions Weight per container



#### Minimizing waste in the production process Introduction of the Production Process Management System

To reduce waste in the manufacturing stage, we have introduced the Production Process Management System, which carefully measures ingredients, product volume and servings down to a gram.





Recognition for excellent drivers





Promoting energy efficiency in the delivery process Promoting efficient deliveries and eco-driving

LAWSON aims to deliver products efficiently by promoting multi-drop deliveries and optimizing delivery frequency. In addition, our trucks are fitted with eco-friendly tires to improve fuel economy. LAWSON promotes eco-driving by using a traffic control system that monitors the status of the trucks on the road. We also raise awareness by training

drivers to prevent unnecessary vehicle idling and noise.

Average daily number of trucks per store Fiscal 198916 Fiscal 2014 7.0



### **Store Equipment**

LAWSON stores reduce electricity consumption and  $CO_2$  emissions by installing freezers and refrigerators that use  $CO_2$  coolant as well as solar power systems. They also reduce waste by reusing fixtures and equipment.

#### Experimental energy-efficient stores equipped with the latest technologies Examining energy-saving benefits and applying the knowledge to stores nationwide



Electricity consumption target Approx. 60% reduction Compared with fiscal 2010

The stores are trying many things to reduce the heat load, such as installing green walls and introducing "double-skin facades" (for the first time in the convenience store industry).

LAWSON Toyohashi Akemi Industrial Park, an experimental energy-efficient store was opened in Toyohashi City, Aichi Prefecture, in November 2014. Our goal is to reduce electricity consumption throughout the entire store by about 60% compared with fiscal 2010 by using energy-conserving equipment featuring cutting-edge technologies. We apply the knowledge obtained at experimental stores like this when installing equipment in regular stores and continue developing new equipment to promote further energy conservation and CO<sub>2</sub> emissions reduction.

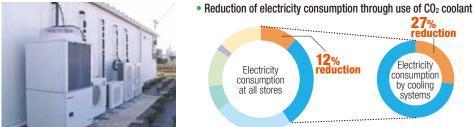


Store

equipment

### Introducing a natural coolant with lower environmental load and higher energy efficiency

#### Freezers and refrigerators using a CO<sub>2</sub> coolant



In fiscal 2010, Lawson began installing freezers and refrigerators that use CO<sub>2</sub> coolant in its stores. The total number of stores with the new equipment reached about 580 in fiscal 2014. The impact of CO<sub>2</sub> coolant on Earth's atmosphere is very small, just 1/4,000 that of alternative CFC coolants. CO<sub>2</sub> coolant also has a high potential for energy efficiency.

#### Introduction of solar power systems

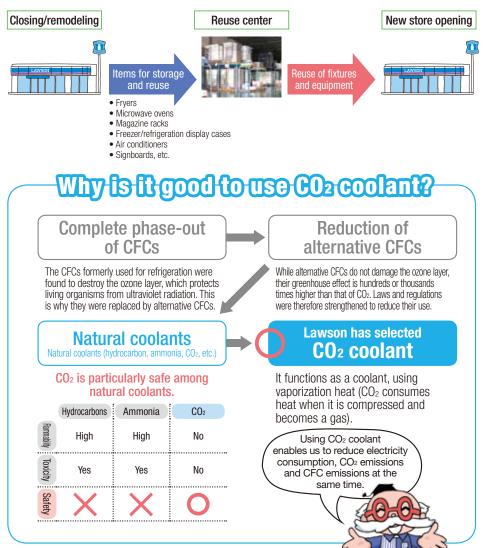
#### Penetration and expansion of renewable energy

Lawson had installed solar power systems in about 2,000 stores by fiscal 2014. These systems have a generating capacity of 12 kW, comprising 10 kW (two 5 kW devices) for use in energy sales and 2 kW for in-store use.



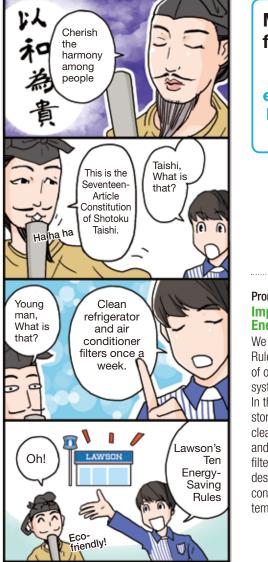
#### Management of fixtures and equipment at reuse centers Reuse of store fixtures and equipment

When stores are remodeled or closed, their fixtures and equipment that still meet LAWSON's standards are stored at reuse centers and then reused in newly opened stores. There are two reuse centers (one each in Eastern and Western Japan), where these items are numbered, stored and then redeployed, allowing reuse spanning a large geographic area.



### **Store Management**

LAWSON stores have set a goal for fiscal 2020 of reducing per-store electricity consumption by 20%. We are installing energy-efficient refrigeration and air-conditioning systems to achieve this. We have also established the Ten Energy-Saving Rules and put them into practice to increase operating efficiency.



### Medium-term goal for fiscal 2020 **Reduce per-store** electricity consumption by 20% compared with fiscal 2010



Promoting energy efficiency in stores Implementing the Ten **Energy-Saving Rules** 

We have established the Ten Energy-Saving Rules to help improve the operating efficiency of our stores' refrigeration and air-conditioning systems and reduce unnecessary power use. In the course of their daily operations, the stores are implementing such measures as

cleaning refrigerator and air-conditioner filters and using designated airconditioner temperature settings.

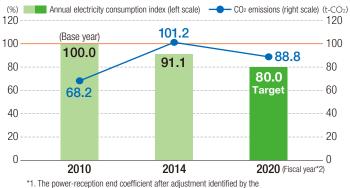


#### Setting an energy efficiency target

### Goal for fiscal 2020: Reducing per-store electricity consumption by 20%

Lawson is striving to achieve its energy-efficiency target by actively installing energy-efficient refrigeration and air-conditioning systems and equipment such as LED lighting.

Per-store electricity consumption (index) and CO<sub>2</sub> emissions<sup>11</sup>



Federation of Electric Power Companies of Japan is used to measure CO<sub>2</sub> emissions. Data for fiscal 2014 and 2020 are calculated using the coefficient for fiscal 2013. \*2. Calculated in accordance with the administrative year from April 1 to March 31.

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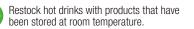
- Clean refrigerator and air-conditioner filters once a week.
- Keep air-conditioner temperatures set at 27°C in summer, 18°C in winter and off in spring and autumn.
- Minimize the time that doors to walk-in and storage freezers and refrigerators are open when moving products in and out.
- Keep the area around outdoor refrigerators and air-conditioning units clean and tidy.

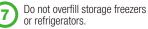
3

5

Restock summer products that are frozen in-store from stocks that have been refrigerated.









unoccupied back rooms and storage areas.

Arrange products so that they do not disturb 9 the air curtain on open cases.

Minimize the number of times storage freezers 10 and refrigerators are opened.



#### Lawson' Achievements: Environmental Awards



FY	Title	Activity	Organizer			
015	The 2nd Food Industry Mottainai Award Commendation from Secretary General of Food Industry Affairs Bureau	Promotion of measures to prevent global warming by using natural coolant (CO2) and other efforts (including the initiative at MACHI café)*	Japan Organics Recycling Association			
014	Outstanding Performance Award at the 4th Carbon Offset Awards	$\text{CO}_2$ offset with hot coffee and caffè latte at MACHI café*	Carbon Offset Network, Japan			
014	Award of Excellence in Logistics at Food Action Nippon Awards 2014	<ul> <li>Product development with domestic raw materials, using Health as a key word (e.g. bran bread)</li> <li>Switching the raw material of Kara-age Kun to 100% domestic chicken</li> </ul>	Food Action Nippon Awards 2014 Steering Committee			
013	Letter of appreciation and Distinguished Service Award at Arakawa Clean Aid	tinguished Service 20-year commitment to Arakawa Clean Aid Arakawa Clean Aid Forum Karyu River Office at the Infrastructure, Transport a				
013	Award of Excellence in Logistics at Food Action Nippon Awards 2013	<ul> <li>Farming Corporation Lawson Farm</li> <li>Development and sale of products using domestic food (e.g. Delicious! Local Specialties boxed lunch series)</li> </ul>				
013	2013 Environment Minister's Award for Global Warming Prevention Activities (introduction of advanced countermeasure technology)	Development of experimental energy efficient stores and installation of freezers and refrigerators that use CO <sub>2</sub> coolant	Ministry of the Environment			
012	2012 Environment Minister's Award for Global Warming Prevention Activities (introduction and dissemination of countermeasure technology)	Eco-friendly containers and packaging	Ministry of the Environment			
012	METI Minister's Award at the 15th Ozone Layer Protection/Global Warming Prevention Awards	Installation of separate display cases and freezers using natural coolant (CO <sub>2</sub> )	NIKKAN KOGYO SHINBUN, LTD.			
009	2009 Environment Minister's Award for Global Warming Prevention Activities (implementation of countermeasures)	CO2 Offset Program*	Ministry of the Environment			
800	2008 Award of Excellence from the Minister of the Environment for Promoting the 3R's of Containers and Packaging	Bring Your Own Bag campaign	Ministry of the Environment			
800	eco japan cup 2008 Environmental Business Award (software category)	CO2 Offset Program*	Environmental Business women, Sumitomo Mitsui Banking Corporation, Ministry of the Environment, Ministry of Internal Affairs and Communications			
800	2008 METI Minister's Prize at Distinguished 3R's Promoters Awards	Bring Your Own Bag campaign	Reduce, Reuse, Recycle Promotion Association			
007	2007 Prize for Encouragement from the Minister of the Environment for Promoting the 3R's of Containers and Packaging	Bring Your Own Bag campaign	Ministry of the Environment			
007	Prize for Encouragement at My Bag Design Awards of the Ministry of Environment 2007	Convenience Store Eco Bags	Ministry of the Environment			
006	METI Minister's Award at the National Conference on Excellent Energy Conservation Initiatives 2005	Introduction of Eco Pack and Eco Monitor in existing stores	The Energy Conservation Center, Japar			
005	The 16th Green Culture Award	Lawson Green Fund	The National Land Afforestation Promotion Organization			
004	2004 Environment Minister's Award for Global Warming Prevention Activities (implementation of	Lawson Green Fund and tree planting	Ministry of the Environment			

#### How the CO<sub>2</sub> Offset Program works to reduce customers' CO<sub>2</sub> emissions $\underline{\Omega}$



The idea behind  $CO_2$  offsets is that the amount of the purchaser's  $CO_2$  emissions is offset by efforts to reduce them elsewhere, such as afforestation, forest preservation and clean energy use.

LAWSON customers can exchange shopping reward points acquired by using their Ponta multi-partner loyalty point cards for CO<sub>2</sub> offset credits or purchase CO<sub>2</sub> offset products. By offering these credits, we help customers offset their CO<sub>2</sub> emissions.

### **Store Management**

#### Reducing the use of plastic shopping bags Reducing the use of plastic shopping bags through conversation with customers and posters

We work to reduce the use of plastic shopping bags by having store crew ask customers whether they need them, using in-store broadcasting, putting up posters and handing out reusable shopping bags. We also participate in municipal campaigns to reduce the use of plastic shopping bags by posting campaign notices and promoting the use of appropriately sized plastic shopping bags.

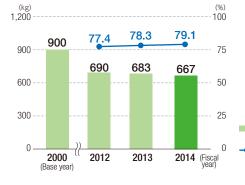


A poster encouraging reduced use of plastic shopping bags

In fiscal 2014, the per-store use of plastic shopping bags decreased by 25.9% compared with fiscal 2000, and the plastic shopping bag handout rate\* was 79.1%.

\* Plastic shopping bag handout rate = Number of bags purchased by stores  $\div$  Number of customers

#### Plastic shopping bags used per store



#### Municipalities conducting campaigns to reduce the use of plastic shopping bags

Prefectures: Fukushima, Tottori, Shimane, Okayama, Fukuoka, Nagasaki, Kumamoto, Miyazaki and Kagoshima. Cities: Sendai (Miyagi), Edogawa (Tokyo), Musashino (Tokyo), Ogaki (Gifu), Izumiotsu (Osaka), Okayama and Fukuoka.

BAC

#### Penetration of Convenience Store Eco Bags Distribution of 4.31 million reusable shopping bags

Lawson makes Convenience Store Eco Bags to help reduce the use of plastic shopping bags. These reusable shopping bags are just the right size for the boxed lunches or

 Plastic shopping bags used per store (left scale)

Plastic shopping bag

handout rate (right scale)

bottled drinks that customers buy frequently.

In March 2007, we started handing out these bags in some LAWSON stores to promote our Bring Your Own Bag campaign. Later, we started selling the bags through Loppi multimedia information terminals. We also promote penetration of the bags outside the company by releasing the bags' specifications and inviting other companies to collaborate.

We have distributed 4.31 million reusable shopping bags\* in the 8 years since we introduced the initiative. \* Including reusable shopping bags other than our Convenience Store Eco Bags.



### **Store Management**



(%)

LAWSON stores reduce waste by improving the accuracy of order placement based on sales data analysis. We also recycle unsold food and used cooking oil.



#### Improving accuracy in product order placement Optimizing our product offering to reduce waste

We work to reduce waste by optimizing the stores' product offering. Sales data gathered through Ponta\* multi-partner loyalty point cards is analyzed and used to develop hypotheses, taking the day of the week, weather patterns, local events and other factors into account, to determine the optimal product offering and volume. This improves the accuracy of order placement and contributes to waste reduction. We also reduce waste by adjusting food preparation in our Machikado Chubo in-store kitchens to reflect the number of customer visits.

\*The identities of individual cardholders are protected.

#### Food recycling in Fukuoka City

We began recycling unsold food into feed in Fukuoka City in October 2014. Unsold food is sent from the stores to a KANKYOU AGENCY CO LTD food recycling plant, where it is crushed, decompressed, dried, processed into feed and then shipped to pig farmers and feed manufacturers.

Each day the average store generates 7.9 kg of unsold food waste (boxed lunches, rice balls, etc.)

Recycling unsold food

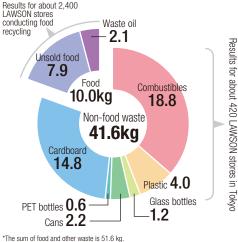
and 2.1 kg of oil (waste oil) used in the preparation of fried foods (figures for stores participating in food recycling). We send unsold food to recycling plants, where it is processed into feed (for pigs and chickens) and compost. Used cooking oil is made into livestock feed additives, biodiesel for public buses and additive-free soap. As a result of such initiatives, we achieved a food recycling ratio of 44.7% in fiscal 2014, well above the statutory target of 36.5%.

Achieving a food recycling ratio of 44.7%, well above the statutory target of 36.5%

Average daily waste per store

\* From April 1, 2014 to March 31, 2015.

#### Number of Lawson Group stores conducting food recycling



## (Stores)







Disposal of containers.

Electricity consumption

associated with procurement

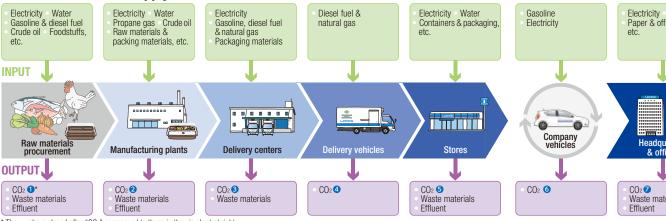
1.12% [52.9]

disposable chopsticks and plastic shopping bags (5)

### **Care for the Environment in the Supply Chain**

Lawson operates as a manufacturing retailer based on a small commercial area model, producing high value-added products and selling them in customers' neighborhoods. To support these operations, Lawson is enhancing efficiency by expanding its involvement in every stage of the supply chain, from raw materials procurement to product manufacturing, distribution and sales in the stores, avoiding waste of ingredients in food processing and maximizing distribution efficiency. In all these efforts, we remain considerate of the community and the environment.

### Materials flow in our supply chain



\* The numbers placed after "CO2" correspond to those in the pie chart at right.

### Reducing CO<sub>2</sub> emissions throughout the supply chain

Provision of products and services entails the use of such natural resources as electricity, gasoline, and other forms of energy as well as water throughout the supply chain. This results in emissions of  $CO_2$ and waste byproducts. To minimize its environmental impact, Lawson monitors  $CO_2$  emissions in every stage of its supply chain, from raw materials procurement to product manufacturing, distribution and sales in the stores. It then implements various measures to reduce the emissions.

### Third-party verification of CO<sub>2</sub> emissions by Lawson

To ensure accuracy in its monitoring of CO<sub>2</sub> emissions, Lawson obtains verification by the Japan Quality Assurance Organization (JQA) based on ISO14064-3.

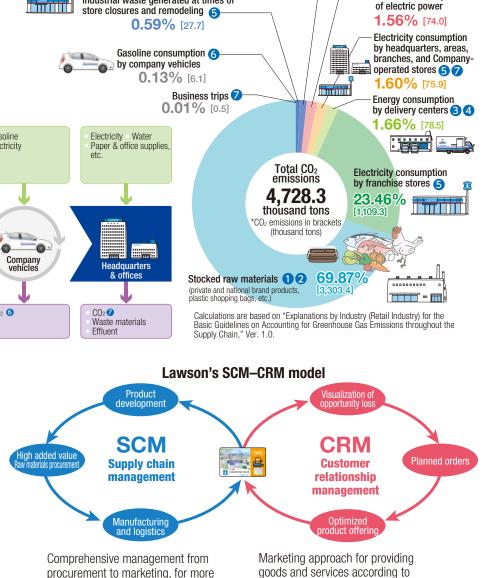
#### CO<sub>2</sub> emissions calculation rules

Scope of inspection Use of Company vehicles, LAWSON, NATURAL LAWSON, LAWSON STORE100 and LAWSON MART (12,723 stores), purchased goods and services for store sales

Greenhouse Gas Emissions

Verification Report

Target From April 1, 2014 to March 31, 2015 (administrative year)



specific customer needs

CO<sub>2</sub> emissions from our supply chain in fiscal 2014

complete process efficiency and

optimization

Waste materials generated by stores and

industrial waste generated at times of

Care for the Environment in the Supply Chain

## A good community member



#### Promoting beautification of local areas with community residents Helping to maintain a clean environment as a community member

Lawson participates in local cleanup and beautification activities around rivers and parks in cooperation with the municipalities, companies and residents of the communities in which it operates. Franchise owners, store managers, store crew (part-time and temporary workers) and employees of Lawson's headquarters, as well as their families and Lawson's business partners, join the residents in picking up trash and beautifying the communities in which they live.



Fukuoka Love Earth Cleanup Date: June 7, 2015 (Sun.) Participants: 85 (total participants: 1,015) Places: Oohori Park and Maizuru Park (Chuoh-ku, Fukuoka City) Collecting about 90 bags of trash We have been active participants since 1994.



Arakawa Clean Aid Date: November 15, 2014 (Sat.) Participants: 76 Place: Arakawa Riverside (Edogawa-ku, Tokyo) Collecting 58 bags of trash and 31 bulky waste items We have been active participants since 1994.

#### Participation in local environmental events Introducing Lawson Green Fund

We also participate in local environmental events by introducing the Lawson Green Fund at a booth and conducting fun programs to stimulate visitors' interest and raise awareness of environmental preservation.

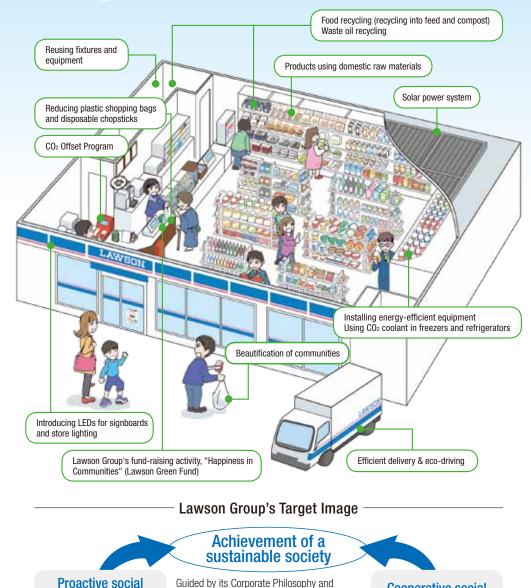


Sendai Eco Festa 2014 Date: September 7, 2014 (Sun.) Place: Civic Square, Kotoudai Park (Aoba-ku, Sendai City) We have been active participants since 2012.



"Tamba Marugoto Market" in Hyogo Prefecture "Sawayaka Eco Festival" Date: November 8 and 9, 2014 (Sat. and Sun.) Place: Tamba Dome (Toyooka City, Hyogo Prefecture) We have been active participants since 2009.

### **Creating Environmentally Friendly Stores**



Guided by its Corporate Philosophy and Environmental Policy, the Lawson Group seeks to implement socially and environmentally conscious operations throughout its business and to cooperate with customers in efforts to realize a sustainable society.

and environmental

activities

A good community member

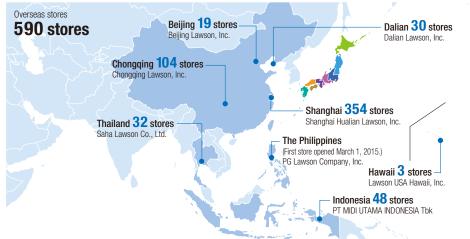
### About us

Corporate pro	file		As of February 28, 2015 (Consolidated) Franchise chain development of LAWSON, NATURAL LAWSON and LAWSON STORE100			
Company name Headquarters	Lawson, Inc. East Tower, Gate City Ohsaki,11-2, Osaki 1-chome, Shinagawa-ku,	Business activities				
	Tokyo 141-8643 Japan	Net sales for all stores	1,961.9 billion			
President and CEO, Representative Director	Genichi Tamatsuka	Number of stores Operating areas	12,383 (stores in Japan) All 47 prefectures in Japan, China			
Established	April 15,1975		(Shanghai, Chongqing, Dalian, Beijing),			
Capital	58,506.644 million yen (non-consolidated)		Indonesia, Hawaii, Thailand			
Number of employees	7,606					

Note: Net sales for all stores is the sum of total sales by the domestic convenience store business, overseas business and SEIJO ISHII stores (consolidated subsidiaries only). For the SEIJO ISHII business, only the total for its company-operated stores is included. The total number of stores in Japan is the total of LAWSON, NATURAL LAWSON and LAWSON MMRT/LAWSON STORE100 stores operated by Lawson, Inc., LAWSON stores operated by Lawson Okinawa, Inc. and Lawson Minami-Kyushu, Inc., and Seijo Ishii stores operated directly by SEIJO ISHII Co., LTD.

Areas in	which	n stores ar	e opera	ted (in	tal numbe Japan and	r of stores d overseas)*	12,9	73 store	<b>es</b> a	s of February 28	3, 2015
Number of sto	ores in .	Japan <b>12,</b>	383 s	tores							
Hokkaido re 619 stor		Kanto/Koshine 4,211 s		Chubu regi <b>1,466</b>		Kinki regio <b>2,404</b>		Chugoku reț 673 stor	·	Kyushu/Okinaw <b>1,394</b> s	
Tohoku regi 961 stor		lbaraki Tochigi Gunma	150 141 93	Toyama Ishikawa Fukui	188 102 106	Shiga Kyoto Osaka	155 324 1,036	Tottori Shimane Okayama	111 117 145	Fukuoka Saga Nagasaki	442 67 105
Aomori Iwate Miyagi Akita Yamagata	208 161 227 184 78	Saitama Chiba Tokyo Kanagawa Niigata	514 463 1,597 862 130	Shizuoka Aichi Gifu Mie	225 583 151 111	Hyogo Nara Wakayama <b>Shikoku Re</b>		Hiroshima Yamaguchi <b>48 stores</b>	177 123	Kumamoto Oita Miyazaki Kagoshima Okinawa	135 166 103 202 174
Fukushima	103	Yamanashi Nagano	111 150			Tokushima Kagawa	130 122	Ehime Kouchi	189 107		

\* The total number of stores and number of stores in Japan include stores operated under Lawson Mart, Inc., Lawson Okinawa, Inc., Lawson Minami Kyushu, Inc., and SEIJO ISHII, CO., LTD. For SEIJO ISHII, CO., LTD, only its company-operated Seijo Ishii stores are included.



#### Category Name of company Category Name of company **Consulting business Domestic convenience** Lawson, Inc. BestPractice, Inc. store business Lawson Mart. Inc. **Overseas business** Lawson (China) Holdings, Inc. SCI. Inc. Shanghai Hualian Lawson, Inc. Lawson Okinawa, Inc. Chongging Lawson, Inc. Lawson Minami-Kvushu, Inc. Dalian Lawson, Inc. **Entertainment- and home** Lawson HMV Entertainment, Inc. Lawson Asia Pacific Holdings Pte. Ltd. convenience-related business United Cinemas Co., Ltd. Saha Lawson, Co., Ltd. Financial services business Lawson ATM Networks, Inc. SEIJO ISHII business SELIO ISHII CO., I TD.

Main Lawson Group companies

#### Main businesses and services As of February 28, 2015 A nearby "neighborhood store" that seeks to realize its A nearby store, observing a "daily and reliably" Corporate Philosophy of "Creating Happiness and Harmony in Our Communities" by conducting business as a manufacturing concept, that supports customer lifestyles embracing "beauty, health, and comfort" retailer based on a small commercial area model\* NATURAL **LAWSON** LAWSON Operating company Lawson, Inc. Operating company Lawson Okinawa, Inc. Lawson Minami-Kyushu, Inc. Lawson, Inc. A store that contributes to savings and an easy, A food-lifestyle supermarket for people who care convenient daily life by selling a range of products such as perishable foods, prepared foods and daily necessities about food, providing food from around the world at affordable prices SLIPER/MARKET at a uniform price of 100 yen (108 yen, including tax) 成城后口 Operating company Operating company Lawson Mart, Inc. SEIJO ISHII CO., LTD. Sales of music and film productions such as CDs/ Sales of the full range of entertainment tickets, DVDs, related goods and books, both online and including tickets to concerts, sports events, plays through a nationwide network of 53 stores and movies 口-チケ、ここの Operating company Operating company Lawson HMV Entertainment. Inc. Lawson HMV Entertainment, Inc. One of Japan's largest online bookstores selling A business that provides installation, management books, magazines and comics and operation of ATMs installed at LAWSON stores in cooperation with banks BOOKS Operating company Operating company ATM Lawson HMV Entertainment, Inc. Lawson ATM Networks, Inc. A home-delivery service providing healthful and Operation of multiplex movie theaters offering not only film entertainment but also such enriching experiences as 4DX® (experiential viewing) and delicious food. An all-round home delivery site on which customers can purchase not only Lawson various contents other than movies Fresh products but also food, daily necessities and other items handled by the Lawson Group. 日-ソン フレッシュ ANTES CHEEKA Operating company Operating company United Cinemas Co., Ltd. Lawson, Inc. A business that sells safe, delicious foodstuffs as One of Japan's largest individual home-delivery services for organic and inexpensive agrochemical farm produce and other daily-life products ingredients for home cooking, such as organic vegetables and natural foods, as well as other items \*\*\*\*\*\* for the home through direct home delivery or shops Redish STUTCONT-1 Bave Operating company Operating company DAICHI wo MAMORU KAI Co., Ltd. Radishbo-ya Co., Ltd. Twenty-two farms nationwide producing fresh fruit Delivery of products handled by the Lawson Group and vegetables for Lawson Group stores and home-delivery items handled by Sagawa Express Co. Ltd. and other services related to. **U** shopping and housing/living with Lawson stores as the starting point. (Services initiated in June 2015.) マチの暮らしせポー Operating company Operating company Lawson Farm in the respective locations SG Lawson Co., Ltd.\*

About us

As of February 28, 2015

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\*Company established and services initiated in June 2015