

Third-Party Comments on Seven & i Holdings CSR Report 2007

September 20, 2007

To Mr. Noritoshi Murata
President and Chief Operating Officer
Seven & i Holdings Co., Ltd.

Akira Yamate
Chief Executive Officer,
Aarata Sustainability Certification Co., Ltd.

This is a translation of the third-party comments in Japanese on the Seven & i Holdings CSR Report. The translation has been done by and its responsibility lies with Seven & i Holdings Co., Ltd.

The objective of these comments is to express our independent view on the features, results, developments and future direction of key environmental and social initiatives described in the "Seven & i Holdings CSR Report 2007" (the "Report"). In preparing these comments, we performed the following procedures:

1. Interview with Mr. Noritoshi Murata, President and Chief Operating Officer
2. Interview with CSR (Corporate Social Responsibility) personnel at Seven & i Holdings (the "Company") and its five major group companies
3. Review of the final Japanese draft of the Report

These comments do not express any conclusion from an independent perspective on whether the information in the Report was collected in accordance with the Company's policies and standards, nor constitute an assurance or attestation of any kind.

1. Pursuit of synergies in CSR activities

In FY 2006, the Company's CSR Promotion Committee and its five specialized sub-committees started their full-scale activities. These sub-committees shared information on, and identified challenges of, each group company's CSR-related activities. In addition, the group companies have made further progress on promoting CSR by seeking advice from, and learning from advanced practices of, other group companies to address the identified challenges.

As a next step, we expect the Company to look for group-wide synergies in CSR activities. In this Report, the Company reported the formulation of *Seven & i Holdings Business Partner Action Guidelines* and the policy of collaborative food waste recycling. As such, along with promoting other CSR activities, it would be expected to generate group-wide synergies. Another area that we expect the Company to develop and exercise group synergies is agriculture. In light of the Company and its group's strong food product purchasing power, and Japan's low food self-sufficiency rate, we hope the Company will further promote agriculture as a group-wide initiative, by elevating existing individual efforts at group company level, such as promotion of local production for local consumption and an eco-friendly soil improvement agent. In addition, sustainable fishing is also one of the challenges that the Company should address to respond to the concerns of the possible depletion of global marine resources. We look forward to the Company's proactive actions to create group synergies in addressing the challenges in these areas.

2. Improvement of organization and disclosure of group companies' CSR activity information

The Report this year adopted company-by-company page composition and highlighted each group company's CSR focus and characteristic activities. We also noted that some new topics were included this year, such as "Responsibilities to Business Partners" (Seven-Eleven Japan); "Freshness Checking Patrols" (Ito-Yokado); "Star Club" program to motivate sales personnel, including those from business partners (Millennium Retailing);

establishment of traceability systems (York-Benimaru); and health-conscious menus (Seven & i Food Systems).

At the same time, we noted that some activities, which had been continuously carried out to address societal concerns, were not reported, because of the limitation of the total number of pages of the Report in consideration of the readers. In order to improve the disclosure further in the Report, we hope to see that the Company will grasp and analyze the group's CSR activities, and disclose it in a further refined way. Recommended steps include compiling a list of identified issues, targets and performance of each group company; prioritizing the portfolio of CSR activities in alignment with stakeholders concerns; and disclosing highly-prioritized activities in CSR reports and other activities on its website. The process of analyzing and prioritizing the CSR activities helps the Company to clarify its challenges and future directions of the group companies' respective CSR activities. Through the process, we hope the Company will deepen its CSR efforts.

3. Sharing and leveraging findings obtained from stakeholder engagement

In line with the Company's goal to implement CSR in the course of its business, its group companies are engaging stakeholders—listening to them and incorporating findings into its business operations - as a part of their day-to-day business. As featured in the Report, the group companies adopted a new approach to engaging with stakeholders, i.e. discussions on key CSR issues and future directions by the top management of the group companies and external experts. Together with other initiatives, the Company and its group have been making steady efforts to meet stakeholders' expectations.

As a next step, we recommend that the Company and its group share findings of each group company's stakeholder engagement with the entire group. We look forward to seeing the Company taking an active role in this, such as providing its group companies with useful information related to existing stakeholder engagement performed on a company-by-company basis and considering possibilities to intensify dialogues among entire group companies.

Responding to Third-Party Comments

Seven & i Holdings, launched in September 2005, celebrated its second anniversary recently. Since the time of foundation, we—mainly through the CSR Promotion Committee and its five specialized subcommittees—have been discussing and developing group-wide CSR policies and activities, based on our review of various issues identified through stakeholder dialogues and responses to those issues by relevant companies.

We received a lot of inquiries from stakeholders about our CSR management, for instance, whether we have a CSR management structure in place at group-wide level, or what we are planning to do to make CSR policies permeate throughout the group. In response to these voices, this CSR Report 2007 has extensive coverage of activities by the specialized subcommittees:

The Corporate Ethics and Compliance Sub-Committee has been working on educational programs to ensure all employees understand and practice *the Seven & i Holdings Corporate Action Guidelines*, and proper operation and awareness-raising of internal reporting systems; the Fair Trade Sub-Committee has been striving to ensure appropriate education of sourcing personnel, and to establish and intensify fair trading verification systems; these two sub-committees formulated *the Seven & i Holdings Business Partner Action Guidelines* to facilitate legal compliance, environmental conservation and fair working conditions through the entire supply chain, and are actively preparing for the implementation of these guidelines within the FY 2007.

The Environmental Management Sub-Committee has launched the Waste Management, the Logistics, and the Containers & Packaging Working Groups, aiming for proper and effective responses to applicable laws and regulations across the group; the Social Contribution Sub-Committee formulated *the Seven & i Holdings Basic Policy on Social and Cultural Contribution* in June 2007, based on its evaluation of existing social contribution activities, such as their missions and relevancy to our

business; the Information Management Sub-Committee has been reviewing information management policies, systems and rules by referring to *the Seven and i Holdings Information Security Policy*, to strengthen our information security measures to prevent information theft/leakage and unauthorized access and to make our internal control systems rock-solid. In the course of summarizing these sub-committees' activities, we were able to further clarify our group-wide CSR challenges and obtained important insights to develop future policies and activities.

In preparing this Report, each operating company reviewed its CSR focus and performance thereof, and its top management held dialogues with external experts to receive objective evaluation and insights. We believe it is important to incorporate received comments and requests from various stakeholders into our business objectives.

In a dramatically changing environment, facing economic globalization, global warming, changing demographics in Japan (decreasing birthrate, increasing longevity and declining total population), concerns over food safety and reliability, public expectations of businesses have been expanded in width and depth. We at Seven & i Holdings—while endeavoring to maximize group-wide enterprise value—intend to make positive contributions to create a sustainable society. To this end, each and every employee faithfully strives to meet societal needs in their daily operations. We will be actively communicating the progress and achievements of these efforts in our CSR reports, annual reports, and on our website.

Taking this opportunity, I would like to express our deepest gratitude for your support, and look forward to your continued cooperation.

September 2007

Katsuhiko Goto
Chief Administrative Officer
Seven & i Holdings

Editor's Note

In compiling this "Seven & i Holdings CSR Report 2007," we established two major objectives:

One was to review the group-wide CSR management and to report the results thereof to the fullest extent possible; the other was to clarify each operating company's CSR focus, by identifying the specific activities being performed and CSR issues currently being faced.

To achieve the former objective, we put together a special report on five specialized sub-committees, which started their full operations in FY 2006. For the latter, we created company-by-company sections, each of which starts with introducing the CSR focus of the operating company, and features a dialogue between the top management and

external stakeholders/experts to discuss related activities.

As a result, we believe the Report presents the issues and goals to fulfill group-wide CSR commitments, and key CSR initiatives of each operating company more clearly than in previous reports.

We are determined to continue such active stakeholder engagement and in turn take our group-wide CSR to another level.

We welcome your candid feedback and comments.

CSR Promotion Committee
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