

Corporate Philosophy

Creating Happiness and Harmony in Our Communities

Vision

To be a leading company in execution
Think through customers' needs and changes, execute with speed and become an essential part of our communities.

Code of Conduct

1. Think as customers, communities and stores.
2. Master the basics and strive to innovate.
3. Improve the quality and speed of the Plan-Do-Check-Act cycle.
4. Act with discipline, take initiative and succeed as a team.
5. Grow as individuals and support the growth of our team members.

Living in Harmony with Communities: Initiatives Report 2016

Creating Happiness and Harmony in Our Communities

Lawson communication media

Integrated Report

An overview of the Lawson Group's business activities in local communities and the outlook for sustainable growth



Community-Citizens Harmony Project Report

A simple, clearly written report on our responses to social and environmental challenges



Financial Section

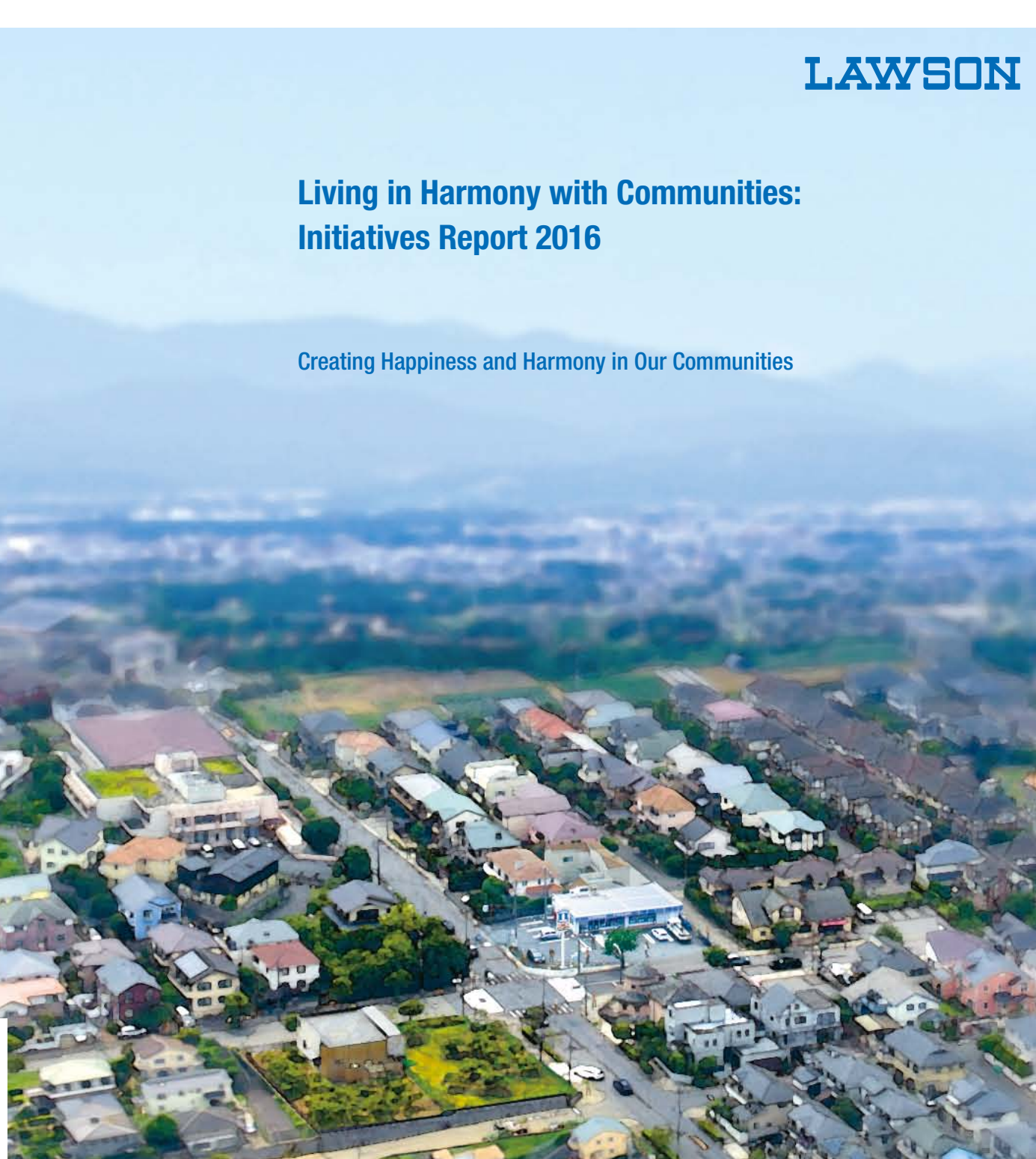
A report on industry trends and the Group's business initiatives and financial position in relevant years, as well as the projected earnings assessment/analysis and outlook for the coming fiscal year

Lawson website Presents information and data not covered by Lawson publications.

Lawson, Inc.

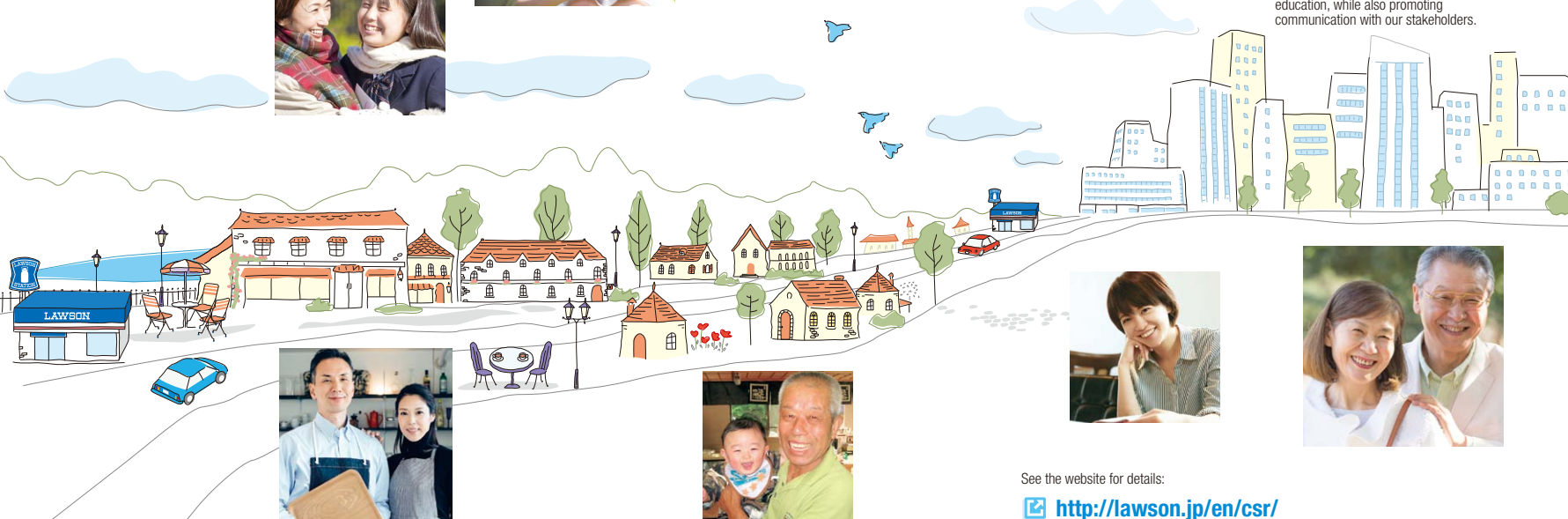
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<http://lawson.jp/en/>

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Creating Happiness and Harmony in Our Communities

This is the Corporate Philosophy of the Lawson Group. We position ourselves as an essential part 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

We will combat global warming by conserving energy and resources and reducing waste in all our business activities.

2 Consideration in the development of products and services

We will give proper consideration to effects on the natural environment and local communities at every stage in the cycle of products and services, from procurement of raw materials to sales and disposal.

3 Active participation in social contribution activities

We will participate actively in social contribution activities, serving as a member of our communities in efforts to promote greenery and beautification of the regional environment and pursuing other initiatives.

4 Continuous improvements

We will strive to preserve the environment by leveraging our environmental management systems to make continuous improvements, which will be measured against objectives and targets.

5 Observance of laws and regulations

We will observe laws and internal rules related to environmental preservation activities.

6 Promotion of communication

We will foster greater awareness of environmental preservation through education, while also promoting communication with our stakeholders.

See the website for details:

<http://lawson.jp/en/csr/>

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Special Feature

Response to Earthquake
Disasters

Active participation in social contribution activities

Lawson considers supporting communities in the event of emergencies to be a vital mission.

If a large-scale disaster occurs, LAWSON stores serve as a community lifeline by implementing various measures contributing to recovery. These include checking the status of damage and safety of the affected area; providing food, daily necessities and other relief supplies; and quickly resuming operation of the affected LAWSON stores.

In the event of a large-scale disaster, our first priority is to confirm the safety of customers, FC*1 owners, store crews*2 and employees. In company-wide drills held three times each year, participants experience various safety confirmation methods such as phone, e-mails, the Disaster Emergency Message Dial system and our safety confirmation system in order to allow them to respond smoothly in an emergency. Stores are equipped with supplies and manuals required for a disaster.

In the event of a disaster, we will quickly establish disaster relief headquarters in the headquarters, an area office and a disaster area. By utilizing disaster information mapping systems or other methods in which we can check the disaster situation in real time, we will confirm the safety of people, identify the damage situation and support stores, manufacturing factories, delivery centers and other locations.

To fulfill the mission as a lifeline for society, we make efforts to avoid interruption of critical functions. Even if the functions are unavoidably interrupted, we will do our best to

resume them quickly. 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.

*1 FC: Franchise

*2 Store crews: Part-time and temporary workers

<Bodies concluding disaster goods supply agreements>

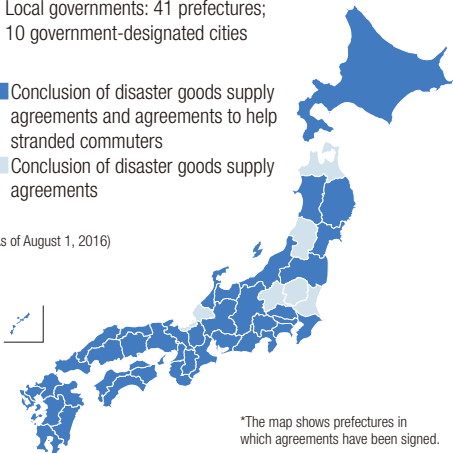
- Local governments: 47 prefectures; 16 cities and wards
- Others: Tokyo Fire Department and Japan Ground Self-Defense Force
- 8 mass transit systems
- 2 electric power companies

<Conclusion of agreements to help stranded commuters>

- Local governments: 41 prefectures; 10 government-designated cities

- Conclusion of disaster goods supply agreements and agreements to help stranded commuters
- Conclusion of disaster goods supply agreements

(As of August 1, 2016)



*The map shows prefectures in which agreements have been signed.



Disaster relief manual



Disaster Response Activities for the 2016 Kumamoto Earthquakes

Large earthquakes shook the Kumamoto area with a seismic intensity of 7 on two separate days, April 14 and 16, 2016. The violent tremors brought devastating damage to Kumamoto and Oita Prefectures. Immediately after the earthquakes, Lawson not only confirmed the safety of customers, franchise stores, and others, but also provided support as a community lifeline for the reconstruction of earthquake-affected areas.

Immediately after the earthquakes

Establishment of disaster relief headquarters and confirmation of safety and damage conditions

Immediately after the earthquakes, Lawson established a disaster relief headquarters, and then strove to confirm the safety of customers, franchise owners, store managers, crews, and employees as well as to grasp the conditions of damage at the stores and delivery centers. At the headquarters, we planned and conducted disaster relief activities while confirming disaster conditions in real time by utilizing the disaster information map that we began developing after the Great East Japan Earthquake.

Afterward

Dispatch of headquarters employees and others from around Japan to the affected areas to reopen the stores as soon as possible

The delivery center in charge of Kumamoto Prefecture was severely damaged and stopped functioning completely. However, our logistics system, which had been repeatedly improved based on the lessons we learned from past disasters, enabled us to deliver products from other undamaged delivery centers. To reopen the earthquake-impacted stores as soon as possible, Lawson dispatched headquarters employees and others from around Japan to provide assistance for the preparation to reopen the stores, such as checking of damaged store buildings and cleaning up of damaged fixtures and products, as well as to provide support for the store operations by arranging delivered products and helping cashiers.

Delivery of relief goods and acceptance of donations to support disaster-affected people

Upon receiving a request on April 15 from the Disaster Response Headquarters established by Kumamoto Prefecture and Kumamoto City, Lawson immediately started supplying drinking water, instant cup noodles, and other relief goods. Furthermore, the Lawson Group began accepting donations through in-store donation boxes, donations via Loppi multimedia terminals, and donations of Ponta reward points and d reward points from all over Japan.

Relief Goods (April 15 through 18)

Drinking water (500 ml bottle x 1,200 bottles), instant cup noodles (11,000 servings)
Disposable chopsticks (11,000 sets), plastic shopping bag (1,000 bags)
Onigiri (rice ball) (1,900 pieces), Bento (boxed lunch)/sushi (100 servings)
Chilled beverage (3,500 bottles)
Banana (bunch of 3 or 4 bananas x 600 bunches), orange (1,000 pieces)

Disaster Relief Fundraising

The Lawson Group initiated a disaster relief fundraising activity for the Kumamoto earthquake victims at about 12,600 stores. The donations received from customers totaled 311,255,710 yen as of June 30.



Earthquake-damaged store



Local disaster relief headquarters in Kumamoto City



Delivery of beverages and food by headquarters employees and others



Store staff announcing the arrival of onigiri (rice balls) and bento (boxed lunches)

Assistance for the reconstruction of the affected areas

Kindling “The Light of Happiness” One by One in the Earthquake-affected Areas in the Tohoku Region

Even after more than five years from the Great East Japan Earthquake, reconstruction of the earthquake-stricken areas is still underway. Lawson reopened the damaged stores and opened temporary stores in the affected areas immediately after the earthquake. We received encouraging comments from many disaster-affected people, such as “LAWSON was the first store in my town with the lights on” and “I was so happy to see the lights lit in the neighborhood LAWSON store.” As of the end of February 2016, there were 491 LAWSON stores in Iwate, Miyagi, and Fukushima Prefectures. We strive to increase the number of stores in an effort to ensure that LAWSON stores continue to serve an important role as a social infrastructure. The following introduces the efforts and activities of the LAWSON stores in Namie-machi, Fukushima Prefecture and Yamamoto-cho, Miyagi Prefecture in providing support for the reconstruction of the communities.



Initiatives taken for the stores after the Great East Japan Earthquake

Lawson has been continuously providing support for the reconstruction of the affected areas since the Great East Japan Earthquake.

- 2011
 - Delivery of emergency relief goods to disaster-stricken areas
 - Early reopening of LAWSON stores in disaster-stricken areas
 - Sales of products using mobile sales vehicles
 - Opening of temporary stores
- From 2012
 - Development and sales of products using food ingredients produced in the Tohoku region
 - Development and sales of products with contribution to the Support Dreams Fund
- From 2014
 - Operation of the only retail store open in Namie-machi
 - Commencement of operation of the LAWSON store in front of Namie-machi Town Office
- From 2016
 - Opening of the first commercial store in the newly developed urban area of Yamamoto-cho
 - Commencement of operation of the LAWSON store in front of New Sakamoto Train Station

Namie-machi, Fukushima Prefecture LAWSON Namie-machi Yakuba Mae Store



Open in August 2014

First store to reopen in Namie-machi, Fukushima Playing a role in linking the community and people providing support

The three LAWSON stores in Namie-machi were compelled to close due to the accident that occurred at Tokyo Electric Power Company's Fukushima Daiichi Nuclear Power Station after the Great East Japan Earthquake on March 11, 2011. In 2014, part of the town was designated as a zone in preparation for the lifting of the evacuation order. The LAWSON Namie-machi Yakuba Mae Store reopened on August 27, 2014 to serve the town residents who temporarily returned home and those who were engaged in reconstruction of the community. As the first store to restart retail business in Namie-machi, this LAWSON store played the important role of providing a sense of relief to the customers.



The store essential for the reconstruction of Namie-machi

Ayumi Konno
Assistant General Manager
Industry Promotion Section
Fukushima Prefecture
Namie-machi Town Office

Takamitsu Sugiura
Industry Promotion Section
Fukushima Prefecture
Namie-machi Town Office

Lawson took fast action for the reconstruction of our town. They worked together with us to overcome many problems in order to reopen the store. Many messages posted on the bulletin board in the store gave encouragement to the town's residents. Lawson is an essential store for all of us involved in the restoration of the town. And it serves as an indispensable component of our community infrastructure to support the livelihoods of people returning to the town.



Hoping to make the store a part of the everyday life of residents

Taketoshi Takahashi
Branch Director
Fukushima Branch,
Lawson Tohoku Area
Support Department

Daisuke Yamagata
Store Manager
LAWSON Namie-machi
Yakuba Mae Store

To reopen the store, it was necessary to overcome many issues related to water supply, electric power supply, and waste disposal, but we solved them one by one by seeking advice from the Town Office and cooperative companies. We want to make the store a part of the everyday life of the residents and other customers. Many of our customers are engaged in the reconstruction activities. On Saturdays, we often see townspeople who return home for a short while. We have changed the store layout and product lineup to suit the needs of our customers. We hope to grow together with the community.

Yamamoto-cho, Miyagi Prefecture LAWSON Sakamoto Ekimae Store



Open in February 2016

New LAWSON store in a new “compact city” Aiming to become a store essential for the local community

Yamamoto-cho promotes the development of three new urban communities as “compact cities” where people of all ages who were affected by the earthquake and tsunami can live conveniently and comfortably. On February 18, 2016, a LAWSON store opened in the commercial district near New Sakamoto Train Station (scheduled to open in December 2016) in one of the new compact cities. Lawson Sakamoto Ekimae Store was the first commercial store to open in the area. The opening of this store was made possible thanks to the high evaluation given to Lawson's extensive support for the disaster recovery in various ways such as the reopening of stores, development of products using food ingredients produced in the Tohoku region, and establishment of a scholarship program for disaster-impacted students.



Lawson provides a sense of reassurance to local residents

Shunichi Onuma
Deputy Associate Director, Chief of the Business Support Section, and Manager of the Yamamoto Office
Watari Yamamoto Commercial and Industrial Association

We are promoting sustainable operations of businesses and revitalization of the commercial district in the new urban area created as a “compact city.” Lawson was the first commercial establishment to open in the new urban area. I believe that for many local residents the opening of the store marked the first step toward the revitalization of the community. Now, there are lights in the previously dark Sakamoto district, and the community has regained some vitality and liveliness. The LAWSON store is an essential presence for people who need to shop, pay utility bills, or purchase tickets, and also provides a sense of security.



Aiming to make the store serve as a springboard for the community reconstruction, receiving voices from local customers

Eri Kamimura
Store Manager
LAWSON Sakamoto Ekimae Store

Muneyuki Yusa
Owner, LAWSON Sakamoto Ekimae Store
President, Abukuma Sogo Limited

After the earthquake, buses were the only public transportation operating in the area. People had to wait for buses at unlit bus stops in order to commute to school or the office or to go to other places. The brightly lit LAWSON store with restrooms available for customers gives a sense of reassurance. Many people tell us that seeing the well-lit store makes them happy and that they are glad to see an open store within walking distance. It is our hope that our store not only be helpful but will motivate local residents to take their first step toward reestablishing their livelihoods here.

Special Feature

Response to Earthquake
Disasters

Supporting community reconstruction through products and services

Ongoing support for the reconstruction of the disaster-affected areas

Lawson continues to provide support from multilateral perspectives, including opening of stores in the disaster-affected areas, development of products using locally produced food ingredients, and fundraising activities for people in the affected areas.

(Support for the Reconstruction of Tohoku) Reconstruction Support Project Egao (Smile) Station Project

In 2016, under the banner of "Make Everyone Smile & Ties between Parents and Children," Lawson sold products made with locally produced food ingredients, held reconstruction support concerts in Sendai City, and organized rugby classes for parents and children in Kamaishi City.



Sales of Products with Contribution

Lawson sells products made from raw materials produced in the Tohoku region and donates a portion of the proceeds from their sales to the Support Dreams Fund.



"Marude Momo-pan" bread

"Reconstruction" Rice Ball Boxed Lunch by Fukushima Prefectural Odaka commercial High School

Grilled Mackerel Boxed Lunch with Niigata Koshihikari Rice

(Support for the Reconstruction of Kumamoto) Hold "Kumamoto Support Campaign"

Lawson sells products made of raw materials produced in Kumamoto Prefecture, and donates a portion of the proceeds from the sales of certain products to the areas impacted by the 2016 Kumamoto Earthquakes via the Japanese Red Cross Society.



Kumamoto Red Snapper Rice Ball Wrapped in Dried Seaweed

Whipped Cream Croissant (Whipped cream made from Oh-Aso milk)

Note: Product examples. Some may no longer be available.

(Fundraising Activities)

The Lawson Group Promotes a Wide Range of Fundraising Activities for Disaster-stricken Areas

In the event of a disaster, the Lawson Group conducts a fundraising activity nationwide by setting up donation boxes in LAWSON stores, NATURAL LAWSON stores, LAWSON STORE 100, HMV stores, United Cinemas movie theaters, and Seijo Ishii supermarket chain. We also invite donations via the Loppi multimedia terminals in the stores as well as donations of Ponta reward points and d reward points.



* The donation menu appears when the QR code is held over the Loppi barcode reader.

Loppi donation transfer service*



In-store donation box



Donation of Ponta reward points

"NATURAL LAWSON breads are my favorites."

Ms. Ayako Seto

Customer

As a health guidance professional, I'm fully aware that the daily diet of Japanese people today contains excessive amounts of carbohydrates and fat. That's why I watch my own day-to-day intake of both. Lawson's health-conscious bread packages clearly state the amounts of carbohydrate and calories, and I find it extremely helpful to be able to check them when purchasing the products. My favorites are Lawson's "Bran Bread" and "Cheese and Ham Roll." Both of them are calorie- and carbohydrate-conscious, but they still taste delicious. I think it's wonderful to have products like these available at convenience stores where men and women of every age shop every day.



Social Contribution Activities

Health consciousness survey of local community residents



Are you paying attention to your health and making a conscious effort to stay healthy?

13.5%

Neither paying attention nor making any effort

32.5%

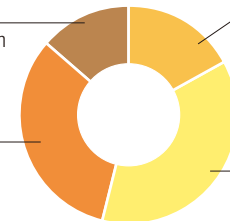
Trying to avoid illness but making no conscious effort

17.2%

Making proactive efforts to stay healthy and taking specific measures

36.7%

Consciously maintaining a healthy lifestyle



Source: "Survey on Health Consciousness" (2014), Ministry of Health, Labour and Welfare

Delicious and healthful

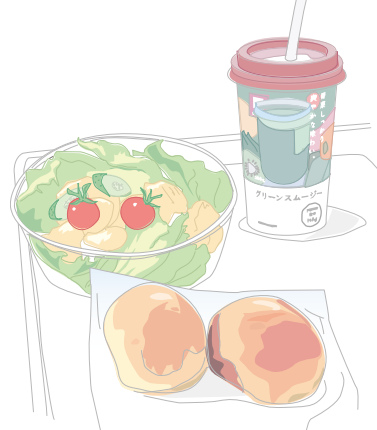
We offer safe food products because we want our customers to be both mentally and physically healthy while still enjoying “delicious taste.” Lawson wants to contribute to the good health of every generation by offering low-calorie, low-carbohydrate and low-salt food ingredients and products.

Development of health-conscious food

Focusing on “delicious taste” to contribute to customers’ mental and physical health

Our food and meal lineup supports healthy eating for every generation. The lineup includes: salads and vegetables for daily consumption, lower-carb* bran bread developed jointly with a bread producer, chilled drinks for quick and easy vegetable intake, health-conscious snacks, and nutritionally balanced lunch boxes.

*Carb content calculated from the 2015 Standard Tables of Food Composition in Japan and compared with that of popular rolls (of the same weight)



Freeze-dried Tofu and Apple Compote Cookies



NL Green Smoothie 200g



Steamed Chicken Salad Bowl



Pasta Salad with High-lycopene Tomatoes



NL Grapefruit Mix Juice containing multivitamin per daily intake 190g



Chocolate-filled Bran Roll

Committed to providing safe, fresh, high-quality vegetables

Expanding “Lawson Farms” nationwide

Our “Lawson Farms” agricultural corporation has expanded to 23 locations 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. We procure fresh vegetables for LAWSON stores year-round from a nationwide network of production areas. (See pages 20, 21, and 23 for Lawson Farm’s eco-friendly initiatives.)

23 farms nationwide

As of end July 2016



Low-carb, low-calorie, healthy bran buns

Our bran buns use fiber-rich bran (grain husks) with less carbs than flour. These soft, moist buns with a fresh-baked aroma are filling but are low in carbs and calories.



Nakashima method for healthy soil production

We need minerals for our health but cannot produce them ourselves. Our chopped salad packs (excluding some products and areas) use vegetables grown by the Nakashima method, which uses healthy soil with a good mineral balance. Lawson Farm actively uses the Nakashima method that produces safe, tasty, and nutritious vegetables.

MACHI café

The reason behind the excellent taste of MACHI café

MACHI café is our in-store freshly brewed coffee service. Our uncompromising pursuit of quality makes all phases special from growing of individual coffee beans to serving the customer at a store.

Rainforest Alliance

The Rainforest Alliance is a non-profit international environmental protection organization founded in 1987. Rainforest Alliance certification is awarded to farms that satisfy rigorous standards in such areas as environmental preservation and life quality improvement for farm workers. Lawson, as a member of the Rainforest Alliance Consortium jointly established by the Rainforest Alliance and companies that trade in certified products, engages in promotional and educational activities in Japan by for example hosting symposiums.

Careful bean selection

Meet our high-quality blended coffee having a sweet taste and smooth finish with a hint of pleasant acidity and a fruity flavor. It comes from beans produced on our designated farms and production areas in four countries where all processes from growing of individual beans to shipping can be strictly controlled. All these farms, including Ipanema Plantation in Brazil, are Rainforest Alliance Certified™, meaning they all meet strict environmental preservation and labor environment criteria.



Only the finest milk

We use only raw milk*1 in our café latte so that customers can enjoy the original rich sweetness of milk.

*1 Heat sterilized raw milk

Expert bean roasting

We ensure that the rich aroma of each type of coffee bean creates good harmony. For this, we use a post-mixing method that produces blends after bringing out the unique characteristics of each bean variety through different roasting processes.



Customized coffee machine

We have customized a fully-automatic machine made in Italy, the home of espresso, for use in the MACHI café.

Personalized customer service

MACHI café is full service*2 instead of self service. This is due to our strong desire to interact with customers and make it into a relaxing and refreshing moment for them.

*2 Self service at some stores

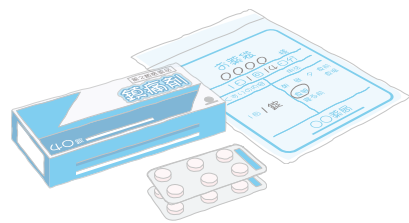
Fantastistas

Lawson’s Fantastistas are store staff members who have passed the in-house exam by demonstrating their rich knowledge about MACHI café and the ability to show its uncompromising quality as well as the joy of tasting coffee. There are approximately 7,400 Fantastistas nationwide (as of end February 2016). They wear a special black apron and serve coffee with cordial hospitality. The Grand Fantastista program started in FY2014 and has produced 70 Grand Fantastistas in FY2015, totaling approximately 120 Grand Fantastistas nationwide. They are building bonds with customers through MACHI café to liven up the whole community.



Supporting health

Lawson has ventured into providing an extensive range of self-medication support services to help community residents manage and maintain their health. These services include selling medicines, opening stores in cooperation with nursing care service providers, establishing collaborations with local municipalities, and organizing citizen participation sports events.



Collaboration with dispensing pharmacy chains Expanding the number of stores with a dispensing pharmacy on the premise

In order to open stores with an in-store dispensing pharmacy, 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 and Fukuoka Prefectures. Thirty-eight stores have been opened as of the end of May 2016.

Convenience store + Dispensing pharmacy



Enhancement of OTC (over-the-counter) medicine sales Supporting peace of mind by selling medicines in a convenience store

Lawson has been expanding sales of OTC medicines in convenience stores since the introduction of the "qualification system for registered sellers" as part of the 2009 revision of the Pharmaceutical Affairs Act. OTC medicines were sold at 136 stores, including those with an in-store dispensing pharmacy, as of the end of May 2016.

Convenience store + OTC medicines



Collaboration with nursing care service providers Complete with a care consultation counter and a salon-type space in each store

"Care Lawson" is a store model that was developed with an eye to supporting senior citizens and their families and responding to the needs of today's rapidly aging society. Seeking to invigorate communities, it is complete with a care consultation counter and a salon-type space where people of all ages can gather in a casual manner. In addition to Lawson's standard products, a large assortment of products aimed at meeting the needs of senior citizens and their families have been added. As of the end of May 2016, there are a total of six Care Lawson stores in Saitama, Niigata, Osaka, Yamaguchi, and Fukuoka Prefectures.

Convenience store + Care consultation counter



Providing support for better health LAWSON DO SPORTS

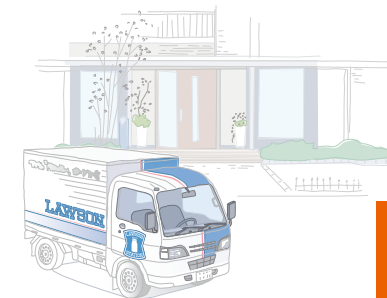
In order to extend support to people who enjoy sports, Lawson has launched the "LAWSON DO SPORTS" website where people can get information of and submit entries to citizen participation sports events, such as marathons and triathlon competitions.



Supporting safety

Lawson provides home delivery services in cooperation with home delivery companies, as well as mobile sales and order delivery services in cooperation with local municipalities and support organizations for the elderly and people who find it difficult to visit stores.

Lawson aims to respond to various customer needs by providing services from the customers' perspective.



LAWSON Wagon pays a visit to your community Lawson mobile sales service*

We visit homes for the elderly, companies, multipurpose halls, and other facilities and sell a wide variety of items, including snacks, beverages, fruits, and daily necessities. In addition, Lawson provides mobile sales services to offer food products and daily necessities to elderly customers and customers living in remote locations with limited access to shopping. Moreover, we provide an "eye-on-the-community" service, in which we confirm the safety of elderly residents by asking questions, such as "Is everything OK?" or "Are you eating regularly?" during mobile sales.

● Yamabiko LAWSON Jinseki-kogen-cho Store (Jinseki Kogen-cho, Hiroshima Prefecture)



Lawson established a store in the michi-no-eki (Roadside Station) in a depopulated village in collaboration with the Jinseki Kogen-cho municipal government to maintain infrastructure functions in the area where population is aging and depopulation is progressing. The store provides a mobile sales service and acts as a local community center to help keep the depopulated village alive.

● LAWSON Saga Yoshinogari Store (Yoshinogari-cho, Saga Prefecture)



The store began providing a mobile sales service on April 1, 2015 in collaboration with the Social Welfare Conference of Yoshinogari Town. About 300 kinds of food products and daily necessities, mainly Lawson products, are available.

We deliver everything you need to your door. Lawson's home delivery services*

We take orders over the phone, etc., and deliver the ordered goods to the customer's home. Boxed lunches, onigiri (rice balls), and heavy and bulky items, including beverages and toilet paper, are delivered free of charge for a minimum purchase of 700 yen (consumption tax included).

* These services are provided only by some Lawson stores.



Home ordering and delivery services made possible under a business alliance with SG Holdings Co., Ltd.

Lawson and SG Holdings Co., Ltd. established SG Lawson, Inc. in June 2015 to offer home ordering and delivery services in small commercial areas, and launched the services in Setagaya Ward, Tokyo, in the same month.



Making communities more lively

Lawson collaborates closely with local communities and governments to conduct various activities, including promotion of local production for local consumption, childcare support activities, participation in Safety Station activities, response to large-scale disasters, contribution to the environment, etc.

Signing comprehensive agreements with local governments

Using stores nationwide to make communities happier and livelier

The Lawson Group has entered into comprehensive agreements with local governments in Japan to promote various community contribution activities. Lawson takes advantage of its nationwide network to make 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, aiming to contribute to the revitalization of local communities nationwide.



(Hokkaido) Furano omu-curry (rice omelet and curry)



(Miyagi Prefecture) Oyster rice using Sanriku oysters



(Niigata Prefecture) Shio-nigiri (salted rice ball) using Koshihikari rice produced by Lawson Farm Niigata (two in a pack)



(Mie Prefecture) Bittersweet double cream puff using Ise matcha (green tea)



(Wakayama Prefecture) Kishu ume-dori cutlet & dashimaki bento (boxed lunch with chicken cutlet and Japanese rolled omelet)



(Shimane Prefecture) Izumo-soba noodle



(Ehime Prefecture) Jikamaki-onigiri of Ehime Tai-meshi (rice ball with minced sea bream)

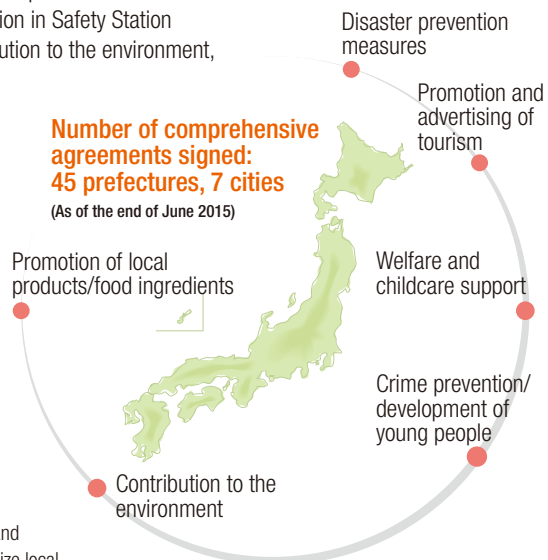


(Kumamoto Prefecture) Mont Blanc cake using Kuma guri (sweet chestnuts)



(Okinawa Prefecture) Dragon-fruit bread

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



In Izu Peninsula, for example:

Courtesy service for EV/PHV owners

As a fixed-term courtesy service for customers who visited the store in their electric vehicle (EV)/plug-in hybrid vehicle (PHV), MACHI café hot coffee was offered at 48 Lawson stores in Izu Peninsula, Shizuoka Prefecture.



In-store notice (For stores equipped with a quick charger)

In the Tohoku region, for example:

Issuing "Childcare Support Coupons" to households with children

We issue "Childcare Support Coupons" to customers who are raising children in the five prefectures of the Tohoku region – Aomori, Iwate, Akita, Yamagata, and Fukushima prefectures – to provide support for children, the generation of the future, and their families.



* This is a sample coupon.

In Kyoto Prefecture, for example:

Supporting health promotion activities for Kyoto citizens

The stores are implementing health promotion activities for Kyoto citizens, which include provision of information about health promotion, cooperation in health promotion programs carried out by Kyoto Prefecture and municipalities, etc.



The "Agreement on Cooperation and Collaboration for Health Promotion for Kyoto Citizens" was concluded in January 2016.

In Shimane Prefecture, for example:

Offering support to improve stamina in children

"Shimanecko (Shimane children) Cheer Up Program" has been established to help Shimane children improve their stamina. Lawson is offering an award to schools that proactively participate in this program, and extending cooperation to the "Shimanecko Cheer Up Carnival" that is held to disseminate information and raise awareness, by providing sports equipment, such as auxiliary pads for exercise bars and dodgeball balls, as extra prizes.

(FY2016: 16 elementary schools and the Track & Field Meet of Izumo City Elementary Schools)



"The 3rd Track & Field Meet of Izumo City Elementary Schools" held in May 2016

In Shizuoka Prefecture, for example:

Promoting watch-over for senior citizens, children, persons with disabilities, etc.

With the aim of preventing abuse, etc. against senior citizens, children, persons with disabilities, etc., all Lawson stores in Shizuoka Prefecture utilize the watch-over handbook issued by the prefecture, and shall contact the designated organization upon sensing any abnormality or problem in a senior citizen, etc.



The "Community Safety Watch-over Agreement" was concluded in December 2015.

In Osaka Prefecture, for example:

Implementing watch-over for persons with dementia and senior citizens

The stores are working hard on elderly watch-over activities, including raising awareness and disseminating correct knowledge about dementia as well as rapidly locating and caring for lost senior citizens due to wandering behavior, etc.



The "Agreement on Promoting Development of Elderly-Friendly Community" was concluded in September 2015.

Working to become a safe and reliable store for you

The Lawson Group is proactively participating in the Safety Station Activities of general corporate judicial person Japan Franchise Association (JFA) by promoting cooperative efforts for safe and secure community development, environmental improvement for young people, etc.

Safety Station Activities

- Prevention of emergency scams
- In one case, a quick-witted store employee 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 with a sudden illness and the elderly
- Cooperation in community crime and disaster prevention activities



“Happiness in Communities” fund-raising activity

The Lawson Group is promoting fundraising activities mainly in support of “greenery” and “children.” Customers’ goodwill donations collected in the stores, together with donations from its headquarters, are forwarded to three public entities and used in greening projects conducted mainly by schools nationwide and in children support projects as part of Tohoku region’s reconstruction efforts.

Lawson Green Fund Recipient: The National Land Afforestation Promotion Organization

The Lawson Green Fund supports greening projects carried out by school volunteer groups, mainly from elementary schools, junior and senior high schools, and schools for special needs education throughout the country, as well as forest preservation projects conducted by volunteer groups in Japan and overseas.



Activities in a school

Activities in a mountain

Participation in Greening Contribution Projects

Franchise owners, store managers, store crews, and headquarters employees participate in greening contribution projects that benefit from the Lawson Green Fund. (Cumulative number of times participated since 1994: 1,234 times)

Support Dreams Fund (Scholarship system for victims of the Great East Japan Earthquake) Recipient: Civic Force

This scholarship program has been organized to support students affected by the Great East Japan Earthquake. It helps 1,097 recipient students make their dreams come true by providing each student with scholarship amounting to ¥30,000 per month.



TOMODACHI Fund (Supporting students in the Tohoku region through U.S.-Japan educational and cultural activities) Recipient: U.S.-Japan Council (Japan)

The TOMODACHI initiative is a Japan-U.S. public-private partnership for U.S.-Japan educational and cultural exchange, the aim of which is to extend support for recovery from the Great East Japan Earthquake, and for the development of leaders of the next generation. Lawson supports educational and cultural exchange involving students in the Tohoku region with funds raised by the TOMODACHI Fund.



Lawson Group's fund-raising activity, "Happiness in Communities"

Cumulative Donation:

About **¥8.0 billion**

(From September 1992 through February 2016)
Donations include those collected in the stores, donations from its headquarters, donations via Loppi, and donations of point rewards.

Achievements of Lawson Green Fund activities

Cumulative donation:

Approx. **¥3.77 billion**

Activities conducted in

3,947 locations

Size of the area planted for greening:

Approx. **6,989 ha**

Number of trees planted for greening:

Approx. **17.47 million**

The size of the area and the number of trees planted for greening have been calculated on the basis of the total amount of donations raised through Lawson Green Fund activities, the overall achievements of the Green Fund activities, and other assumptions. (From September 1992 through February 2016)



Scholarship students participated in the recovery support event held in Miyagi Prefecture in February 2016.



2015 TOMODACHI Female High School Students Career Mentoring Program in Fukushima

Mr. Yoichi Goto

Non-Profit Organization
Woods and Environment Network Association

Our organization's activities center on the creation of satoyama (Japanese traditional agricultural landscapes) as a means of promoting harmony between human beings and nature. Lawson Green Fund provides resources for our activities, including funds for purchasing shovels and other tools necessary to our work in the forests. These contributions are extremely helpful, because our activities cannot be sustained by donations and membership fees alone. Aside from the Green Fund, Lawson is concerned with biomass power generation. I hope convenience stores, which are integrated into our daily lives, can advance environmental conservation efforts. I have been uploading photos of satoyama projects to SNS in hopes of raising environmental awareness. I would like to see Lawson communicate more with the public on the topic of biodiversity. I carry a reusable "Convenience Store Eco Bag" with me wherever I go as a practical means of contributing to reduced CO₂ emissions.



I want Lawson to inspire environmental conservation



Environmental Activities

Survey on environmental consciousness among local community residents

13.2%

I never have but would like to do so in the future

4.8%

Never, nor am I interested in starting now.



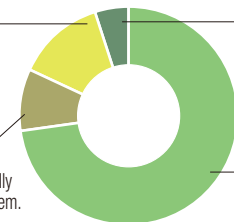
Do you pay attention to energy conservation in your daily life and make conscious efforts to reduce energy use?

9.0%

Yes, I have been making efforts but am not especially interested in continuing them.

73.0%

Yes, I have been making efforts and will continue to do so.



Source: "Survey on Environmentally-Friendly Lifestyles" (2014), Ministry of the Environment

Environmental target for stores

LAWSON stores have set the goal of reducing per-store electricity consumption by 20% by fiscal 2020 (compared to the fiscal 2010 level). We are installing energy-efficient refrigeration and air-conditioning systems to achieve this. We have also established a set of Ten Energy-saving Rules and put them into practice to increase our operating efficiency.

Reusing fixtures and equipment

As concerns fixtures and equipment such as shelves for boxed lunches and cooking appliances, we clean them and reuse them at other stores.

Food/waste oil recycling

Cooking oil used for Kara-age Kun (fried chicken nuggets) and croquettes is recycled as feed for pigs and chickens, bus fuel, soaps and other materials.

Introducing LEDs for signboards and store lighting

LAWSON stores employ LED lighting to reduce energy consumption.

Promoting energy efficiency in stores Implementing the Ten Energy-saving Rules

We have established the Ten Energy-saving Rules to improve the operating efficiency of our stores' refrigeration and air-conditioning systems and reduce unnecessary energy consumption. The stores are implementing such measures in their daily operations as cleaning refrigerator and air-conditioner filters and complying with designated air-conditioner temperature settings.



Products using domestic raw materials

Lawson contributes to revitalization of local communities by using locally produced ingredients in its boxed lunches, rice balls and other products.

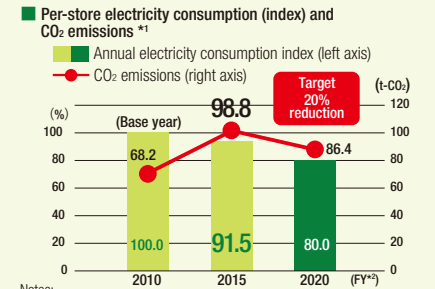
Targeting energy efficiency

Target for per-store energy consumption reduction by FY 2020

20% reduction

Per-store energy consumption compared to 2010

Lawson is proactively installing energy-efficient refrigeration and air-conditioning equipment and LED lighting in its store facilities to meet its energy efficiency target.



Notes:
1. CO₂ emissions are derived using adjusted coefficients for receiving-end terminals published by the Federation of Electric Power Companies of Japan. The figures for fiscal 2015 and fiscal 2015 are estimates based on the coefficients for fiscal 2014.
2. Calculated for the year from April 1 to March 31 to coincide with the administrative fiscal year.

Solar power system

We also generate solar power, an eco-friendly renewable energy source.

Using CO₂ coolant in freezers and refrigerators

CFC-free freezers and refrigerators are installed to lower electric power consumption.

Efficient delivery & eco-driving

We use eco-tires and practice "eco-driving" when delivering goods to stores.



Lawson supports Japan's "COOL CHOICE" Movement

"COOL CHOICE" is the national movement which aims to "reduce emissions of greenhouse gases (such as CO₂)." This campaign encourages people to take energy-saving smart choices in our daily lifestyles, such as by turning on or off lights in a room, turning on or off the water tap when washing the face, and setting air-conditioner temperatures to an appropriate level. Lawson collaborates in this initiative and contributes to realizing a low-carbon society.

Introducing biomass power generation

Using waste oil from stores for biomass power generation at an eco-friendly model store

Yumesaki Smart Interchange-mae Store (Himeji City, Hyogo Prefecture)

LAWSON Store, an eco-friendly model store opened in February 2016, is conducting various energy-creating and energy-efficient measures. The goal of the store is to reduce its energy consumption from electric utilities by about 70% compared with fiscal 2010.

See page 24 for various energy-efficient measures.

Especially, the store is the first convenience store introducing biomass power generators. Part of the used cooking oil (waste oil) generated from stores is recycled to produce biodiesel fuel (BDF). The fuel is used for generators to power the store.



Biomass power generators installed next to the store (Upper)
Yumesaki Smart Interchange-mae Store (Lower)



Achievements and results of biomass power generation at this store will lead to a better future

Koji Morii

Franchise owner of Lawson Store
Representative Director of KMC Co., Ltd.

Currently, I operate five stores. After starting this eco-friendly model store, my employees and store crews are proud of the latest energy-efficient initiative. Our environmental awareness has also changed. Many customers are also interested in the initiative. We are often asked questions about the facilities. I think that as a role model, our continued efforts to deliver achievements and results of biomass power generation will bring a better future to the community.



Pursuing recycling-oriented energy that does not become a burden to the environment

Koji Morimoto

Hamada Kagaku Co., Ltd.
Senior Leader of Sales

BDF is made of plant-based materials that absorb CO₂ in the air for their growth. It is eco-friendly fuel that does not add to the amount of CO₂ in the air. As more use of recycling-oriented energy that does not become a burden to the environment is necessary, we think that Lawson's biomass power generation systems will occupy a key place as a model. We will pursue the potential of biomass power generation together with Lawson as we are procuring raw materials and producing products for this system.

Kohei Okano

Hamada Kagaku Co., Ltd.
Director and Vice President
Department

How waste oil is utilized for biomass power generation

What is biomass power generation?

Biomass power generation is the system to generate electricity by using biological resources originated from animals and plants. The store is using biodiesel fuel (BDF) made of plant-based waste oil* for biomass power generation.

About 20 percent of the store's electricity consumption is covered.

The store runs the generators during hours when consumption is high and hours in the summer (July-September) when electricity rates are high in order to verify effectiveness.

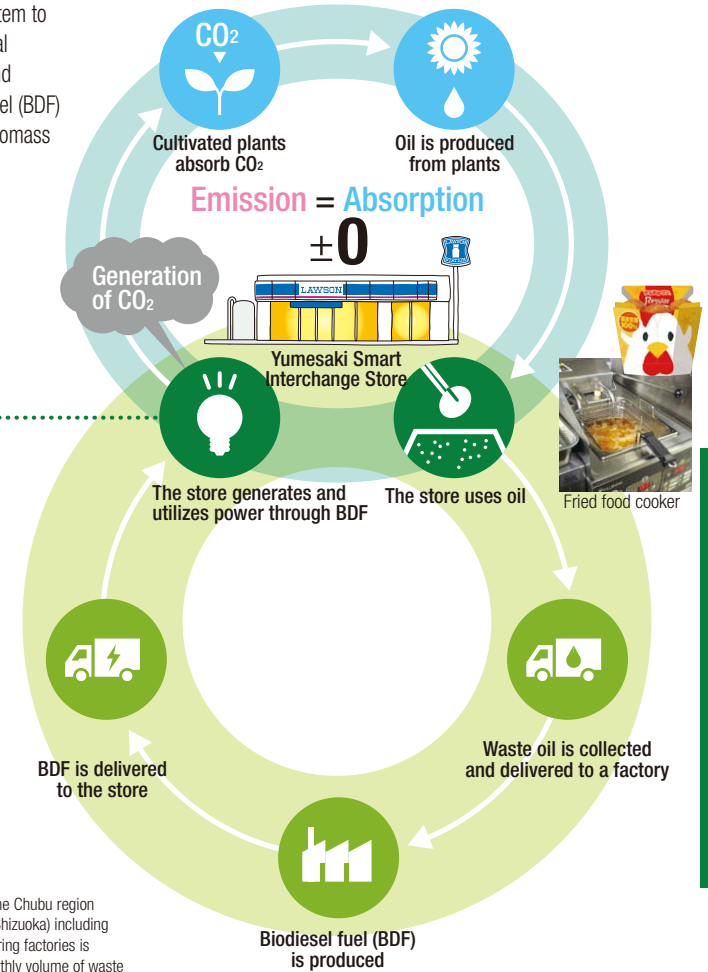


Biomass power generators



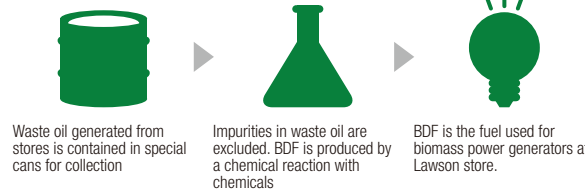
BDF production unit

*Waste oil from about 1,100 Lawson stores in the Chubu region (Aichi, Gifu, Mie, Ishikawa, Toyama, Fukui and Shizuoka) including this store and part of prepared food manufacturing factories is collected by Hamada Kagaku Co., Ltd. The monthly volume of waste oil generated from a Lawson store is about 60-70 L.



From waste oil to BDF

- Example of Hamada Kagaku Co., Ltd. -



Biodiesel fuel is an alternative of diesel fuel and produced from biological resources such as plant-based waste oil. If BDF burns and emits CO₂ in the air, the growing plants that become raw materials for the fuel absorb the emitted CO₂ in the air. Therefore, the emissions do not have an impact on the carbon footprint (carbon neutrality).

Realizing a food recycle loop system

Using compost made of waste food or other products from Lawson stores for the healthy soil and producing radishes for delicious Japanese hot-pot ODEN

Lawson Farm Tottori

Lawson Farms nationwide analyze the soil and grow agricultural products in the healthy, mineral-fortified soil. Lawson Farm Tottori uses the compost made of waste food or other products from local Lawson stores or other places for soil cultivation. The farm realizes the food recycle loop where the compost is made of waste food from stores, the recycle compost is used for production of radishes, and the radishes are sold as ODEN products at Lawson stores.



Paying special attention to soil cultivation and producing healthy and delicious radishes

Ken Ashiwa
Daikonya Ltd.
Representative Director and President

Lawson Farm Tottori produces radishes for Oden and potatoes. Soil cultivation is important for producing vegetables. The recycled compost plays a very important role in the foundation for soil cultivation. In addition, we analyze the soil and give nutrition required for growth of vegetables. This results in healthy and delicious vegetables despite the reduction in the use of pesticides. To stay in the local agriculture business, it is important to utilize local resources. The recycling loop where radishes for Lawson's Oden are grown by using the compost made of waste food or other products from the local area including Lawson stores is the initiative farm which producers are proud of.



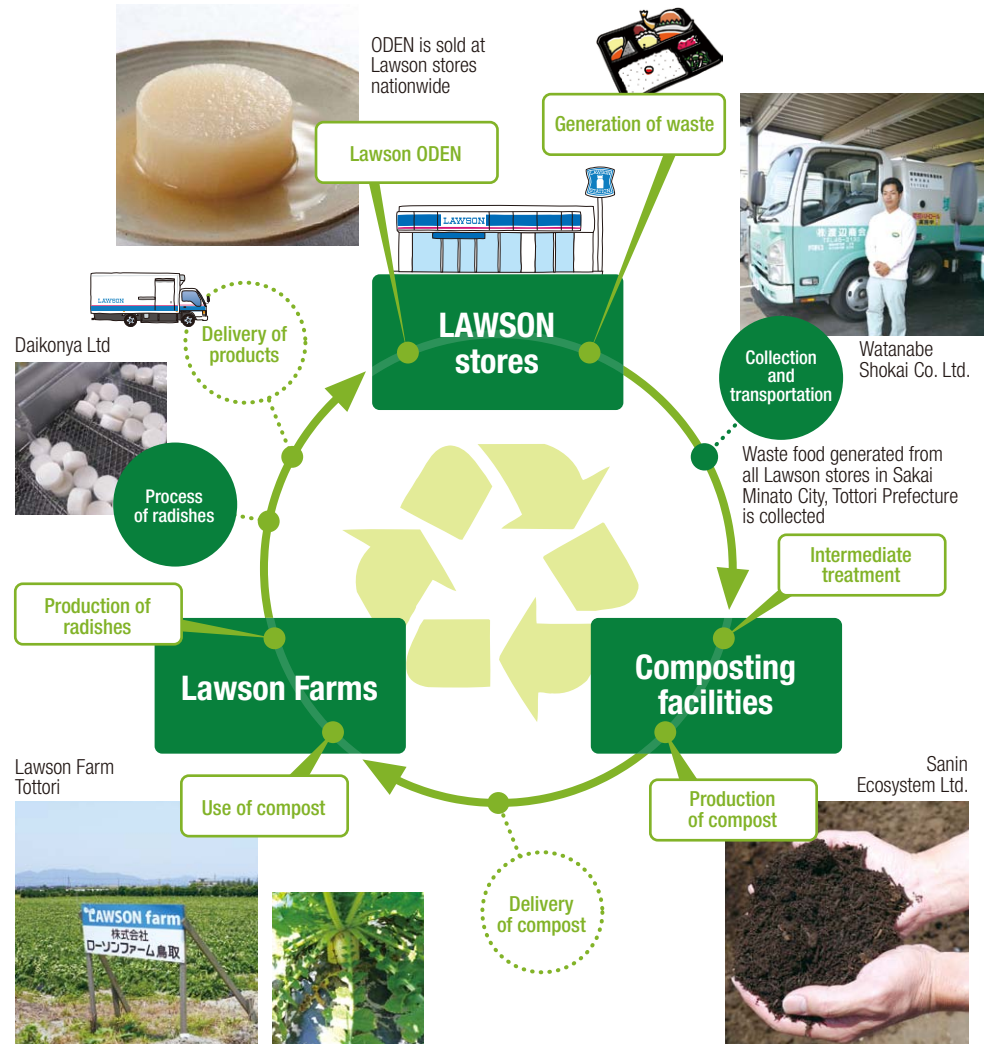
Creating compost making the soil healthier for growing more healthful agriculture products

Masane Matsumoto
Sanin Ecosystem Ltd.
Representative Director and President

Makoto Hasegawa
Sanin Ecosystem Ltd.
General Manager

Our company produces the compost that makes the soil healthier for more nutrient-rich agricultural products. The main raw materials are waste food collected in Sakai Minato City. Secondary raw materials such as wood are mixed in the waste and then fermented. The recycled compost is rich in organic matters, making microorganisms active and the soil healthier. All waste food from Lawson stores in the city is recycled as the compost in our plant. The waste is collected in the product distribution stage, containing no foreign matters. The waste food is properly managed including collection and transportation. We hope that the next-generation children will be able to understand the meaning of resource circulation more deeply if the initiative behind the radishes for Oden, a product familiar with the public, is widely known to consumers.

Food recycling loop - model where waste food is circulated as a resource -



Lawson store

Daisuke Watanabe
Franchise owner of Lawson Sakai Minato Seidocho Store
Representative Director of Across Co., Ltd.

Our store minimizes waste food by improvement in the accuracy of product order placement. However, disposal of food does not make us feel good. Recycling waste food is very good in terms of social contribution. It is good if this initiative would contribute to wider recognition for food recycling.

Collection and transportation

Mitsuya Watanabe
Representative Director of Watanabe Shokai Co. Ltd.

Our company collects and transports the waste generated from all Lawson stores in Sakai Minato City. It is great that the recycle loop has been completed by proactive and strong efforts among related parties such as retail stores, recycling facilities and farmers. We are happy to participate in this initiative.

Controlling emission of wastes

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

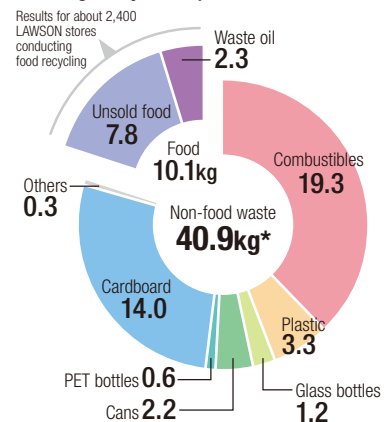
A semi-automatic ordering system has been introduced to stores for such products as boxed lunches, rice balls and bakery items. Semi-automatic ordering is a mechanism for providing automatic recommendations on merchandise assortment and ordering quantity per product by analyzing various information such as sales trends, customer information and weather forecasts per store. In addition to these recommendations, ordering staff may consider such special factors as upcoming community events in determining merchandise assortment and ordering quantities, improving accuracy in product order placement. To enable customers to find what they want whenever they come to a store, the proper merchandise assortment and ordering quantities contribute to waste reduction. We also reduce waste by adjusting food preparation in our Machikado Chubu in-store kitchens to reflect the number of customer visits.



Recycling unsold food Achieving a food recycling ratio of 41.1%

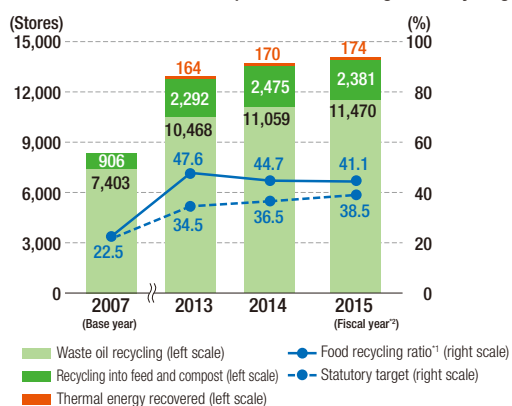
Each day the average store generates 7.8 kg of unsold food waste (boxed lunches, rice balls, etc.) and 2.3 kg of oil (waste oil) used in the preparation of fried foods (figures for stores participating in food recycling). We send unsold food to recycling plants, where it is processed into feed (for pigs 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 41.1% in fiscal 2015, above the statutory target of 38.5%.

Average daily waste per store



* The sum of food and other waste is 51.0kg.
* From April 1, 2015 to March 31, 2016.

Number of Lawson Group stores conducting food recycling

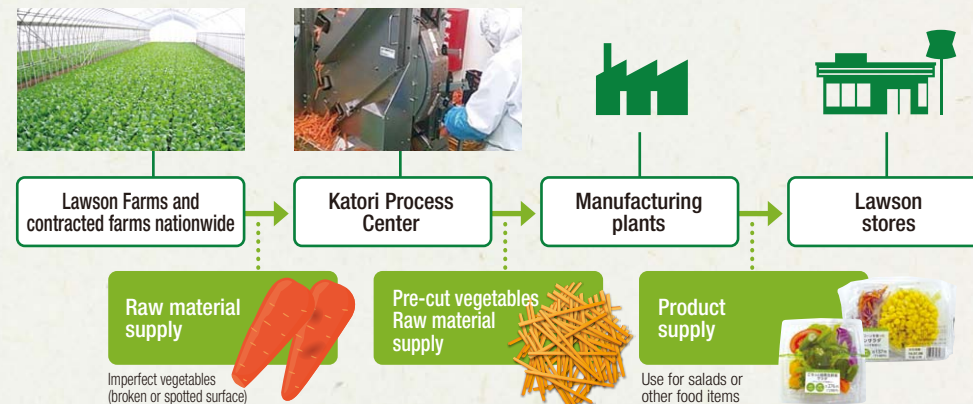


¹ The food recycling ratio does not include Lawson Okinawa, Inc., Lawson Minami-Kyushu Inc. and Lawson Kouchi, Inc.
² From April 1 to March 31.

Lawson Farms – Environmental activities-

Making effective use of imperfect vegetables Processing imperfect vegetables from Lawson Farms and utilizing them for prepared food or other deli items

Imperfect vegetables are agricultural products that are slightly different from perfect vegetables in terms of their appearance such as shapes and sizes, although they have the same quality such as taste and nutrition. These imperfect vegetables are not suitable generally for sale and may be disposed of before being delivered to stores. In Lawson Farms, 10-15% of agricultural products are imperfect vegetables. They are processed for deli items, salads, Japanese pickles and other food items. This helps make effective use of agricultural products.



Lawson wins the GAP Award 2016 because of the activity toward GAP penetration conducted by a distribution company and young farmers nationwide

Lawson is working to ensure further food safety as well as to obtain the JGAP certification¹ in order to establish a proper farm management system for Lawson Farms. In July 2016, Lawson and the Lawson Farm Presidents Organization were awarded by the Asia GAP Research Institute, a certified Specified Nonprofit Corporation, and received the GAP Award 2016. Our activity was valued as the best contribution to GAP penetration. As of June 30, 2016, 13 Lawson Farms have earned the JGAP certification. By August 30, 2016, 22 Lawson Farms² intend to become JGAP-certified farms. This is the first case that farms under a corporate agricultural group intend to obtain the JGAP certification.



¹ JGAP (Japan Good Agricultural Practice): This is the certification for farms that work on food safety and environment conservation. It is one of the good agricultural practices that are promoted by the Ministry of Agriculture, Forestry and Fisheries of Japan for introduction. The JGAP standards establish the clear standards defined by more than 120 check points for agricultural works related to food safety and environment conservation such as management of pesticides or fertilizers.

² The figure includes all Lawson Farms except for Lawson Farm Jinsekikouganchou (the farm acquired JAS standards for organic vegetables)



Lawson Farm Presidents Organization

Young farmers meet and improve farm management with each other through opinion exchange or others.

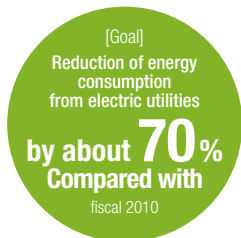
Acquisition of JGAP certification As of June 30, 2016

Farm name	Application items
Chiba	Spinach, Japanese mustard spinach, carrot
Hyogo	Onion, Chinese cabbage, lettuce
Ibaraki	Bunashimeji mushroom
Ishinomaki	Cucumber, grape tomato, green spring onion
Oita Bungo Ono	Green onion
Yamanashi	Grape
Hokkaido Honbetsu	Wheat
Aichi	Chinese cabbage, cabbage
Miyazaki	Cucumber
Tokachi	Onion
Hokkaido Iwanai	Radish
Akita	Mesclun green
Nigata	Rice
Nagasaki	Leaf lettuce, sunny lettuce, green spring onion, onion
Kumamoto	Japanese orange
Tottori	Radish
Aichi Toyohashi	Strawberry
Ehime	Japanese orange
Kagoshima	Cabbage, radish, carrot, sweet potato, burdock
Satsuma	Cabbage
Ichiki Kushikino	Lettuce
Oita	Tomato

Promoting energy efficiency

An eco-friendly model store equipped with the latest technologies
Reducing energy consumption from electric utilities by about 70%

In 2008, Lawson started opening eco-friendly model stores nationwide featuring cutting-edge technologies and verifying effects of energy-efficient equipment. In 2015, LAWSON Store was opened in Himeji City, Hyogo Prefecture. The goal of the latest model store is to reduce its energy consumption from electric utilities by about 70% compared with fiscal 2010, which is the highest reduction target ever. We introduce the equipment demonstrating high effects at experimental stores like this when installing equipment in regular stores and continue developing new equipment, promoting further energy efficiency and CO₂ emissions reduction.



Reduction of electricity consumption through main facilities		
Energy creation	[First convenience store] Biomass power generation system	19.3%
	Solar power generation system	7.3%
Energy efficiency	[First Lawson store] Radiant panel air conditioner (air-cooled type)	3.2%
	Freezing and refrigeration systems using CO ₂ coolant + doors of refrigeration cases, etc.	25.9%
	Others	12.2%
Total		67.9%



Yumesaki Smart Interchange-mae Store

Main initiatives

Biomass power generation system

see page 18

Part of used cooking oil (waste oil) generated from Lawson stores or other places is recycled to produce biodiesel fuel. The fuel is used for generators to power the store.



Radiant panel air conditioner (air-cooled type)

Radiant panels installed on the ceiling in the store convey heat effectively to human bodies, walls or floors and improves comfortability and air conditioning efficiency.



Freezing and refrigeration systems using CO₂ coolant

see page 25

CFC-free freezing and refrigeration systems are realized by using CO₂ coolant. The impact of the coolant on global warming is just 1/4,000 that of alternative CFC coolants. The systems also achieve considerable energy efficiency.



Refrigeration display cases with doors

Doors are equipped with refrigeration display showcases to prevent cool air from leakage. Thermal insulators are also enhanced for increased thermal insulation performance. These improvements contribute to higher refrigeration 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 2015. 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.



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

Freezing and refrigeration systems using CO₂ coolant

In fiscal 2010, Lawson began installing freezers and refrigerators that use CO₂ coolant in its stores. The total number of stores with the new equipment reached about 1,300 as of February 29, 2016. The impact of CO₂ coolant on Earth's atmosphere is very small, just 1/4,000 that of alternative CFC coolants. CO₂ coolant also has a high potential for energy efficiency.



Why is it good to use CO₂ coolant?

Complete phase-out of CFCs

The CFCs formerly used for refrigeration were found to destroy the ozone layer, which protects living organisms from ultraviolet radiation. This is why they were replaced by alternative CFCs.

Reduction of alternative CFCs

While alternative CFCs do not damage the ozone layer, their greenhouse effect is hundreds or thousands times higher than that of CO₂. Laws and regulations were therefore strengthened to reduce their use.

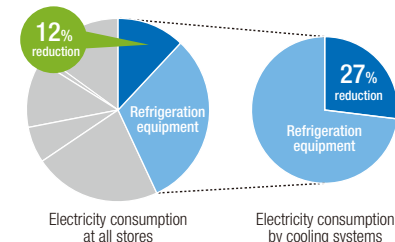
Natural coolants (hydrocarbon, ammonia, CO₂, etc.)

CO₂ is particularly safe among natural coolants.

Lawson has selected CO₂ coolant

It functions as a coolant, using vaporization heat (CO₂ consumes heat when it is compressed and becomes a gas).

Reduction of electricity consumption through use of CO₂ coolant



Characteristics of main natural coolants

	Hydrocarbon	Ammonia	CO ₂
Flammability	High	High	No
Toxicity	Yes	Yes	No
Safety	✗	✗	○

Environment Minister's Award for Global Warming Prevention Activities by installing freezing and refrigeration systems using CO₂ coolant in Indonesia

Lawson has cooperated with a large Indonesian retailer PT MIDI UTAMA INDONESIA Tbk and promoted the active installation of freezing and refrigeration systems using CO₂ coolant, LED lighting and energy-efficient air-conditioners at small-sized supermarkets under the Alfamidi store brand. In December 2015, Lawson received the Environment Minister's Award for Global Warming Prevention Activities for international contributions. The activity is valued as a great contribution to prevention of global warming, saving of energy and control of air pollutant emissions. This is the first project in the retail business registered under the Joint Crediting Mechanism (JCM) between Japan and Indonesia.



Resource conservation activities

We cooperate with customers in conducting resource conservation activities including reducing the use of plastic shopping bags by having store crew ask customers whether they need them, and by creating and distributing our reusable shopping bags, the Convenience Store Eco Bags.

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.

In fiscal 2015, the per-store use of plastic shopping bags decreased by 25.8% compared with fiscal 2000, and the plastic shopping bag handout rate was 76.8%.



Municipalities conducting campaigns to reduce the use of plastic shopping bags

Prefectures: Fukushima, Tottori, Okayama, Shimane, Fukuoka, Nagasaki, and Kagoshima.
 Cities: Kawaguchi (Saitama), Suginami (Tokyo), Musashino (Tokyo), Mizuho (Tokyo), Ogaki (Gifu), Kyoto, Izumiotsu (Osaka), Nishinomiya (Hyogo), Okayama and Fukuoka.

Penetration of Convenience Store Eco Bags

Distribution of 4.34 million* reusable shopping bags

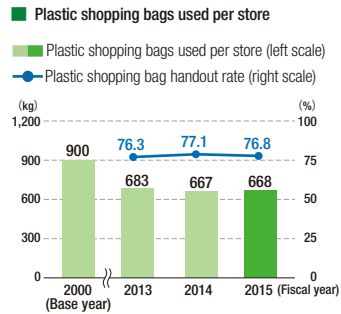
Lawson makes Convenience Store Eco Bags to help reduce the use of plastic shopping bags. These reusable shopping bags are just the right size for the boxed lunches or bottled drinks that customers buy frequently. In March 2007, we started handing out these bags in some LAWSON stores to promote our Bring 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 4.34 million reusable shopping bags* in the 8 years since we introduced the initiative.

* Including reusable shopping bags other than our Convenience Store Eco Bags.

Total number of distributed reusable shopping bags

Fiscal 2013: 4.29 millions
 Fiscal 2014: 4.31 millions
 Fiscal 2015: 4.34 millions



Iwate Stores Earn Eco Shop Certification

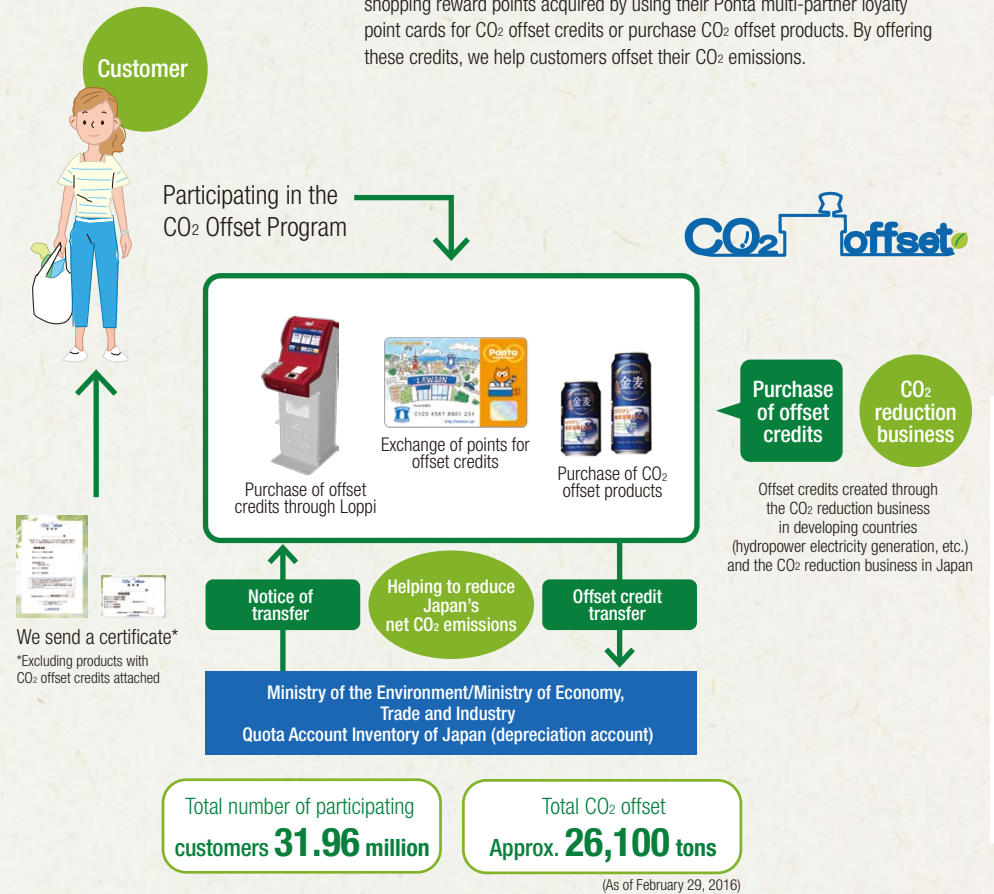
In Iwate Prefecture, stores that proactively endeavor to reduce waste and promote recycling have been certified as Eco Shops by Iwate Prefecture. LAWSON stores in Morioka and other cities have received the certification and actively endeavor to reduce the use of plastic shopping bags and promote the recycling of waste.



CO₂ Offset Program

How the CO₂ Offset Program works to reduce customers' CO₂ emissions

The idea behind CO₂ offsets is that the amount of the purchaser's CO₂ 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 CO₂ offset credits or purchase CO₂ offset products. By offering these credits, we help customers offset their CO₂ emissions.



We send a certificate*
 *Excluding products with CO₂ offset credits attached

Carbon offset for G7 2016 Ise-Shima summit

At the G7 2016 Ise-Shima summit that was held on May 26-27th (Thu-Fri) in Mie Prefecture, Japan, the Japanese Government cooperated with companies and local governments to offset greenhouse gas emissions from the summit meetings.

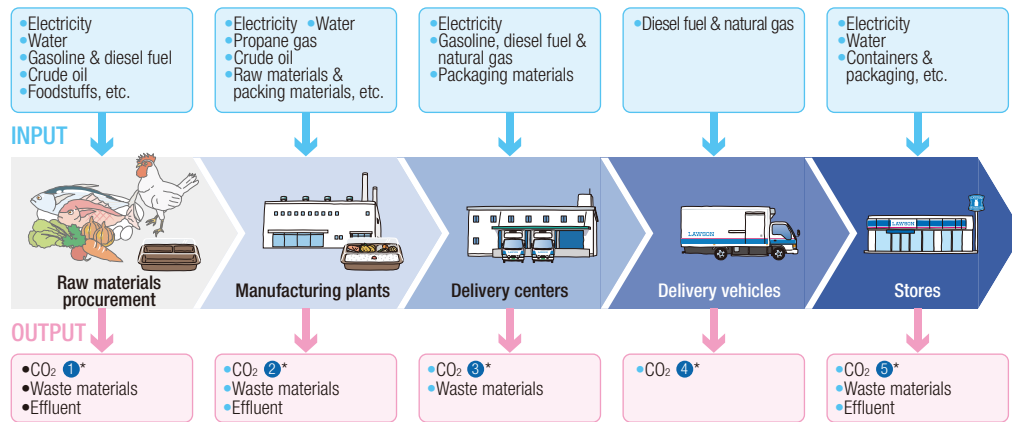
Lawson agreed to this initiative and offered 60 t-CO₂ of carbon credits. The credits were generated by upgrading hospital facilities and freezers under the University of Tokyo Sustainable Campus Project. Part of the credits was used to fully offset approximately 20,000 tons of greenhouse gas emissions generated by the travel and accommodation of G7 delegations and related persons (including international agencies and the media) and by the usage of electricity or other energy sources at the summit site.



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, avoiding waste of ingredients in food processing and maximizing distribution efficiency. In all these efforts, we are working on reducing the environmental burden.

Materials flow in our supply chain



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

Developing products using domestic raw materials

[Raw materials procurement]

Reducing energy consumption in transportation

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! Local specialties
Miyazaki gourmet boxed lunch



Mont Blanc dessert made of
Japanese chestnuts

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

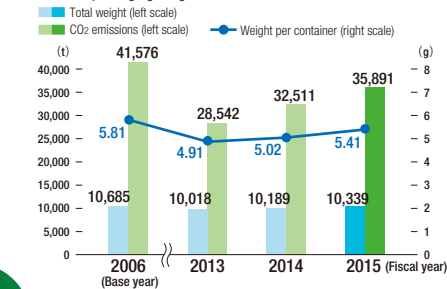
Environmentally-friendly containers and packaging

[Manufacturing plants]

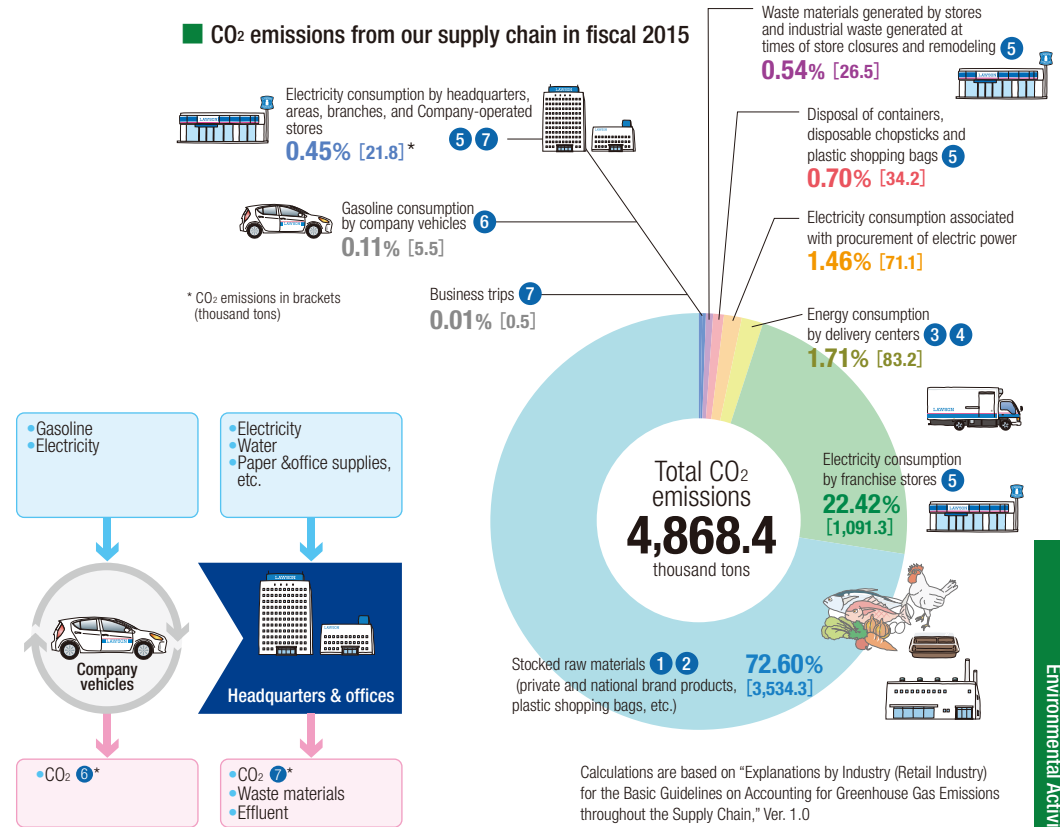
Reducing energy consumption in transportation

Reducing CO₂ emissions by using lighter, plant-derived containers and packaging. We have reduced CO₂ 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.

Container/packaging weight and CO₂ emissions



CO₂ emissions from our supply chain in fiscal 2015



Calculations are based on "Explanations by Industry (Retail Industry) for the Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain," Ver. 1.0

Minimizing waste in the production process

[Manufacturing plants]

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.



Promoting energy efficiency in the delivery process

[Delivery vehicles]

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.



A good community member

Lawson participates proactively in local cleanup and beautification activities and environmental events that are hosted by municipalities or other organizations.

In local environmental events, we introduce our environmental activities and promote the Lawson Green Fund.

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 and employees of the Lawson Group, 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.



Arakawa Clean Aid

Date: November 21, 2015 (Sat.)
Participants: 97
Place: Arakawa Riverside (Edogawa-ku, Tokyo)
Collecting 65 bags of trash and bulky waste items
We have been active participants since 1994.



All Kyoto Beautification Drive

Date: November 1, 2015 (Sun.)
Participants: 40 (total participants: 3,600)
Places: Kyoto City (shopping districts and tourist spots)
We have been active participants since 2004.



Fukuoka Love Earth Cleanup

Date: May 15, 2015 (Sun.)
Participants: 74 (total participants: 820)
Places: Oohori Park (Chuoh-ku, Fukuoka City)
Collecting about 66 bags of trash
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 our environmental activities and the Lawson Green Fund at a booth and conducting fun programs to stimulate visitors' interest and raise awareness of environmental preservation.



Sendai Eco Festa 2015

Date: September 6, 2015 (Sun.)
Place: Civic Square, Kotoudai Park (Aoba-ku, Sendai City, Miyagi Prefecture)
We have been active participants since 2012.



Awaji Island Friendship Festival

Date: November 14 and 15, 2015 (Sat. and Sun.)
Place: Onokoro Theme Park of Awaji World Park, Awaji Branch of Animal Care Center (Awaji City, Hyogo Prefecture)
We have been active participants since 2009.

We will observe laws and internal rules relating to environmental preservation activities.

The Lawson Group observes environmental laws and regulations, identifies potential environmental risks through internal audits and endeavors to prevent environmental accidents. The Group also shares results of internal audits, trends of new regulations, examples of accidents experienced by other companies or other information within the Group, and seeks to raise awareness of the whole Group.

■ Main laws and regulations

Name	Category
Act on the Rational Use of Energy (Energy Saving Act)	Energy efficiency
Act on Promotion of Global Warming Countermeasures (Global Warming Countermeasures Act)	Energy efficiency
Waste Management and Public Cleansing Act	Waste reduction
Law for Promotion of Recycling and Related Activities for Treatment of Cyclical Food Resources (Food Waste Recycling Law)	Waste reduction
Law for the Promotion of Sorted Collection and Recycling of Containers and Packaging	Waste reduction
Private Sewerage System Act	Water pollution
Act on Rational Use and Proper Management of Fluorocarbons (Fluorocarbon Emission Control Act)	Ozone layer protection
Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Renewable Energy Act)	Energy efficiency

Promotion of communication

We will foster greater awareness about environmental preservation by promoting education, and will also promote communication with stakeholders.

Promotion of social and environmental education

Groupwide training to raise awareness and deepen knowledge

High levels of awareness, knowledge and information are essential for contributing to society and the environment. The Lawson Group provides social and environmental education for headquarters employees as well as for franchise owners and store managers and crew. Education of headquarters employees begins with new employee training and extends to annual general environmental training of all employees via e-learning. Franchise owners and store managers and crew receive training at the time of store openings and a continuous flow of information through in-house magazines and our Environmental Report.

We have been urging the representatives responsible for promoting CSV* activities in the various departments to participate in internal and external training and take the environmental certification test to encourage their acquisition of broader knowledge.

*CSV: Creating Shared Value, which seeks to create new value through business activities that both address social issues and contribute to corporate growth

■ CSV Subcommittee

With the CSR Promotion Department of the Business Operations Support Division acting as a secretariat, the CSV Subcommittee convenes meetings every month attended by representatives of headquarters, the various areas and the Group companies responsible for CSV promotion. Its principal activities include managing progress and sharing information with respect to social and environmental goals, providing guidance and assistance for stores, responding to internal and third-party audits, and promoting social and environmental education.



We will strive to preserve the environment by utilizing our environmental management systems to make continuous improvements, which will be measured against objectives and targets.

Target image of Lawson's social and environment activities Contributing to achieving a sustainable society from two perspectives.

The Lawson Group seeks to contribute to achievement of a sustainable society from the following two main perspectives. First, we pursue activities that make proactive contributions to society and the environment. In particular, we are endeavoring to determine the volume of CO₂ emissions released from our supply chains and installing the latest energy-efficient equipment in our stores as part of our efforts to reduce CO₂ emissions from our operations. Second, we provide proactive support for our customers' social and environmental activities by delivering eco-friendly products and services.



Environmental management system Utilizing ISO 14001 environmental management system to reduce environmental burden

We are employing the ISO 14001 environmental management system to promote business activities that are considerate of society and the environment and implementing the PDCA (Plan-Do-Check-Action) cycle to promote a harmonious relationship with society and reduce the environmental burden.

To promote the ISO 14001 environmental management system, the CSR Promotion Department of the Business Operations Support Division acts as a secretariat, and cooperates with the representatives of headquarters, the various areas and the Group companies responsible for CSV* promotion to take activities including managing progress with respect to social and environmental goals, providing guidance and assistance for stores and responding to internal and third-party audits.

The representatives meet once a month, and hold the CSV Subcommittee that manages the progress and shares information, provides environmental education or takes other activities based on observance of laws and regulations (see page 31).

To check if the management system is functioning effectively, in addition to internal audits conducted several times a year, the Company is subject to third-party audits. We are continuously verifying the status of our activities through such means and working to improve them.

* CSV: Creating Shared Value

About us

Corporate profile

As of February 29, 2016 (Consolidated)(As of June 1, 2016 for representatives)

Company name	Lawson, Inc.	Business activities	Franchise chain development of LAWSON, NATURAL LAWSON and LAWSON STORE100
Headquarters	East Tower, Gate City Ohsaki, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-8643 Japan Genichi Tamatsuka	Net sales for all stores	2,049.5 billion yen*
Chairman and CEO, Representative Director, President and COO, Representative Director	Sadanobu Takemasu	Number of stores	13,273 stores
Established	April 15, 1975	Operating areas	All 47 prefectures in Japan, China (Shanghai, Chongqing, Dalian, Beijing), Indonesia, Hawaii, Thailand and Philippines
Capital	58,506.644 million yen		
Number of employees	8,294		

* Net sales for all stores (consolidated) 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.

Areas in which stores are operated

Total number of stores (in Japan and overseas)*
13,273 stores

As of February 29, 2016

Number of stores in Japan* **12,515 stores**

Hokkaido region 628 stores	Kanto/Koshinetsu region 4,201 stores	Chubu region 1,493 stores	Kinki region 2,388 stores	Chugoku region 699 stores	Kyushu/Okinawa region 1,413 stores
Tohoku region 964 stores	Ibaraki 158 Tochigi 147 Gunma 101 Saitama 532 Chiba 464 Tokyo 1,535 Kanagawa 835 Niigata 139 Yamanashi 119 Fukushima 107	Toyama 189 Ishikawa 104 Fukui 106 Shizuoka 236 Aichi 581 Gifu 156 Mie 121 Nagano 171	Shiga 154 Kyoto 322 Osaka 1,010 Hyogo 640 Nara 128 Wakayama 134	Tottori 115 Shimane 120 Okayama 155 Hiroshima 186 Yamaguchi 123	Fukuoka 447 Saga 66 Nagasaki 105 Kumamoto 140 Oita 169 Miyazaki 103 Kagoshima 192 Okinawa 191
			Shikoku Region 609 stores	Tokushima 134 Kagawa 131	Ehime 212 Kouchi 132

* 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., Lawson Kouchi, Inc., and SEIJO ISHII CO., LTD. For SEIJO ISHII CO., LTD., only its company-operated stores are included.
* The numbers of stores by region and by prefecture do not include those operated by SEIJO ISHII CO., LTD.

