

Third-Party Comments



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We purchase and consume a wide variety of products in our lives. Although we take these actions casually as a daily routine, aggregated each purchase decision—i.e., which product to buy from which store—will, in effect, shape the future of our planet. However, when we consumers try to take such an important action, namely making a right product choice, we often find that clear and straightforward information about products and stores is hard to come by. With this in mind, I read Seven & i Holdings' CSR Report 2008 in the context of sustainable consumer decisions and will provide the following comments as a third party:

The top management's message includes a strong declaration by the Group, stating that it has launched a more holistic and groupwide CSR activities based on



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The three priorities to report products, the environment, and labor issues, featured in the special sections, are timely and in line with the global agenda and the operating companies' respective business characteristics.

With regard to the first featured topic on food, I noted that the Group has established elaborate traceability systems, which support the Group's solid risk management and accountability. The participatory food recycling system through the agricultural production corporation meets today's societal needs and I hope it will grow much further.

The second special feature section on the prevention of global warming introduces the Group's Environmental Declaration, and the Basic Policies Relating to the Prevention of Global Warming. The former is an ambitious statement calling for the involvement of the supply chain and the latter provides

its new environmental declaration and basic carbon reduction policies formulated in June 2008, and that the Group is committed transparent information disclosure.

In the special features sections, three key reporting topics—food safety, carbon reduction from store operations, and creation of a better workplace for part-time employees—are identified and reported based on the data of the operating companies. The subsequent reporting by operating companies is also aligned with these key topics. I noted each of the topics is of high priority based on the analysis of where they are. While the Report focuses on typical and advanced activities in such key areas, it should also provide Seven & i Holdings' specific short- and long-term targets.

When it comes to the overall reporting style, the Report tends to focus on information provision and thus needs to include more stakeholders' perspectives. Through close communication with stakeholders, Seven & i Holdings will be able to send a strong message that the corporate group offers consumers opportunities to select right products toward right future. I expect much of the Group's continuous evolution as it moves forward.

a clear action plan with specific objectives and activities for the entire product life cycle. I hope the Group will put these plans into practice in an aggressive manner.

When it comes to the third item concerning part-time labor, the Report highlights the Group's new development on part-time employment policies in response to the Revised Part-Time Labor Law, together with each operating company's achievements over the years, including the conversion from part-time to permanent employment. Given that the revised legislation has its own limitations, the Group should move beyond these legal requirements and make further progress to ensure that every employee obtains "decent work," i.e., rewarding and humane labor conditions, as advocated by the ILO.

Many reported activities of the operating companies are advanced and forward-looking. Expanding such company-based activities to the entire group, where feasible, would be an important future goal. The holding company improved and relaunched its CSR promotion system from 2007 to 2008. With this enhanced system in place, I hope the company will demonstrate even stronger leadership and create greater groupwide synergy in the future, while working to improve the reporting of the Group's performance evaluations and to more clearly separate responsibilities between the holding company and its operating companies.



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The Report well summarizes CSR activities of the Group's operating companies despite their diversified business operations ranging from supermarkets to convenience stores, department stores and restaurants, as well as their separate and distinct characters and long-standing histories. As a result of such an effort-intensive process, three key topics, i.e., food, global warming and part-time employees, are identified and reported as groupwide priorities. This approach is commendable as it provides the Group's clear manifestation of being a corporate group that is closely connected to consumers' everyday lives. Regarding food-related activities, the Group has taken collective and comprehensive actions, such as the promotion of traceability systems, domestic food consumption, local production for local consumption, food waste recycling, and recycling-based agriculture. As the retail leader, building systems for food safety and recycling can be the most important social responsibility of the Group, especially in light of Japan's imperative need for higher food self-sufficiency rates. As to global warming initiatives, the Report provides

comprehensive coverage of the necessary actions to be taken by operating companies in the course of their store and logistics operations. Giving due considerations to part-time employees is an important task in today's society, where labor conditions for non-regular employees are of societal concern. Individual reporting sections by operating companies describe their respective CSR activities which are well suited to their business characteristics. All in all, the Report is a highly useful reference tool to learn about CSR activities in the Japan's retail sector.

That being said, the Report does not provide the overall directions and strategies, such as top-down visions and groupwide targets, the Group intends to pursue in future. Convenience stores, for instance, have grown to become an important part of logistics, information and community networks, as well as a component of social infrastructure, just like banks, schools and post offices. The stores have brought great convenience to and even changed the lifestyles of Japanese people. However, recent public attention has focus on their environmental and unanticipated issues. Given this, I recommend the Group work to meet public demand by developing clear policies on such emerging issues, and redefine its societal role.

Now that the overall picture of the Group's CSR resources is clarified in the Report this year, from the next Report and onwards, the Group should develop definite strategies to make the most of its resources and generate synergies toward building a sustainable society. I would like to see the Group will play an even more active role in making a difference in society.

Responding to third-party comments

For the three years since we established the holding company, we have been exploring tirelessly how we as a corporate group should pursue our CSR duties in a consistent manner.

In other words, we have been questioning ourselves whether our Group as a whole takes appropriate actions to meet ever-evolving customer and social needs, and each of our operating companies addresses such needs in the course of its business activities.

For this year's reporting, we identified three common agendas, and analyzed and disclosed the operating companies' CSR performances with a particular focus on these issues.

While this attempt may need some future refinement, it has inspired us to take on new challenges toward the next year.

The origin of our CSR reporting dates back to 1995. Since then, discussions over environmental and CSR-related issues have exponentially matured, expanded and been organized. International Organization for Standardization (ISO) has launched the development of future standard on social responsibility (SR).

When looking back our CSR reporting history of more than a decade, I cannot thank enough all the stakeholders who provided us their strong support.

As pointed out in the received comments, our business activities have large impact on society. The missions and responsibilities we assume are quite significant. I believe these missions and responsibilities are firmly espoused by each and every employee of our Group.

The comments also indicate the necessity of that we need to consider even more deeply what our CSR activities should stand for. In the next coming year, we will continue asking ourselves, while seeking the best balance between such social responsibility principles and corporate activities.

Thank you.

November 2008

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