

Scope of the Living in Harmony with Communities: Initiatives Report 2014

■ Organizations covered

The report covers mainly the business activities of Lawson, Inc., franchised stores and certain affiliated companies. Reporting also covers such areas handled in cooperation with Lawson's business partners as distribution, food product manufacturing, and waste processing.

■ Period covered

The report mainly covers fiscal 2013 (March 1, 2013 to February 28, 2014); however, some coverage of activities before and after this period is included.

For more detailed information, please see Lawson's website: <http://lawson.jp/en/csr/>

LAWSON

Living in Harmony with Communities: Initiatives Report 2014



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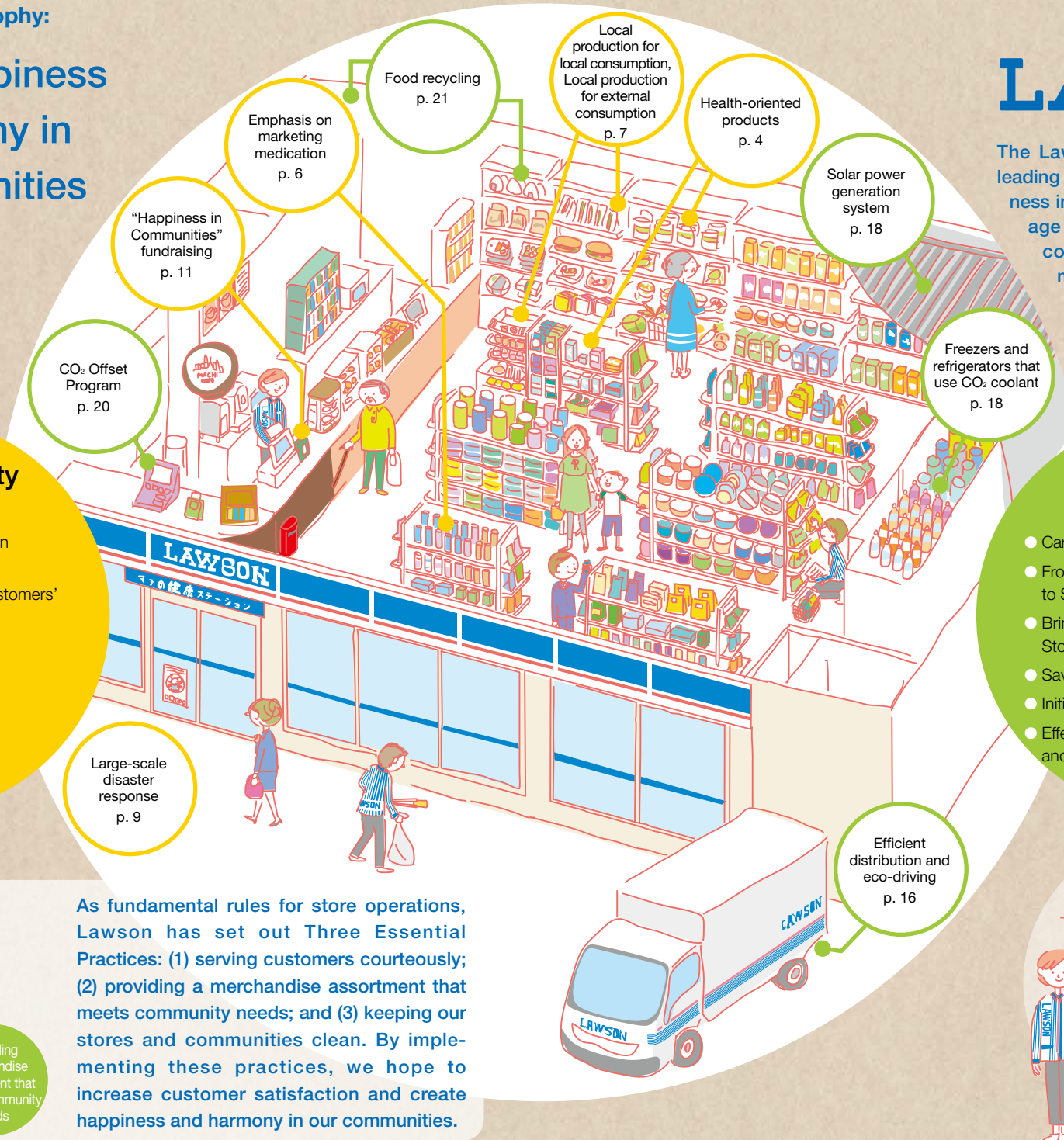
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Creating Happiness and Harmony in Our Communities

Creating Happiness and Harmony in Our Communities

LAWSON

The Lawson Group aims to create the leading stores enabling health and wellness in communities. We hope to leverage our near-at-hand position as a convenience store to make communities and the Earth healthier and happier by providing support for customers' health.



Initiatives in the Community p. 3-12

- Supporting Health and Wellness in Our Communities
- Creating Stores that Fit Local Customers' Needs and Wants
- Lifeline for Communities
- Support for the Future

Environmental Initiatives p. 13-24

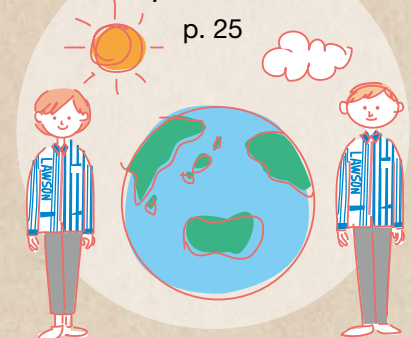
- Care for the Environment in the Supply Chain
- From Ingredient Procurement to Distribution to Stores
- Bringing Cutting-Edge Technology into Stores to Save Energy
- Saving Energy at Stores
- Initiatives to Reduce Store Garbage
- Effective Use of Resources at Stores and Offices

The Three Essential Practices



As fundamental rules for store operations, Lawson has set out Three Essential Practices: (1) serving customers courteously; (2) providing a merchandise assortment that meets community needs; and (3) keeping our stores and communities clean. By implementing these practices, we hope to increase customer satisfaction and create happiness and harmony in our communities.

Corporate Data p. 25



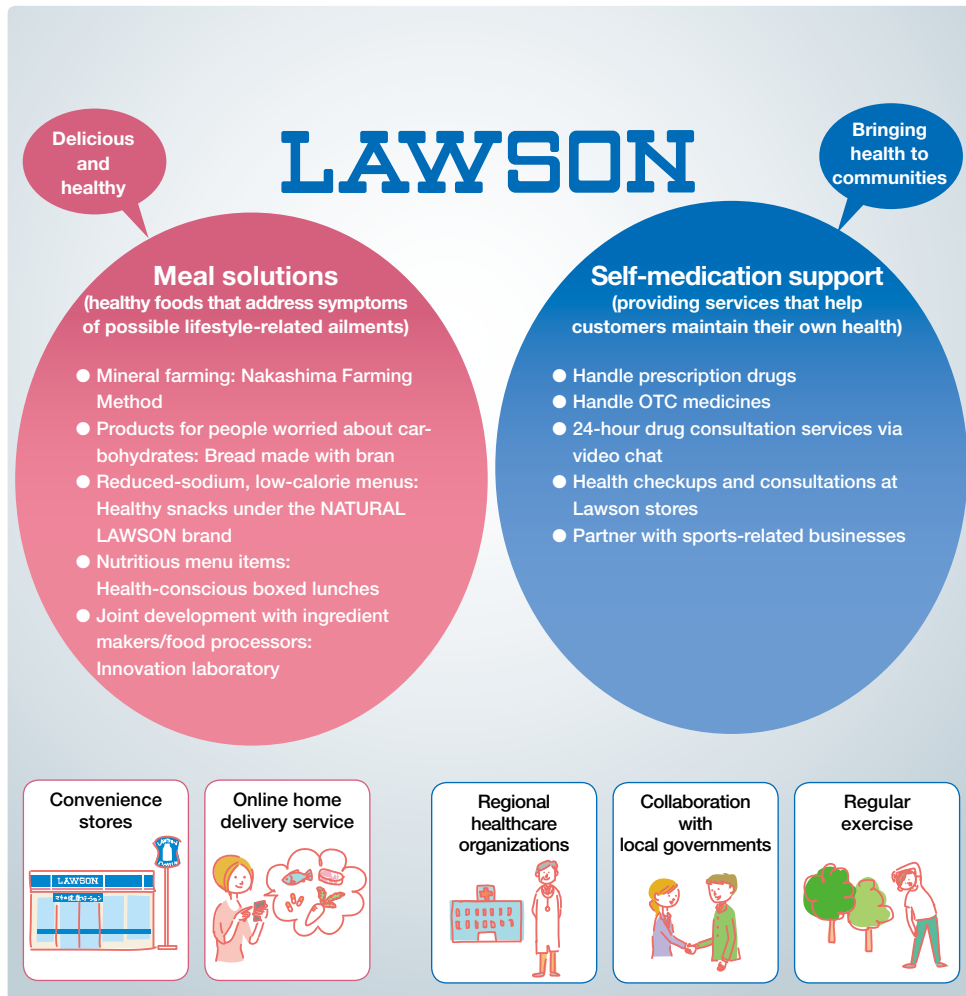


Supporting Health and Wellness in Our Communities



What does supporting health and wellness in communities mean?

Lawson aims to create convenience stores that contribute to health and wellness in communities to promote long and healthy lives based on two approaches: meal solutions that nourish the body through daily eating habits, and support for self-medication through the provision of consultation and assistance for customers in times of need.



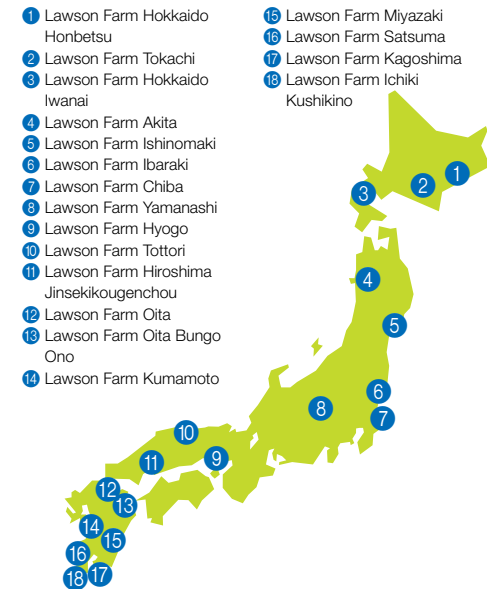
Meal solutions

Lawson promotes meal solutions based on the concept of delicious, healthy eating, with vegetables rich in minerals; breads made with bran for people worried about their carbohydrate intake; and reduced-sodium, low-calorie boxed lunches and other products designed to be healthful and help prevent disease.

Expanding Lawson Farm nationwide to provide safe, fresh, high-quality vegetables



To provide Lawson Group stores with a stable supply of safe, high-quality vegetables and fruits that contribute to healthy eating habits, we are expanding the farming corporation Lawson Farm across Japan. We hope to create a network capable of supplying perishable foods year-round by rotating production among Lawson Farms across the country. In addition, we are working in collaboration with DAICHI wo MAMORU KAI (Earth Environment Preservation Society, an organic food delivery organization) and Radish Boya both of which handle certified organic produce and produce grown with low levels of agricultural chemicals.



Emphasis on production: Maintaining the soil's mineral balance with the Nakashima Farming Method

The Nakashima Farming Method is an assembly of technologies for creating healthy soil based on soil analysis and technologies for controlling growth aimed at the sustainable production of high-quality agricultural products (see right). The method supplies cultivated plants with an optimal balance of nutrients based on their stage of growth while maintaining the balance of mineral nutrients in the soil. The objective of the method is to produce high-quality fruits and vegetables in a safe and reliable manner.



Lawson selected for three awards in Food Action Nippon Awards 2013

On December 3, 2013, Lawson was selected for three Food Action Nippon awards, including the Award of Excellence in Logistics. Lawson was recognized for its contribution to revitalizing communities and for helping to spread the use of domestically produced foods through its sales of vegetables grown by Lawson Farm, a farming corporation, and creating and selling products made with ingredients grown in Japan.





Supporting Health and Wellness in Our Communities

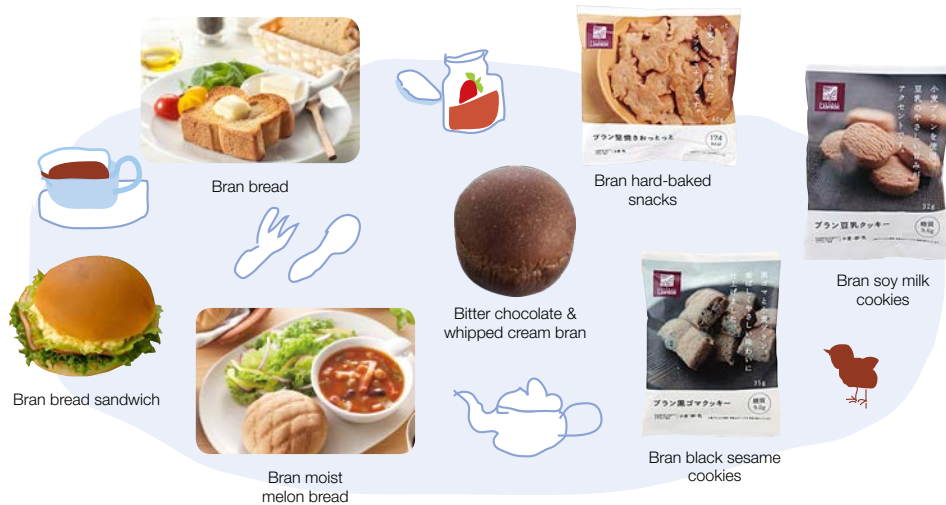


● Meal solutions

Development and sale of healthier bread and treats

Low carbohydrate foods command considerable interest among consumers who are concerned about diabetes prevention and maintaining a healthy, vibrant lifestyle. To meet this demand, since June 2012, Lawson has been developing bread for meals, confectioneries and other baked goods made with bran, which is lower in carbohydrates and higher in dietary fiber than ordinary wheat flour.

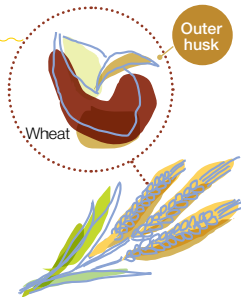
In May 2014, we also began selling health-oriented cookies and snacks made with bran and with less than 200 calories, 10 grams of carbohydrates and 0.5 grams of sodium per serving.



What is Bran?

Bran is a grain's outer husk. It is higher in dietary fiber and lower in carbohydrates than ordinary wheat flour.

Lawson's bran breads are developed in collaboration with THE TORIGOE CO., LTD., which has patented technologies in Japan, the United States and Europe for making breads low in carbohydrates that incorporate the outer husks of grains. To make the bread more enjoyable, Lawson made several improvements to the mixture of bran and the production process. Thanks to these improvements, including the addition of rice bran to traditional dough, we succeeded in creating a softer, moister bread in May 2014.



● Support for self-medication

Lawson's support for self-medication (defined as support for health management and disease prevention and treatment) encompasses the provision of medicines, 24-hour drug consultation services via video conferencing, health checkups at Lawson stores in coordination with municipalities, and health management apps.

Partnerships with pharmacy chains to expand stores with dispensing pharmacies

Lawson has formed partnerships with Qol Co., Ltd., a major dispensing pharmacy chain, and MIZ-Pharmacy Co., Ltd., a dispensing pharmacy and drug store operator in Saga Prefecture and Fukuoka Prefecture. As of the end of July 2014, Lawson has opened 40 convenience stores with dispensing pharmacies.



The LAWSON store in front of Yushima Station in Bunkyo City, Tokyo, features a merchandise assortment of 5,000 items, 60% greater than that of an ordinary LAWSON store, operating on a model of ideal balance between convenience store and drug store formats

Expanding stores that handle OTC medicines

In 2009, the Revised Pharmaceutical Affairs Law introduced the registered distributor system for OTC drugs, allowing ordinary stores to carry more over-the-counter (OTC) medicines. Including stores with dispensing pharmacies, Lawson has 93 stores that carry OTC medicines as of the end of July 2014.

Following the June 2014 revision to the Pharmaceutical Affairs Law, we began offering ordering services for over-the-counter (OTC) medicines (types 2 and 3) via our Loppi multimedia terminals in all stores.

Health checkups at local Lawson stores in coordination with municipalities

In October 2013, Lawson signed an agreement with Amagasaki City in Hyogo Prefecture to provide health checkups at Lawson stores in the city. Body measurements, urine and blood tests, examinations by doctors and optional chest x-rays were conducted in Lawson store parking lots.

Next, we worked with Matsumoto City in Nagano Prefecture to implement a neighborhood health consultation service for nearby residents in cooperation with local health professionals. Furthermore, in July 2014, we concluded a health accord with Saga City in Saga Prefecture, and in August we conducted health checkups at a Lawson store.



Health checkups in the parking lot of a LAWSON store in Amagasaki City, Hyogo Prefecture



Neighborhood health consultation service in Matsumoto City, Nagano Prefecture

→ Creating Stores that Fit Local Customers' Needs and Wants



● Comprehensive agreements with local governments

Making communities brighter through stores nationwide

The Lawson Group forms comprehensive agreements with local governments around Japan to work closely with communities to contribute to the community, including through store operation and product development, environmental preservation, and support for childrearing. Using our network of about 12,000 stores across Japan, we are helping make communities around the country brighter.

Agreements formed with:
44 prefectures, 6 cities
(As of the end of August 2014)

Tourism promotion and PR
Expanding sales of locally produced goods and food
Support for welfare services and childrearing
Environmental contribution
Crime prevention and youth guidance
Disaster countermeasures

● Promoting local production for local consumption and local production for external consumption

Utilizing local products and foods to revitalize communities

Important initiatives undertaken in line with our comprehensive agreements with local governments include the promotion of local production for local consumption¹ and local production for external consumption² as well as the revitalization of communities by selling products made with abundant local food resources.

Notes: 1. Initiatives aimed at consumption in a particular area of products produced in the same area
2. Initiatives aimed at the sale of products made in a particular area outside said area

- Hokkaido**: Takikawa Pork Boxed Lunch (cooked with butter and soy sauce)
- Miyagi Prefecture**: Kesennuma Recovery (Shark cutlet) Boxed Lunch
- Ibaraki Prefecture**: Grilled Rice Balls with Hitachiota Soy Sauce
- Chiba Prefecture**: Narita Sky Sweet Bean & Potato Paste Breads
- Aichi Prefecture**: Okazaki Chocolate Ring
- Tokushima Prefecture**: UC Premium Sweet Potato Cake
- Okayama Prefecture**: Curry Bread (with curry made with Chiya beef)
- Kyoto Prefecture**: Kyoto Specialties Boxed Lunch
- Oita Prefecture**: Gyutto Sweet Potato
- Okinawa Prefecture**: Shikuwasa Hotcake

Products developed based on local production for local consumption
The products shown here are only examples, and some may no longer be available

● Convenient home delivery service

Delivering products and peace of mind

Lawson Fresh is a new online home delivery service for perishables, the popular 10-minute Simple Cooking Kit and other high-quality foods and daily necessities. The service features a merchandise assortment of about 16,000 safe and reliable fresh essentials for everyday living.



Lawson Fresh homepage

Delivering the fun of shopping

Some Lawson stores offer Lawson Delivery Service,* which brings food to your home. Certain stores also offer Lawson Travelling Sales Service* for retirement homes and corporations, bringing the enjoyment of shopping to customers.

● Lawson Delivery Service

Orders are accepted over the phone and goods delivered to customers' homes. Goods available for delivery range from boxed lunches and rice balls to heavy items, such as beverages, and bulky items, such as toilet paper. Delivery rates range from free to ¥700.

● Lawson Travelling Sales Service

A travelling store with a wide selection of sweets, beverages, fruit, daily necessities, and other products visits retirement homes, corporations, public halls and other venues.



Lawson Delivery Service



Lawson Travelling Sales Service



*These services are not available through all Lawson stores



● Large-scale disaster response

Aiming to be a lifeline for communities during major disasters

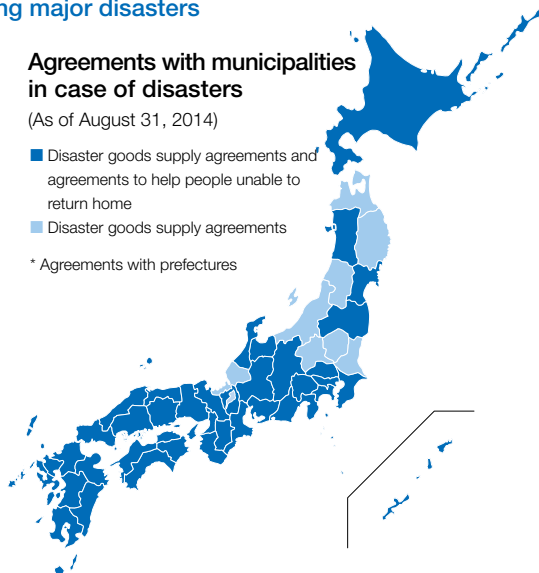
In the event of a large-scale disaster, Lawson, including stores in affected areas, endeavors to remain open for business as much as possible as a lifeline for the residents of the community. Furthermore, Lawson has signed disaster goods supply agreements and agreements to help people unable to return home with local governments around Japan as well as some public institutions as part of its social role as a convenience store.

Agreements with municipalities in case of disasters

(As of August 31, 2014)

- Disaster goods supply agreements and agreements to help people unable to return home
- Disaster goods supply agreements

* Agreements with prefectures



Emergency delivery truck

Disaster preparation

To clarify standards of action in the event of a disaster, the Lawson Group conducts disaster drills three times a year for its employees. In addition, we regularly review our disaster response manual based on problems identified in responding to actual disasters or during drills.

Furthermore, we have established a business continuity plan (BCP) that encompasses countermeasures for such eventualities as a major earthquake occurring in the Tokyo area or the offshore Nankai Trough or an outbreak of a new strain of influenza. Such measures are part of a rapid disaster response framework.



Disaster response manual



BCP Guidelines



Drills conducted in January, March and September each year

● Disaster relief fund to support recovery in disaster-affected areas

Delivering the community's goodwill to disaster-affected areas

In the event of a large-scale disaster, the Lawson Group's "Happiness in Communities" in-store fundraising is switched to fundraising for disaster relief, through which Lawson delivers the goodwill of people around the country to those impacted by the disaster. Donations are distributed to areas in need through various avenues, including local disaster countermeasures offices and the Japanese Red Cross Society.



Presentation ceremony for 2013 Typhoon Haiyan (Philippines) Relief Funds

Fiscal 2013 disaster relief fundraising

Fundraiser	Stores	Period	Total donations
2013 Typhoon Haiyan (Philippines) Relief Fund	11,497 Lawson Group Stores* nationwide	November 13–30, 2013	¥42,126,471
Izu-Oshima Typhoon 26 Tokyo Metropolis Relief Fund	4,018 stores in 10 prefectures (including one metropolis) of the Kanto-Koshinetsu region	October 19–31, 2013	¥6,381,192

*The Lawson Group: LAWSON, NATURAL LAWSON, LAWSON STORE100

● Safety Station activities

Lawson participates in activities of the Japan Franchise Association to prevent crime, provide a safe haven for women and children fleeing attackers, and ensure the safety of the elderly.

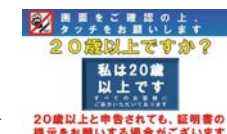


Safety Station activities poster

● Preventing the sale of alcohol and tobacco to minors

To prevent the sale of alcohol and tobacco to minors, we thoroughly check customers' ages and use posters and in-store broadcasting to encourage customer understanding and cooperation.

Age confirmation screen on the customer-facing side of a register

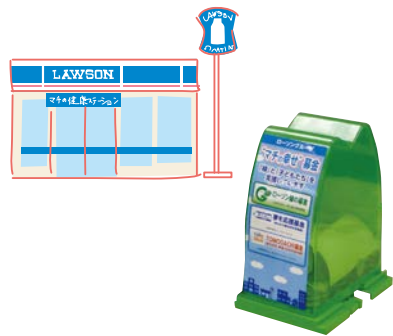




The Lawson Group's "Happiness in Communities" fundraising

Support for Greening and Children

The Lawson Group conducts social contribution activities centered mainly on support for greening projects and children. Fundraising efforts have been ongoing since June 2013 under a new, comprehensive banner as the Lawson Group's "Happiness in Communities" fundraising initiative. Customer donations are combined with donations from Lawson headquarters and donated to three public interest foundations, which use the funds to conduct tree-planting activities, mainly through schools throughout Japan, and to support children as part of efforts to promote recovery in the Tohoku region of Japan.



Lawson
Headquarters

The Lawson Group's "Happiness in Communities" fundraising
Total amount donated
approx. **¥7.1 billion***

(For September 1992 through February 2014)

*Donations include those collected in stores, donations from headquarters, and donations of Ponta reward points

Lawson Green Fund

Lawson Green Fund Results	
Total customer donations	¥3.56bn
Activities sites	3,489
Area greened	approx. 6,679 ha
Trees planted	approx. 16.69m

The area greened and number of trees planted are based on calculations using the total collections of the Lawson Green Fund and Green Fund and certain assumptions. Data as of February 28, 2014.

The Lawson Green Fund supports greening projects carried out by school volunteer groups mainly from elementary, junior high and special needs schools throughout the country as well as projects in and outside Japan implemented by volunteer groups.

Recipient: The National Land Afforestation Promotion Organization



Greening at a school



Greening in mountain areas

Participation in greening contribution projects

Franchise owners, store managers, store crews and headquarters employees participate in greening contribution projects that make use of the Lawson Green Fund. 2013 marked the 20th year of these projects, which began in May 1994. The total number of projects undertaken now stands at over 1,000.

Support Dreams Fund

(scholarship system for victims of the Great East Japan Earthquake)



Many students have faced difficulties in continuing their education due to the impact of the Great East Japan Earthquake. The Support Dreams Fund provides scholarships of ¥30,000 per month to 1,097 such students for up to seven years. The Fund also organizes social events, hands-on educational programs and other activities to support students until they finish their education.

Recipient: Civic Force



Social event for scholarship recipients
(Photo courtesy of Civic Force)

The TOMODACHI Fund

(U.S.-Japan educational and cultural activities for students in the Tohoku region)



The TOMODACHI Initiative is a U.S.-Japan private-public partnership to support recovery in disaster-affected areas. Backed by the U.S. government and the U.S.-Japan Council (Japan), the initiative has its roots in Operation TOMODACHI, launched in the aftermath of the Great East Japan Earthquake. Lawson embraces the initiative's vision and supports students in the Tohoku region of Japan through U.S.-Japan educational and cultural activities.

Recipient: U.S.-Japan Council (Japan)



TOMODACHI Leadership Program



Simulated work experience at a LAWSON store through KYOTO Student City

← 77,000 children experienced KYOTO Student City from 2007 to July 2014

Since January 2007, Lawson has maintained an experiential simulated store at KYOTO Student City.* In addition to Lawson, 12 other companies and organizations, including City Hall, a bank, a newspaper company and a Kyoto-style pickled goods store maintain booths, simulating a small community. Students in 4th to 6th

grades in Kyoto City elementary schools can experience serving customers, operating cash registers and other aspects of working at the simulated LAWSON store.

In August 2014, Lawson set up a second experiential simulated store in the Student City of Sendai City's Sendai Children's Experience Plaza.

* KYOTO Student City: A facility set up by the Kyoto City Board of Education and the Japan headquarters of Junior Achievement (Junior Achievement Japan), one of the world's largest educational organizations

Care for the Environment in the Supply Chain

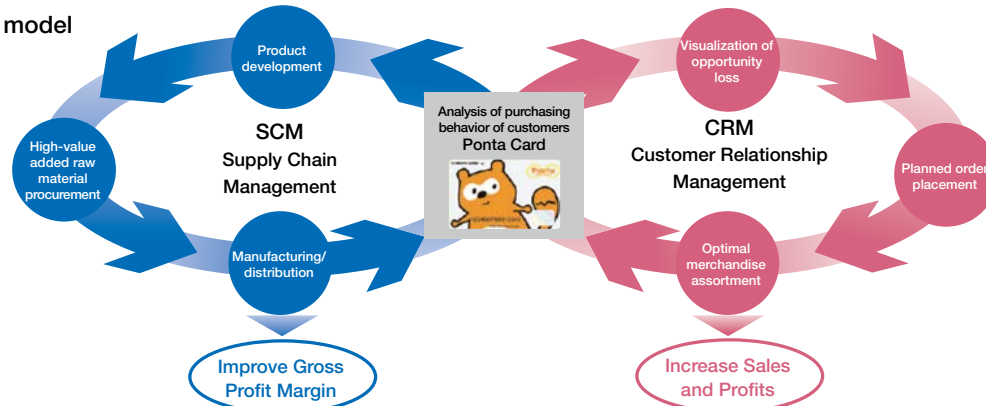


Lawson aims to be a manufacturing retailer based on small commercial areas, producing high-value-added products and selling them right in customers' neighborhoods. To this end, Lawson is extending its involvement at all stages of the supply chain to enhance added value by, for example, making maximum use of ingredients during food processing to reduce waste and carrying out efficient distribution. In all its efforts, Lawson seeks to be considerate of communities and the environment.

Lawson's SCM-CRM model

Supply Chain Management (SCM)

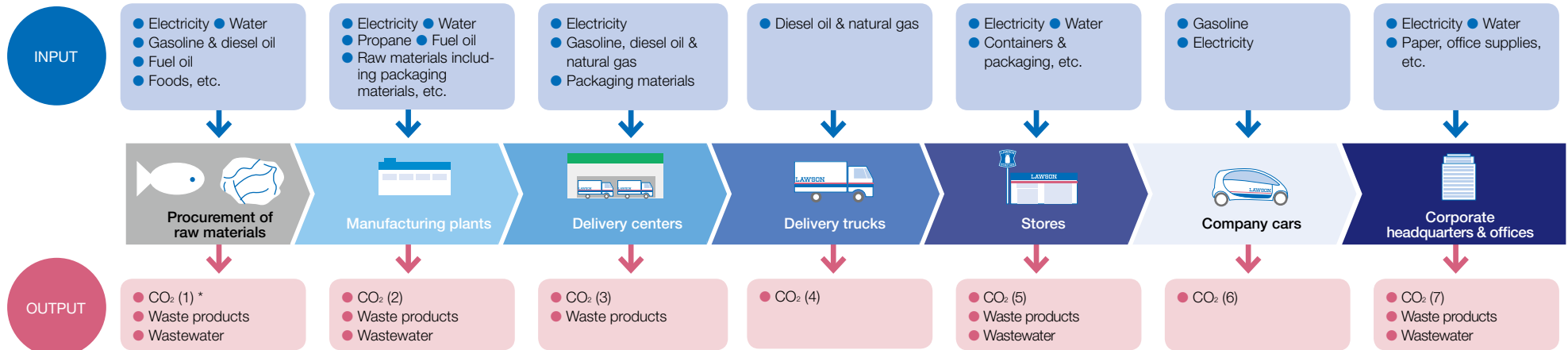
Comprehensive management from procurement to marketing, for optimal efficiency of the whole process



Customer Relationship Management (CRM)

Marketing approach to provide goods and services according to specific customer needs

Material flow in our supply chain



* The numbers placed after "CO₂" correspond to those in the pie chart below

Reducing CO₂ emissions throughout the supply chain

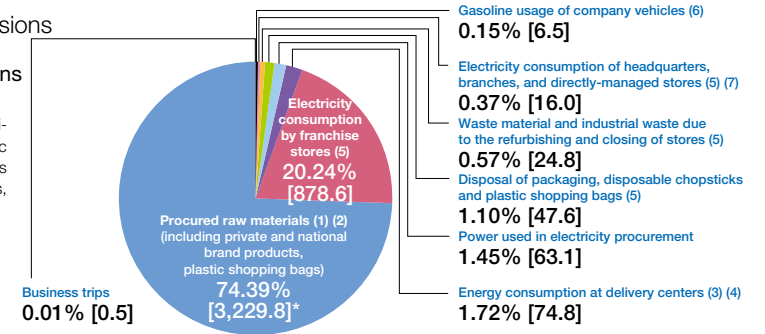
The provision of products and services entails the use of such natural resources as electricity, gasoline, and other forms of energy as well as water throughout the supply chain, resulting in the emission of CO₂ and waste byproducts. To minimize its environmental impact, Lawson works to monitor CO₂ emissions at each stage of its supply chain, from ingredient procurement to product production, distribution and sale at its convenience stores, and implements various measures to reduce them.

Supply chain CO₂ emissions in FY2013

Total annual CO₂ emissions

4,342 thousand tons

Calculated as per industry-classified interpretation regarding Basic Guidelines on Greenhouse gas emissions calculation for retailers, Ver. 1.0



* CO₂ emissions in brackets (Thousand tons)

From Ingredient Procurement to Distribution to Stores



Using plant-derived plastic in packaging

Reducing CO₂ emissions using lighter, plant-derived packaging

Lawson proactively uses plant-derived plastics in containers and packaging for the original products sold at Lawson stores. Salad containers are made with polylactic acid (PLA) derived from corn, and containers for chilled noodle products are made from bio-PET, part of which is derived from sugarcane. The CO₂ released when such containers and packaging are incinerated is absorbed by the growing plants that make up their raw materials, largely cancelling out emissions over the packaging's entire life cycle.

At the same time, while ensuring packaging safety, Lawson strives to reduce packaging weight as a way of more effectively using limited natural resources. Weight per container in fiscal 2013 was down 15.5% from fiscal 2006, for a total reduction of about 670 tons. Through these efforts, we have cut CO₂ emissions by approximately 13,000 tons, or 31.3%, based on calculations of emissions when containers are incinerated.

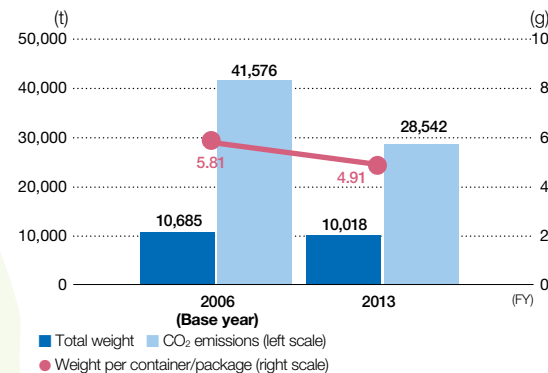


Container made from polylactic acid (PLA) derived from corn



Container for chilled noodle products made with bio-PET

Container/packaging weight and CO₂ emissions when incinerated



Developing products that use domestically produced ingredients

Reducing the energy consumed in transportation

Lawson creates boxed lunches, rice balls, desserts, and other products that take advantage of domestically produced, seasonal ingredients. Not only does this help to revitalize rural areas around Japan, but because ingredients do not have to travel as far as those produced overseas, less energy is used in transportation.



"Delicious! Local Specialties" Chirashi sushi with salmon from Shiretoko



Delicious! Ehime's Specialty Uwajima Sea Bream Rice, of the "Delicious! Local Specialties" series



Manufacturing at factories

Minimizing waste in the production system

In order to cut waste at the manufacturing stage, we have introduced the Production Process Management System to carefully measure ingredients used, product volume, and servings down to the gram.



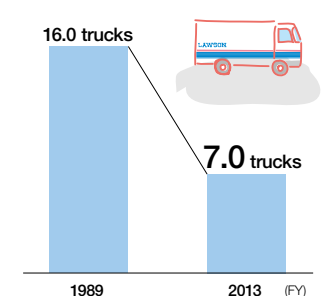
Distribution centers and trucks

Efficient deliveries and eco-driving

Lawson aims to efficiently deliver products by promoting multi-drop deliveries and optimizing delivery frequency. In addition, our trucks are fitted with eco-tires to improve fuel economy. Lawson uses a traffic control system to monitor the status of trucks in the field and promote eco-driving. We also raise awareness by training drivers on how to prevent unnecessary vehicle idling and noise.



Daily number of delivery trucks per store*



* Delivering goods, except for newspapers and cigarettes



Recognition for excellent drivers



Solar power generation and natural CO₂ coolant use at experimental energy-saving stores

Examining energy-saving benefits and applying results in our stores across the country



LAWSON store in front of Panasonic head office (Moriguchi City, Osaka)

Since fiscal 2008, Lawson has operated experimental energy-saving stores around Japan to examine the benefits of using energy-conserving equipment with cutting-edge technologies. Leveraging the knowledge gained from these experiments, we plan to roll out the newest energy-saving equipment at all our locations in Japan and develop even better equipment to slash CO₂ emissions further.

Initiatives at the LAWSON store in front of Panasonic head office

● Cutting energy use by 50%

We aim to reduce electricity usage by 50% (compared with 2010) through various energy saving technologies as well as energy management that includes power generation and storage.



● Refrigerator cases that use CO₂ coolant

(See next page for details)
We use CO₂ coolants, which have a global warming potential just 1/4,000 that of freon gas, to combat global warming. Glass doors on showcases and precise interior controls help achieve further energy savings.



● 100% LED use and lighting adjustment

Using exclusively LED lighting, stores are well-lit while saving energy. Zone-based lighting adjustment and brightness variation reduces electricity usage, making the space both eco-friendly and pleasantly illuminated.



● Air conditioning and ventilation control

Linking air conditioning and ventilation systems, we are reducing the amount of outside air let into a store when its doors open. Sensors detect people and control air flows appropriately, conditioning the air inside stores effectively while saving energy.



Solar power systems installed

Lawson is installing solar power generation systems as part of efforts to promote the use of renewable energy sources. As of the end of fiscal 2013, such systems have been installed at about 1,600 Lawson Group stores. Lawson's systems have a generating capacity of 12 kW, comprising 10 kW (two 5 kW devices) for power sales and 2 kW for in-store use. With these systems, one store generates about 13,000 kWh per year. Lawson is the first in the convenience store industry to introduce systems with a capacity greater than 10 kW.



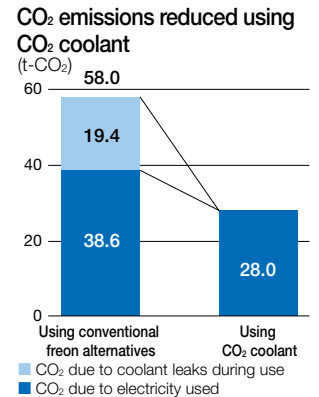
Solar power system on the roof of our store in front of Panasonic head office

Freezers and refrigerators that use CO₂ coolant

In fiscal 2010, Lawson began installing freezers and refrigerators that use CO₂ coolant in its stores. The global warming potential of CO₂ coolant is very low, just 1/4,000 that of freon, and CO₂ coolant is very effective at conveying heat. As a result, these coolants can help reduce annual CO₂ emissions by half compared with equipment using conventional freon alternatives. We installed such equipment at 63 stores in fiscal 2013, for a total of 138 stores to date.



Outdoor units of CO₂ coolant



Using CO₂ coolant and expanding energy-saving experimental stores, commendation received from Minister of the Environment for promotion of measures to cope with global warming

Lawson was commended by the Minister of the Environment for promotion of measures to cope with global warming by deploying advanced technologies in 2013, in recognition of the introduction of CO₂ coolant in refrigeration systems in new, experimental energy-saving stores. This award recognizes the benefits of using cutting-edge energy-saving equipment in our experimental energy-saving stores and the use of freezers and refrigerators that use CO₂ as coolant since fiscal 2010.



Saving Energy at Stores

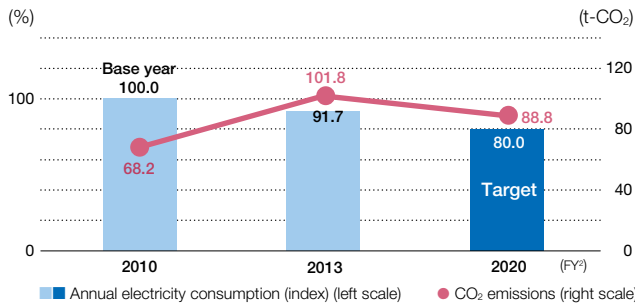


Saving energy by installing and managing the use of new equipment

Aiming for a 20% reduction in per-store electricity use by 2020

Lawson's medium-term energy-saving goal is to reduce per-store electricity consumption to 20% below the levels recorded in fiscal 2010 by fiscal 2020. To reduce electricity use, we are proactively installing energy-efficient equipment, including energy-saving refrigerators and air conditioners as well as LED lighting.

Per-store electricity use (index) and CO₂ emissions¹



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

Notes: 1. The power-receiving end coefficient after adjustment identified by the Federation of Electric Power Companies of Japan is used to measure CO₂ emissions. Data for fiscal 2020 is calculated using the coefficient for fiscal 2013.
2. Calculated in line with the administrative year from April 1 to March 31

Ten Energy-Saving Rules for store equipment management

We have established the Ten Energy-Saving Rules to help increase the operational efficiency of refrigerators and air conditioners in stores and reduce unnecessary power use. In the course of their normal operations, stores are taking such measures as cleaning refrigerator and air conditioner filters and using designated air conditioner temperature settings.

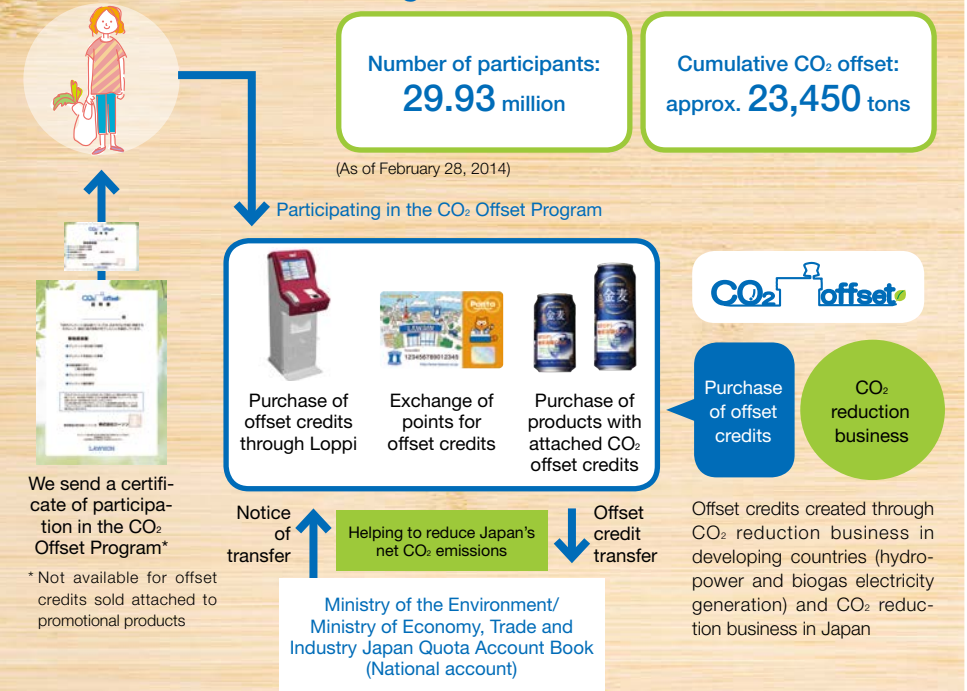
Ten Energy-Saving Rules	
1	Clean refrigerator and air conditioner filters once a week
2	Keep air conditioner temperature settings at 27°C in summer, 18°C in winter, and off in spring and autumn
3	Minimize the time that doors to walk-in and storage freezers and refrigerators are open when moving products in and out
4	Keep the area around the outdoor units of refrigerators and air conditioners neat and clean
5	Restock summer products that are frozen in-store from stocks that have been refrigerated
6	Restock hot drinks with products that have been stored at room temperature
7	Do not overfill storage freezers and refrigerators
8	Turn off lighting and air conditioning in back rooms and storage areas when no one is present
9	Arrange products so that they do not disturb the air curtain on open cases
10	Minimize the number of times storage freezers and refrigerators are opened

Social and environmental initiatives with our customers

Helping customers offset CO₂ emissions

Through the CO₂ Offset Program, customers can exchange shopping reward points using their Ponta multi-partner loyalty point cards for CO₂ offset credits, purchase CO₂ offset credits with cash using Loppi multimedia terminals in our stores, or purchase products with attached CO₂ offset credits. By offering these credits, we are helping customers offset CO₂ emissions.

How the CO₂ Offset Program works



CO₂ offset with freshly brewed coffee at MACHI café

For two weeks starting February 11, 2014, Lawson sold its MACHI café hot coffee and café latte with attached CO₂ offset credits. Having calculated the amount of CO₂ emitted over each product's entire life cycle, from procurement to container disposal, we offset the amount corresponding to the products sold, for a total of around 1,500 tons (approx. 300 g–600 g per cup).



Sign advertising CO₂ offset campaign

Initiatives to Reduce Store Garbage



Some Lawson stores sell eggs from chickens raised on eco-feed recycled from unsold food



Improving the accuracy of orders placed to reduce waste

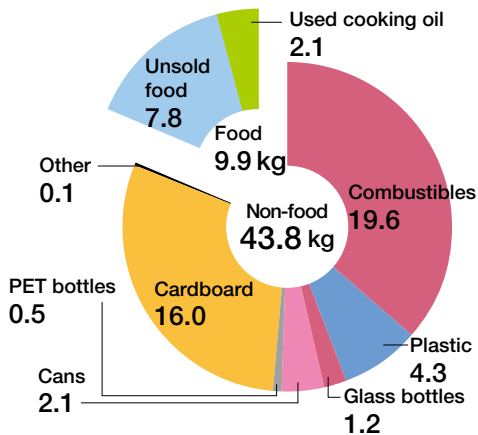
We work to reduce waste by optimizing the merchandise assortment in stores. Sales data gathered through the multi-partner loyalty point program Ponta* is analyzed and hypotheses are formulated, taking into account day of the week, weather patterns, regional events, and other factors in order to find an optimal volume and assortment of merchandise. This allows greater precision in ordering and helps reduce waste. We also reduce waste by adjusting the preparation of food in "Machikado Chubu" in-store kitchens in line with customer visits.

*The identities of individual customers are protected

Recycling unsold food

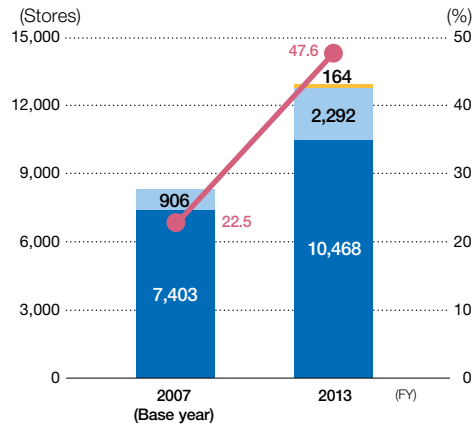
Each day the average store generates 7.8 kg of waste in unsold food (boxed lunches, rice balls, etc.) and 2.1 kg of oil (used cooking oil) used in the preparation of fried foods (figures for stores participating in food recycling). Unsold food is sent to recycling factories and processed into livestock feed for pigs and chickens or compost. Used cooking oil is made into livestock feed additive, biodiesel for public buses, and additive-free soap. As a result of such initiatives, we achieved a food recycling ratio of 47.6% in fiscal 2013, well in excess of the statutory target of 34.5% or above.

Average daily waste per store



The sum of food and other waste is 53.7 kg.
 Food waste data: About 2,300 Lawson stores participate in food recycling
 Non-food waste data: About 400 stores in Tokyo Metropolis participate
 Survey period: April 1, 2013 to March 31, 2014

Lawson Group stores that conduct food recycling

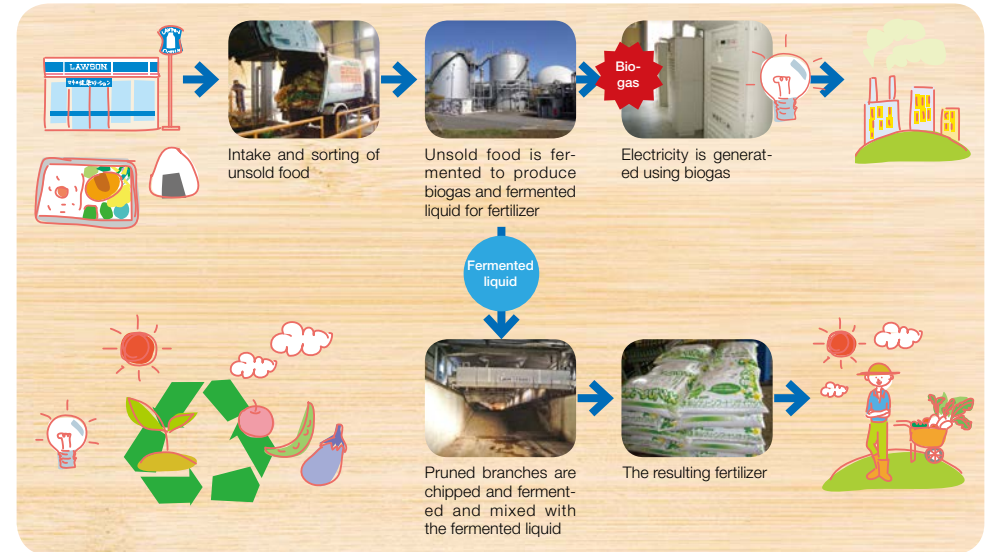


■ Used cooking oil recycling (left scale)
 ■ Food used in livestock feed and compost (left scale)
 ■ Thermal energy recovered (left scale)
 ● Food recycling ratio (right scale)*

* The food recycling ratio does not include Lawson Okinawa, Inc. and Lawson Minami-Kyushu Inc.

Food recycling in Toyama Prefecture

Unsold food from stores is reborn as high-quality compost (for soil improvement) at the recycling facilities of Toyama Green Food Recycle, Inc. Using bio-gasification technology, the methane produced during composting is used to generate electricity, which helps power the recycling facilities.



Reuse of store fixtures and equipment

Some of the display cases, air conditioners, microwaves and other fixtures and equipment removed from stores that are being remodeled or closed are reused in other, newly opened stores. When stores are remodeled or closed, fixtures and equipment that meet certain standards are stored at one of two reuse centers in east and west Japan. These items are numbered, stored and then redeployed, allowing reuse that spans large geographic areas.

Fixture and equipment reuse flow



Effective Use of Resources at Stores and Offices



Talking to customers to reduce plastic shopping bag and disposable chopstick use

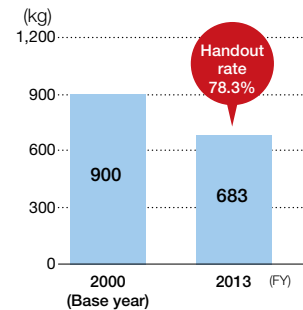
We work to reduce the use of plastic shopping bags and disposable chopsticks in our stores by having staff ask customers whether they need them, using in-store broadcasting, putting up posters, and handing out reusable “Bring Your Own” bags. In fiscal 2013, the per-store use of plastic shopping bags decreased by 24.1% compared with fiscal 2000, and the plastic shopping bag handout rate* was 78.3%. Pairs of disposable chopsticks used per store fell 9.4% from fiscal 2006 to about 54,000 pairs.

* Plastic shopping bag handout rate = Number of bags purchased by stores ÷ Number of customers



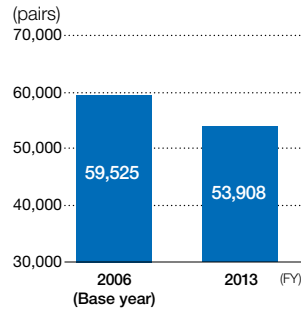
In-store poster promoting reduced plastic shopping bag usage

Plastic shopping bags used per store and plastic shopping bag handout rate



■ Plastic shopping bags used per store

Pairs of disposable chopsticks used per store



Promoting the use of reusable shopping bags

To help reduce the use of plastic shopping bags, Lawson makes and works to distribute Convenience Store Eco Bags, reusable bags that are just the right size for the boxed lunches or bottled drinks that customers buy frequently. Lawson has distributed 4.29 million reusable shopping bags since March 2007.

Company use of hybrid and other eco-friendly vehicles

Lawson is in the process of changing over its entire fleet of company cars used by supervisors and store development counselors to hybrid cars (about 2,200 cars, excluding four-wheel drive vehicles). To promote the safe and eco-friendly use of company cars, representatives of relevant departments meet monthly to discuss accidents and traffic violations that have occurred as well as prevention measures.



Concept art of a hybrid company car

With the Lawson Family, keeping our communities clean

Lawson participates in local cleanup and beautification activities around rivers and parks in coordination with the municipalities, companies and residents of the communities where it operates. FC owners, store managers, store crews (part time employees) and employees from Lawson’s headquarters along with their respective families and Lawson’s business partners participate in picking up garbage and making the communities they live in more beautiful alongside other local residents.



Arakawa Clean Aid 2013



Participation in a Kyoto City municipal community beautification project

Corporate Data

Company Profile

As of February 28, 2014/Consolidated (Chief Executive Officer as of May 1, 2014)

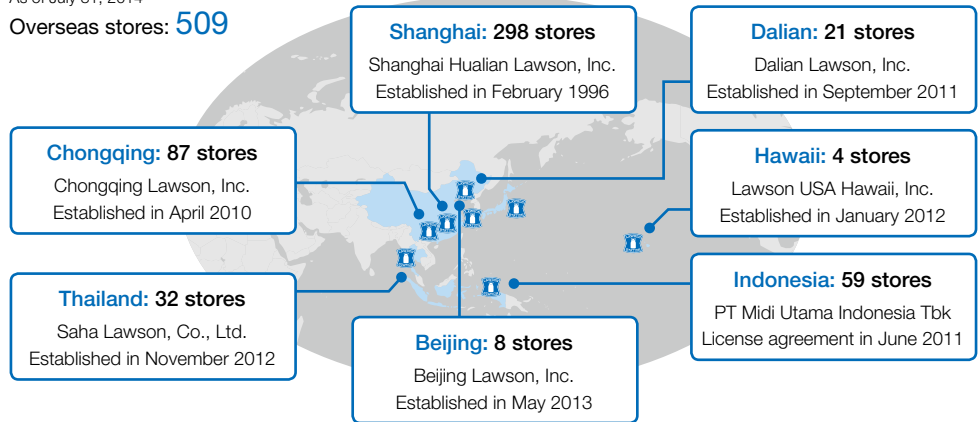
Company name	Lawson, Inc.
Head Office Address	East Tower, Gate City Ohsaki, 11-2, Osaki 1-chome, Shinagawa-ku, Tokyo 141-8643, Japan
President and CEO	Genichi Tamatsuka
Representative Director	Genichi Tamatsuka
Established	April 15, 1975
Capital	¥58,506.644 million
Number of employees	6,336
Business activities	Franchise chain development of LAWSON, NATURAL LAWSON, LAWSON STORE100, and LAWSON MART
Net sales of all stores	¥1,945.4 billion
Number of stores	11,606 (Stores in Japan)

Note: The total number of stores in Japan is the total of stores operated under Lawson, Inc., Lawson Mart, Inc., Lawson Okinawa, Inc., Lawson Minami-Kyushu, Inc. and Lawson Kumamoto, Inc.

Overseas Business

As of July 31, 2014

Overseas stores: **509**



Group Companies

As of February 28, 2014

Major consolidated subsidiaries	● Lawson Mart, Inc	● Shanghai Hualian Lawson, Inc.
	● Lawson HMV Entertainment, Inc.	● Chongqing Lawson, Inc.
	● Lawson ATM Networks, Inc.	● Dalian Lawson, Inc.
	● BestPractice Inc.	● Saha Lawson, Co., Ltd.
	● SCI, Inc.	● Lawson Asia Pacific Holdings Pte. Ltd.
Equity method affiliates	● Lawson Okinawa, Inc.	● PT Midi Utama Indonesia Tbk

Store Information for Japan

As of July 31, 2014

Total number of stores in Japan:
11,922

● **Chubu region: 1,409 stores**

Toyama	184	Aichi	553
Ishikawa	101	Gifu	146
Fukui	105	Mie	107
Shizuoka	213		

● **Chugoku region: 647 stores**

Tottori	108	Hiroshima	172
Shimane	112	Yamaguchi	118
Okayama	137		

● **Kyushu region/
Okinawa: 1,359 stores**

Fukuoka	425
Saga	65
Nagasaki	103
Kumamoto	136
Oita	161
Miyazaki	100
Kagoshima	200 ¹
Okinawa	169 ²

● **Shikoku region: 482 stores**

Tokushima	121
Kagawa	118
Ehime	176
Kochi	67

● **Kinki region: 2,364 stores**

Shiga	152
Kyoto	325
Osaka	1,014
Hyogo	620
Nara	132
Wakayama	121

Notes: 1. Stores operated under Lawson Minami-Kyushu, Inc.
2. Stores operated under Lawson Okinawa, Inc.

The Lawson Group Environmental Policy

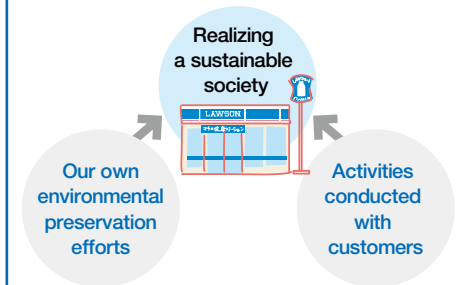
Our commitment

To sustain the blessings of the 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. Considerations in the development of products and services
3. Active participation in social contribution activities
4. Continuous improvements
5. Observing laws and regulations
6. Promotion of communication

Building a more sustainable society



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 to realize a sustainable society.