



CSR Report **2009**

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Process of Determining the Content of this Report

We studied and selected the content of this Report by referring to the expert opinions of professional external advisors.



Featured

CSR in Supply Chain

We will fulfill our social responsibility across our entire supply chain by cooperating with our business partners.

Strengthening Corporate Governance and CSR Management

Corporate Governance
CSR Management
Compliance

In Focus 1

Reducing the Environmental Impact

Our Group is enhancing measures for reducing the environmental impact in an integrated manner, with an emphasis on preventing global warming and creating a recycling society.

In Focus 2

Offering Safe, Reliable Products and Services

We strive to ensure and enhance the quality of our products and services to be a sincere company that our customers trust.

In Focus 3

Coexistence with Local Communities

We contribute to local communities by making use of the features of each business operation.

In Focus 4

Building Motivating Workplaces

We develop systems and environments that enable all our employees to work with objectives and a sense of fulfillment, regardless of the type of employment.

Voices from Stakeholders Related to the Points of In Focus

Overseas Activities

Report on Third Party Review of Data on CO₂ Emissions

General Overview of the Report / Postscript by the Editors

Data

Separate Volume

EDITORIAL POLICY

What are the CSR issues that should be tackled by Seven & i Holdings?

What should a CSR report of a holding company look like?

— We sought the answers to these questions while editing this CSR Report 2009 (hereafter, the “Report”). Consequently, we improved this year’s Report over the previous ones, mainly in the following four areas:

- 1) We asked the three people who had given us third-party comments for last year’s CSR Report to join us at the editing stage of this report. We reflected their objective opinions regarding the appropriateness of the reported information in an attempt to improve the transparency of the Report.
- 2) Considering the profit structure of our Group and the expansion of our business overseas, the report boundary also included Seven Bank, Ltd., 7-Eleven, Inc. and our local subsidiaries in China that manage superstores to disclose a wider range of information. We also referred to the ways we manage and supervise the CSR activities of those operating companies as a holding company.
- 3) In determining the structure of this Report, we segmented our operations in the same way as we do in the financial information provided in the other disclosure documents we publish (see below for details), so that all the information about our Group is disclosed in a consistent manner.
- 4) We compiled the data in a separate volume to improve the visibility and readability of the body text.

■ Report boundary

Seven & i Holdings Co., Ltd., Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., York-Benimaru Co., Ltd., Seven & i Food Systems Co., Ltd., and Seven Bank, Ltd. In addition to these seven companies, the Report also covers some of the other companies including 7-Eleven Inc., Hua Tang Yokado Commercial Co., Ltd., Chengdu Ito-Yokado Co., Ltd., and Beijing Wang fu jing Yokado Commercial Co., Ltd.

■ Report scope

This report examines the economic, social and environmental aspects of the activities carried out by the entities listed above, including related planning, performance, results and future policies.

■ Period of the Report

In principle, this Report covers our activities during FY2008 (March 1, 2008 to February 28, 2009). Some of our FY2009 activities are also included.

■ Reference

- Environmental Reporting Guidelines — Towards a Sustainable Society — (Fiscal Year 2007 Version), Ministry of the Environment, Government of Japan
- Sustainability Reporting Guidelines (Version 3.0), Global Reporting Initiative (GRI)
- ISO26000 (International Standard on Social Responsibility of Organizations), CD.1, Draft

■ Relationship with other disclosure documents

The main content of the information disclosed in this Report is our CSR information, which is non-financial. (For details of the CSR information of the individual operating companies, visit their websites or refer to their published materials.)

Our financial information is disclosed and reported in our Annual Report, which we issue annually for our shareholders and investors. Our latest corporate information is available in our quarterly journal “Seven & i Holdings *Shikiho*.”

■ Publication schedule

Current report: October 2009

Next report scheduled to be published: September 2010

Seven & i Holdings Corporate Creed

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders, and local communities trust.

We aim to be a sincere company that our employees trust.

Seven & i Holdings Corporate Action Guidelines (Formulated in 1993, last revised in 2007)

Preamble

The Company's mission is to provide customers with valuable products and services and to create new wealth and employment opportunities by conducting management with respect for business ethics.

All the management and staff of Seven & i Holdings view customer satisfaction as their highest responsibility, and are all engaged in the pursuit of this mission.

To this end, we have established a sound management structure. We meet our social responsibilities, employing business practices in accordance with laws, regulations and social norms and with respect for human rights, the dignity of everyone with whom we are associated and the diverse values of international society.

We conduct business based on these policies and in compliance with the following regulations:

Ethics and Compliance with Regulations

Basic policy

In operating our business, our corporate actions are developed to follow management ethics, comply with laws, ordinances, rules and social precepts, and fulfill our responsibilities to society.

Business activities

1. Relationships with customers / sales activities
2. Relationships with business partners / business activities
3. Relationships with shareholders
4. Promotion of fairness

Social responsibility

1. Respect for human rights and human dignity
2. Employment and the workplace environment
3. Environmental management
4. Relationship with the community
5. Information management

Disclaimer

In addition to past and current information concerning Seven & i Holdings and its operating companies, this report includes speculation about the state of society, as well as predictions concerning business plans and policies and their anticipated results. These predictions and speculation represent hypothetical conclusions based upon information available at the time they were recorded. Both the future state of society and the actual business results may vary due to changes in various factors. We request the understanding of our readers in this regard.

We respond to changes in public expectations and aim for sustainable development.

Toshifumi Suzuki

Chairman and Chief Executive Officer
Seven & i Holdings Co., Ltd.



We aim to be a “new, comprehensive lifestyle industry” that continues to respond to a variety of needs in the midst of dynamic societal changes.

The financial crisis triggered by the U.S. subprime mortgage problem in 2008 has developed into a global economic crisis that is said to be the worst in a century. Moreover, Japan faces a number of domestic issues that are becoming more and more serious, including the declining birth rate, aging population, shortage of employment and increasing concern over food safety and reliability, in addition to global issues such as global warming, the surge in resource and energy prices, the widening gap between the rich and the poor, and the outbreak of infectious diseases.

In response to these changes, we in the Seven & i Holdings Group (“our Group”) are aiming to create a “new, comprehensive lifestyle industry” that continues to respond to the needs of each of our customers. In this process, we make use of the synergy of our Group, centering on seven core operational areas that are closely connected to the daily lives of our customers: convenience stores, superstores, supermarkets, department stores, food services, financial services, and IT/services.

We work under three committees to take our groupwide CSR activities to the next level.

We undertake our corporate social responsibility (CSR) activities together with our Group companies based on the idea of our corporate creed: “We aim to be a sincere company that our stakeholders trust.” In fiscal year (FY) 2008, we set up three committees — the CSR Management Committee, the Risk Management Committee and the Information Management Committee — to take our groupwide CSR activities to the next level.

Each committee analyzes and verifies global issues — their relationship with domestic issues and the sustainability of our Group’s operations — identifies the issues we should tackle, and determines future policy. In this way, each committee reviews the Group companies’ activities on a timely basis from the point of view of CSR in an effort to take our CSR activities to the next level.

We strive to help develop a sustainable society through dialogues with our stakeholders.

Dialogues with diverse stakeholders are essential for resolving global and domestic issues. We at Seven & i Holdings and our Group companies are tackling these issues by holding proactive dialogues with our stakeholders — including customers, shareholders, business partners, local communities, employees and stakeholders in our stores, on our sales floors and other business sites — and by attempting to respond to them sincerely.

To make these efforts, we ensure that each of our employees recognizes the importance of the issues via the committees. To ensure our sustainable growth and development as a business group, we are striving to incorporate into our daily activities such action assignments as compliance with laws, rules and social precepts, maintenance of fair trade, respect for diversity, coexistence with local communities and awareness of the global environment.

We at Seven & i Holdings aim to harmonize our sustainability with that of society by responding to public expectations through our efforts in our regular operations. We also intend to maximize our corporate value by undertaking sincere business management based on the ideas of CSR.

We look forward to your continued support.

Achieving measures based on safety and reliability for our customers and CSR activities through our regular operations.

Noritoshi Murata

President and Chief Operating Officer
Seven & i Holdings Co., Ltd.



Contributing to resolving social issues through our regular operations by focusing the infrastructures and expertise of our Group.

Every day, around 36 million customers visit our Group stores in Japan and overseas.

The operations of our Group, including retail sales, food services, and financial services, serve as social infrastructures that are essential for our customers in their daily lives. With full awareness of our responsibilities, we have been thinking seriously about what we can do to resolve social issues through our regular operations and tackling the issues, by concentrating the infrastructures and expertise of our Group companies without being constrained by our past experiences.

In FY2008, we developed and began to provide a variety of products and services that ensure safety and reliability for our customers, including products under the label Seven Premium, a private brand that was developed jointly by our Group companies across business categories. In response to the declining birth rate and aging population, and to help women advance in society, we expanded our internet operations (Seven-Eleven Net and Net Supermarket), which integrate actual stores with the internet. We also established Seven Farm Tomisato, a new agricultural production corporation aimed at developing agriculture in a closed-loop recycling system. To help create a low-carbon society, we developed a program for reducing CO₂ emissions with the International Tropical Timber Organization (ITTO) and dedicated our efforts to opening eco-friendly stores.

Raising employee awareness of our Corporate Action Guidelines and fulfilling our commitment to compliance throughout our Group.

To be a sincere company trusted by our stakeholders, we at Seven & i Holdings have been increasing employee

awareness of our Corporate Action Guidelines through the Corporate Ethics Committee of each group company. We have also been striving to ensure our full compliance with the laws and regulations related to the operations of our Group companies.

To strengthen compliance throughout our Group, we established a dedicated Help Line for all our business partners in December 2007. Moreover, in addition to the existing internal notification systems of our group companies, in September 2009 we established an external help line that can be used by all the employees of our Group companies.

While improving our systems in this way, we ensure that all our employees give careful consideration to CSR. We will continue to commit to further strengthening our compliance through dialogues between our various stakeholders and operating companies at individual operating sites so that we are trusted as a sincere company.

Improving transparency and objectivity in disclosing our CSR information.

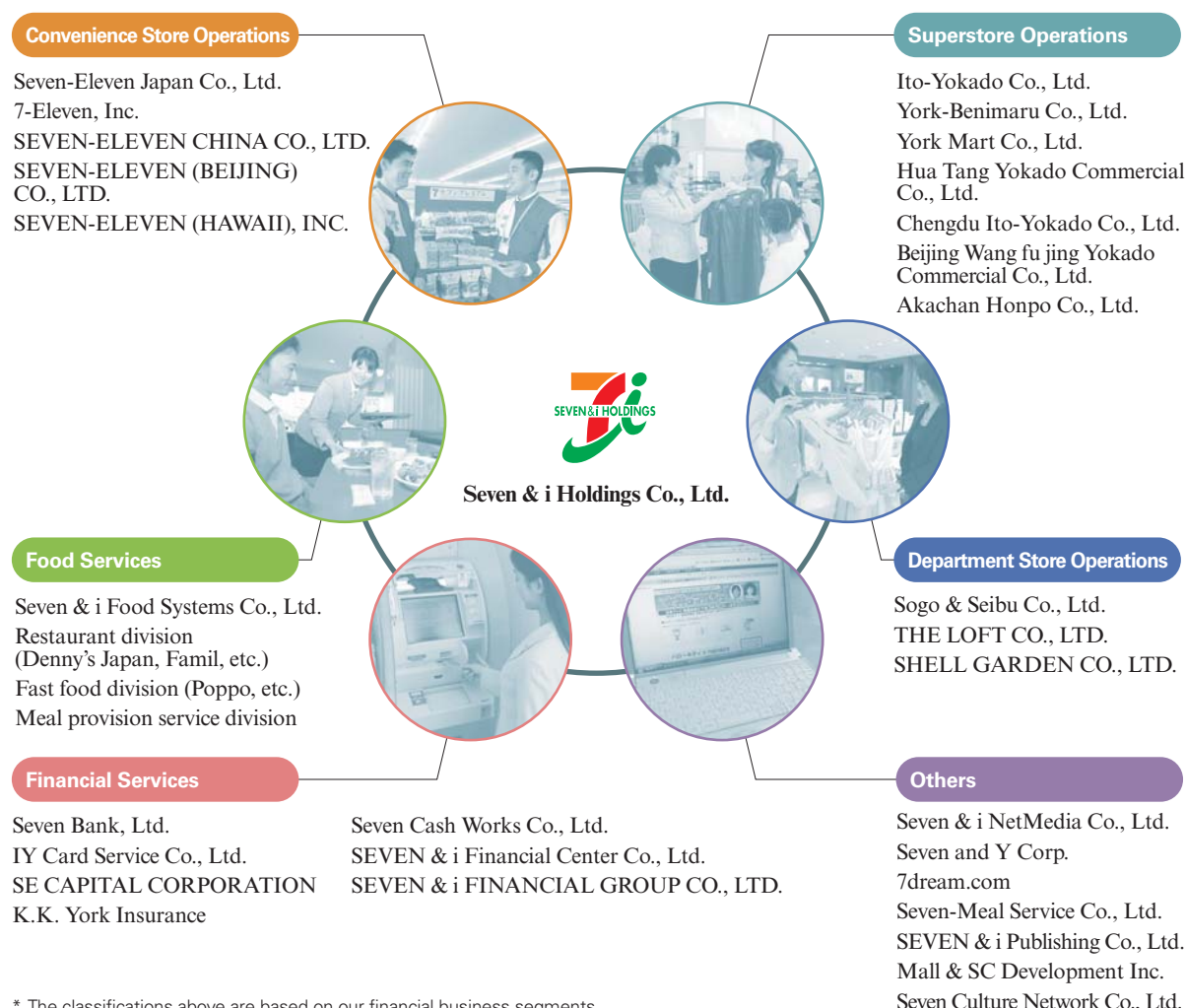
In disclosing a variety of CSR information this year, we aimed to improve the transparency and objectivity of the Report by picking out information based on the opinions and suggestions of professional external advisers. We also added Seven Bank, Ltd., 7-Eleven, Inc. and our superstore operations in China in light of the profit structure of the entire Group and the expansion of our business overseas. We would like to ensure that our Group's business activities are widely understood, with this Report serving as a tool for our dialogues with our stakeholders.

The Seven & i Holdings Group will continue to improve our CSR activities through our regular operations to maximize our corporate value and be a sincere, trustworthy company.

We look forward to your continued support.

GROUP OVERVIEW

We aim to be a “new, comprehensive lifestyle industry” that attends to the diverse needs of our customers and creates new values that are aligned with the times.



* The classifications above are based on our financial business segments.

Corporate profile (as of February 28, 2009)

Company name: Seven & i Holdings Co., Ltd.

Headquarters: 8-8, Nibancho, Chiyoda-ku, Tokyo 102-8452, Japan

Establishment: September 1, 2005
Listed in the First Section of the Tokyo Stock Exchange

Nature of business:

A pure holding company that plans, administrates and operates a corporate group, primarily operating convenience stores, superstores, department stores, supermarkets, restaurants, financial services and IT/services businesses.

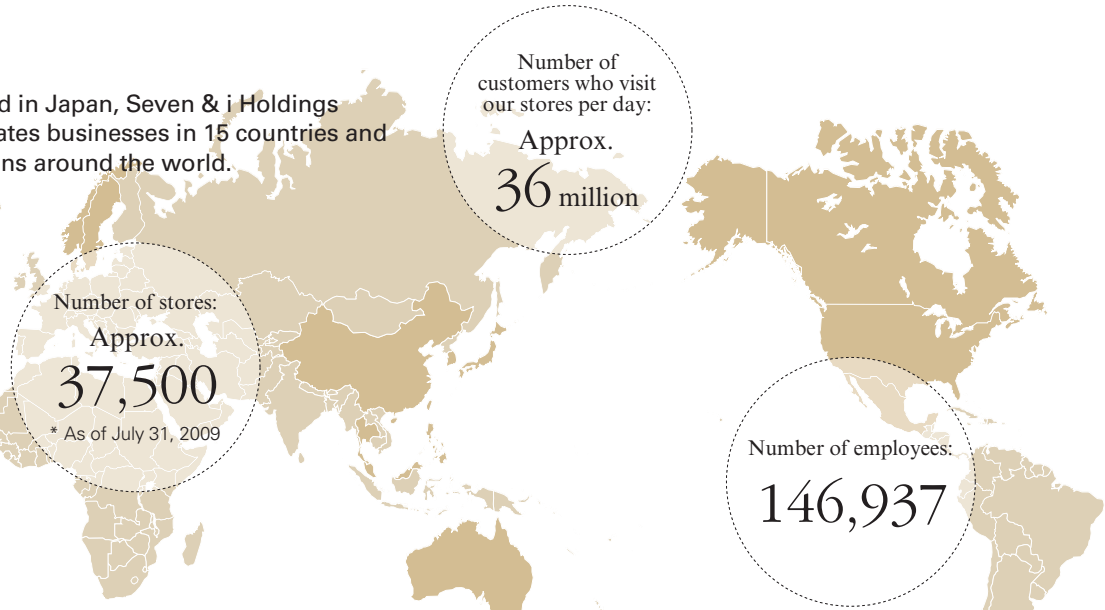
Paid-in capital: ¥50 billion

Consolidated number of employees: 146,937

Consolidated operating results for fiscal year ended February 28, 2009:

| | |
|---------------------------|------------------|
| Revenues from operations: | ¥5,649.9 billion |
| Operating income: | ¥281.8 billion |
| Ordinary income: | ¥279.3 billion |
| Net income: | ¥92.3 billion |

Based in Japan, Seven & i Holdings operates businesses in 15 countries and regions around the world.



As a holding company, we seek to achieve profits for our shareholders.

Seven & i Holdings Co., Ltd. is a pure holding company that was established on September 1, 2005, through a stock transfer by Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd. and Denny's Japan Co., Ltd. At the Company, we oversee approximately 100 operating companies, primarily retail businesses, and operate global businesses that are closely connected with the daily lives of our customers.

The corporate creed of Seven & i Holdings begins with the sentence, "We aim to be a sincere company that our shareholders trust." To achieve this credo, we take action from the perspective of our shareholders and strive to improve the Group's financial strength, transparency and efficiency, as well as to secure steady profit growth, expand and develop our group business, and disclose information in a timely and appropriate manner.

We have active communication with investors

We at Seven & i Holdings send out notices advising shareholders of annual meetings earlier than the date required by law to increase the activity in the meetings and facilitate the smooth exercise of voting rights. For institutional investors, our notice of the annual shareholders' meeting is posted on the membership websites of several trust banks. We have also participated in an online proxy voting system for institutional investors called the ICJ Platform.

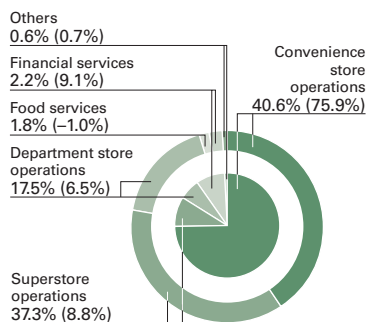
At Seven & i Holdings, inquiries from shareholders are addressed directly by the staff of the relevant department to ensure timely and appropriate responses. In addressing questions from investors, our staff

members comply fully with laws and regulations and pay due consideration to providing fair information. As part of our efforts to ensure this process, we have established the Disclosure Sub-Committee under the Information Management Committee to ensure that our financial and other important information is disclosed in an accurate, fair and timely manner. In addition, our website includes relevant information for investors, such as the financial results (Kessan Tanshin), real-time disclosure information, other IR material and stock information. We are focusing on investor relations programs to disclose adequate and relevant information to investors and financial analysts.

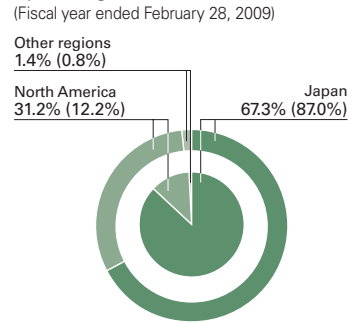
Revenues from operations and operating income



Component ratio of each business segment in revenues from operations (outer circle) and operating income (inner circle) (Fiscal year ended February 28, 2009)



Component ratio of geographic area segments of our revenues from operations (outer circle) and operating income (inner circle) (Fiscal year ended February 28, 2009)



Convenience Store Operations



Seven-Eleven Japan Co., Ltd.

The operation of Seven-Eleven stores is a joint business between Seven-Eleven Japan (“SEJ”) and the store owners as independent managers. We strive to create stores that are popular with our local customers, with clear role assignments and a unique franchise system.

Corporate profile

Establishment: November 1973

Headquarters: 8-8, Nibancho, Chiyoda-ku, Tokyo 102-8455, Japan

Nature of business:

Operation of franchise convenience store chain in Japan

Paid-in capital: ¥17.2 billion

Total sales: ¥2,762.5 billion

Number of employees: 11,480¹

Number of stores: 12,298



¹ Including permanent employees and part-timers at directly operated stores. The number of part-timers represents the monthly average based on the assumption that one month consists of 163 hours (eight hours/day).

Seven-Eleven Japan Franchising



Three Mechanisms for Mutual Trust

Profit sharing

A system for the fixed-rate sharing of franchisee gross profits (sales less cost of goods sold) between the franchisees and SEJ

“Open account” system

A system for payment and financing that enables franchisees to commence their business with a small initial outlay and sustain stable operations

Minimum guarantees

A system that guarantees specified annual gross profit levels to franchisees



7-Eleven, Inc.

Corporate profile (Financial results for fiscal year ended December 31, 2008)

Establishment:

August 1927 (as Southland Corporation, the predecessor). The corporate name was changed to 7-Eleven, Inc. in April 1999.

Headquarters:

One Arts Plaza 1722 Routh Street, Dallas, Texas, USA 75201-2506

Nature of business:

Operation of a franchise convenience store chain in North America and the granting of area licenses around the world.

Paid-in capital: US\$11,000

Total sales: ¥1,725.9 billion (converted at the rate of ¥103.48 to US\$1.00)

Number of employees: 24,515 (as of February 28, 2009)

Number of stores: 6,196



Superstore Operations

Ito-Yokado Co., Ltd.

We at Ito-Yokado strive to meet the needs of every customer as a Life Base of the local communities. In FY2008, we launched new operations (discount stores and home centers). We operate a wide variety of stores that are suited to locations, trading areas and local needs.

Corporate profile

Establishment: April 1958

Headquarters: 8-8, Nibancho, Chiyoda-ku, Tokyo 102-8450, Japan

Nature of business:

Operation of superstores selling food, apparel and household goods

Paid-in capital: ¥40.0 billion

Total sales: ¥1,436.5 billion

Number of employees: 41,928

Number of stores: 175



Formats of Ito-Yokado Stores

Comprehensive shopping centers

Mall-style stores featuring various retail and amusement facilities



General merchandising stores

Large-scale stores covering a full range of daily products, including food, apparel and household goods, to meet consumer needs in highly populated urban areas



Neighborhood shopping centers

Food supermarkets and specialty stores to meet consumer needs in smaller commercial areas



Discount stores

Lifestyle Support Discount Stores that offer food products (as the main category), apparel and household goods at reasonable prices



Home centers

Stores specializing in household goods such as miscellaneous daily goods, DIY goods (hardware and tools), pets and pet supplies, and gardening supplies



Hua Tang Yokado Commercial Co., Ltd.

Corporate profile

(Financial results for fiscal year ended December 31, 2008)

Establishment: September 1997

Headquarters: Beijing, China

Nature of business:

Operation of superstores selling apparel, food and household goods

Paid-in capital: US\$65,000,000

Total sales:

¥36.3 billion

(converted at the rate of ¥14.85 to 1 yuan)

Number of employees: 3,145

Number of stores: 8

Chengdu Ito-Yokado Co., Ltd.

Corporate profile

(Financial results for fiscal year ended December 31, 2008)

Establishment: December 1996

Headquarters: Sichuan province, China

Nature of business:

Operation of superstores selling apparel, food and household goods

Paid-in capital: US\$23,000,000

Total sales:

¥36.7 billion

(converted at the rate of ¥14.85 to 1 yuan)

Number of employees: 2,318

Number of stores: 3

Beijing Wang fu jing Yokado Commercial Co., Ltd.

Corporate profile

(Financial results for fiscal year ended December 31, 2008)

Establishment: November 2004

Headquarters: Beijing, China

Nature of business:

Operation of superstores selling high-end food items

Paid-in capital: US\$12,000,000

Total sales:

¥2.0 billion

(converted at the rate of ¥14.85 to 1 yuan)

Number of employees: 249

Number of stores: 1

Superstore Operations

York-Benimaru Co., Ltd.



We at York-Benimaru operate a network of supermarkets in Fukushima, Miyagi, Yamagata, Tochigi and Ibaraki prefectures. We have established community-based stores to help regular customers in smaller commercial areas to achieve a happier, richer and more convenient diet. We also aim to provide supermarkets that suggest a lifestyle to customers by offering superior service, a wide variety of fresh food, safe and reliable products, numerous suggestions and good bargains.

Corporate profile

Establishment: June 1947

Headquarters: 18-2, 2-chome, Asahi, Koriyama-shi, Fukushima, 963-8543, Japan

Nature of business:

Superstore business selling food products (as the main category), apparel and household goods

Paid-in capital: ¥9.9 billion

Total sales: ¥338.0 billion

Number of employees: 12,784

Number of stores: 156

Department Store Operations

Sogo & Seibu Co., Ltd.



Sogo & Seibu Co., Ltd. was established in August 2009 through the merger of Sogo Co., Ltd., an established, time-honored department store chain, SEIBU Department Stores, Ltd., an innovative department store chain that stays ahead of the times, and Millennium Retailing, Inc., which functions as the headquarters of the two companies. In September of the same year, the new company merged with Robinson Department Store Co., Ltd. Sogo & SEIBU runs the Group's department stores in an integrated manner. It aims to provide the best service to customers in each local community while operating in accordance with the corporate creed of "being a company that invents customer service."

Corporate profile

Establishment: 1830

Headquarters: Nibancho Center Building, 5-25, Nibancho, Chiyoda-ku, Tokyo 102-0084, Japan

Nature of business: Department store operations

Paid-in capital: ¥10.0 billion

Total sales: ¥958.4 billion

Number of employees: 11,397

Number of stores: 30

New companies

Seven Culture Network Co., Ltd.

Established on January 15, 2009

Seven Culture Network was established to develop and offer new intellectual experience content by integrating the community school business with the travel business under the keywords of "Learning" and "Experiencing (Travelling)." At the company, we function as a high-quality concierge and develop and plan hands-on events. We are also planning to establish sales floors combining galleries, cafes, and product sales.



Seven Internet Lab. Co., Ltd.

Established on March 24, 2009

We established the new company by a joint venture in cooperation with NEC Corporation to conduct research and system development toward an information-based society under the premise of the "creation of retail / IT synergies." At Seven Internet Lab., we provide solutions for streamlining systems while conducting research into the integration of internet-based retail operations with physical retail businesses and expertise on the strategic use of data.

Food Services

Seven & i Food Systems Co., Ltd.



At Seven & i Food Systems, we have been reforming our three operations — restaurants, fast food and meal provision service divisions — in response to changes in customers' diets. With regard to restaurant operations, we review the prices and menus, and support community-based operations so that our restaurants win local repeat customers. We are also aiming to suggest new eating habits.

Corporate profile

Establishment: January 2007

Headquarters: 8-8, Nibancho, Chiyoda-ku, Tokyo 102-8415, Japan

Nature of business:

Operation of restaurants, fast food and meal provision service businesses

Paid-in capital: ¥3.0 billion

Total sales: ¥102.1 billion

Number of employees: 14,739

Number of restaurants: 959

Financial Services

Seven Bank, Ltd.



Founded in 2001, we at Seven Bank specialize in the ATM business and have expanded our network of ATMs throughout Japan with the motto "Everyone's ATM network, anytime and anywhere, safe and secure." Currently, we are proceeding with the installation of ATMs in locations that are necessary for customers, such as airports and train stations, as well as in Seven & i Holdings Group stores. We at Seven Bank are also taking steps to diversify those of its services that make use of ATMs, including sales proceeds deposit services for corporate customers. We constantly review our services from a customer point of view and seek to provide services that are more familiar to customers.

Corporate profile (Financial results for fiscal year ended March 31, 2009)

Establishment: April 2001

Headquarters: 1-6-1, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan

Nature of business: ATM operations and financial services

Paid-in capital: ¥30.5 billion

Ordinary revenue: ¥89.8 billion

Number of employees:

308 (excluding directors, temporary workers, dispatched workers and part-timers)

Number of installed ATMs: 13,803

Seven Health Care Co., Ltd.

Established on June 1, 2009

We established Seven Health Care Co., Ltd. as a joint venture with AIN PHARMACIEZ INC., a leader in dispensing pharmacies, to respond to market changes associated with the aging society and new legislation. On September 7, Seven Health Care opened *Seven Bi no Gardens* (Seven Beauty Gardens) in the Funabashi store of Ito-Yokado, to develop a new health and beauty store business model. We are also developing new pharmaceuticals, benefiting from the experience of creating our private brand, Seven Premium.



We studied and selected the content of this Report by referring to the expert opinions of professional external advisors.



Step 1

We studied recent public expectations and issues faced by society.

- Harmony between the economy, environment, and society
 - Respect for individual autonomy and human nature
 - Diversity
 - Work-life balance
 - Corporate scandals and mislabeling scams
 - Product and facility accidents
 - Unfair trade
 - Quality and safety of products and food items
 - Universal designs of products, facilities, etc.
 - Food self-sufficiency
 - Resource depletion
 - Recycling of resources and energy
 - Global warming
 - Maintenance of ecosystems and biodiversity
 - Pollution of air, water, soil and ground water
 - Forced labor and child labor
 - Localization of overseas offices
 - Job creation
 - Fairness of employment
 - Equal pay for equal work
 - Overwork
 - Occupational safety and health
 - Social security systems
 - Personnel development and training
 - Elderly employment
 - Diminishing sense of community
 - Maintaining and respecting local culture
 - Development of local economy
 - Information disclosure
 - Information security
 - Protection of personal information
- * Random order



To create a report that would respond to the concerns of our diverse stakeholders, we asked three people (see page 15) who had provided us with third-party comments regarding the CSR Report 2008 to join us as professional external advisors when we were determining the content of this CSR Report 2009. With the help of their expert opinions, we studied and selected the content according to the following three steps.

Step 1

First of all, we studied recent public expectations and issues faced by society by referring to the GRI Guidelines Version 3.0, a draft of ISO26000, Environmental Reporting Guidelines of the Ministry of the Environment, SRI research items, and so on. From among the issues that need to be tackled and resolved by the government, businesses and individuals, either separately or in cooperation, we selected those that are attributed to businesses and those for which businesses can contribute to the solutions, based on the advice of the professional external advisors. The issues we selected are listed above.



Step 2

We selected key issues that need to be addressed by the Seven & i Holdings Group.



- Enhancement of internal control
- Ensuring compliance
- Establishment of corporate ethics
- Strengthening CSR management
- Promotion of fair trade
- Promotion of CSR procurement



- Appropriate understanding of environmental impact
- Waste reduction and creation of a recycling society
- Improvement of energy efficiency and introduction of renewable energy
- Measures for biodiversity
- Offering eco-friendly products
- Raising environmental awareness among employees



- Commitment to quality and safety of products and services
- Development of stores and facilities that can be used with a sense of security
- Introduction of universal design principles
- Appropriate provision of information
- Direct response toward customers

- Support for new parents and elderly people
- Assistance with revitalizing local communities
- Providing support at times of disaster
- Crime-prevention measures for local communities



- Development of employee abilities
- Fair assessment and treatment
- Achievement of work-life balance
- Use of diverse human resources

Step 2

Based on the issues selected in Step 1, we identified those that are deemed as particularly important for the Seven & i Holdings Group. In this process, we prioritized the issues from the viewpoint of which issues our Group should tackle and what measures will allow us to contribute to the resolution of the social issues through our regular operations, etc., in light of the features of the operations of Seven & i Holdings and the operating companies.

We then reflected the expert opinions of the professional external advisors in the selected issues, and identified and classified those deemed as important for the Group as listed above.

Examples of the expert opinions of the professional external advisors and our responses

Opinion

Because Japan is highly dependent on imported food, consumers are concerned as to whether there is any fraud or heavy environmental impact in the process of procuring or producing food items.

Our response

We renewed our awareness of the necessity of CSR procurement to be made in cooperation with our business partners.

Opinion

In addition to energy conservation, the use of renewable energy such as green electricity is also important as a measure for reducing CO₂ emissions.

Our response

We selected the introduction of renewable energy as a separate key issue from energy efficiency improvement.

PROCESS OF DETERMINING THE CONTENT OF THIS REPORT

FEATURE ①

Number of business partners

Approaching approx. 20,000

* Number of companies that deal directly with our operating companies in Japan (as of August 31, 2009)

We cooperate with approx. 20,000 business partners.

FEATURE ②

Changes in the store count and CO₂ emissions

| (FY) | Store count | CO ₂ emissions |
|------|-------------|---------------------------|
| 2006 | 100 | 100 |
| 2008 | 105 | 104 |

* Indexes calculated on the basis of setting the figures for FY2006 at 100

It is important to prevent the environmental impact from growing while the number of stores increases.

FEATURE ③

Number of prefectures where our stores are located

Approx. 13,800 stores
43 prefectures

* As of February 28, 2009

We offer products and services that are rooted in each local community.

FEATURE ④

Proportion of part-timers in our major operating companies in Japan

Approx. 70%

* As of February 28, 2009

Approx. 70% of our employees are part-timers. We help our employees work in diverse ways.

Step 3

We arranged the structure of the Report according to the issues and focused on highly-important activities.

Content

CSR IN SUPPLY CHAIN →P16

We at the Seven & i Holdings Group deal with a large number of diverse business partners (Feature ①). We have a responsibility to provide safe, reliable products to our customers in cooperation with our business partners, while ensuring that we undertake fair trade with them. This chapter focuses on our promotion of CSR in our overall supply chain as the special feature.

STRENGTHENING CORPORATE GOVERNANCE AND CSR MANAGEMENT →P20

In this chapter, we report on our Group governance centered on Seven & i Holdings, our compliance system and our CSR management system comprising committees, as measures for fulfilling our responsibilities as a holding company.

REDUCING THE ENVIRONMENTAL IMPACT →P24

We have a responsibility to prevent the increase of environmental impact as we expand our businesses (Feature ②). This chapter reports on the principal measures utilized by our operating companies to ensure an appropriate understanding of the environmental impact pertaining to business activities and to reduce these impacts.

OFFERING SAFE, RELIABLE PRODUCTS AND SERVICES →P36

We see a large number of product accidents and mislabeling scams. This chapter reports on the measures we take to secure the basic quality and safety of our products, to provide services and information appropriately, and other measures we utilize as retailers to provide products that are best suited to the daily lives of our customers.

COEXISTENCE WITH LOCAL COMMUNITIES →P48

Our Group operates community-based businesses all over Japan (Feature ③). As a result, it is important for us to contribute to resolving the issues faced by local communities, such as diminishing sense of community, the declining birth rate and the aging population. This chapter reports on such activities as helping to revitalize local communities and the like.

BUILDING MOTIVATING WORKPLACES →P60

As a company employing a large number of part-timers (Feature ④), it is important for us to build motivating workplaces and incorporate diverse ways of working. This chapter reports on the improvements and enhancements we have made to our HR policies and programs, and on the support we provide to our employees for developing their abilities.

Step 3

We determined the structure of this Report (as shown above) based on these organizations and classifications. In selecting the measures for the respective issues to be included in this Report, we focused on those that are of great public concern and importance (*materiality*).

Examples of the expert opinions of the professional external advisors and our responses

Opinion

The Report will be understandable if the safety of products is linked with their traceability and environmental awareness in the supply chain.

Our response

We summarized CSR in the supply chain, an important issue for the retailing business, as the special feature.

Opinion

It would be good to carry out a self-assessment regarding your achievements and issues by providing a list that clarifies the measures taken by each company in tackling the respective issues.

Our response

In terms of “Reducing the Environmental Impact,” “Offering Safe, Reliable Products and Services,” “Coexistence with Local Communities” and “Building Motivating Workplaces,” we provide lists in the initial pages of the respective chapters showing the principal measures taken by the major operating companies.

Opinion

The responsibilities of the holding company and operating companies should be clearly segregated.

Our response

We created a chapter entitled “Strengthening Corporate Governance and CSR Management” to report on the measures taken by Seven & i Holdings Co., Ltd. in controlling the overall Group.

Key Expert Opinions of the Professional External Advisors regarding the Report as a Whole and Our CSR Measures

Opinions of Ms. Kikuko Tatsumi

Board Member, Chair of the Environmental Committee
Nippon Association of Consumer Specialists

"In addition to details of the measures you have taken, the Report should include evaluations of the measures by your customers."

"To consumers, "Reliability" means a sense of security not only in terms of their own health, but also in the knowledge that the products they purchase have been produced and procured in fair and legitimate ways, and therefore they are neither directly nor indirectly involved in any wrongdoing. I believe that the Fair Trade products will serve as a measure for addressing this issue."

"Measures that are commonly taken by the companies should be reported together. This would make the Report more understandable."



Opinions of Ms. Mariko Kawaguchi

General Manager of the Management Strategy Research Department,
Daiwa Institute of Research Ltd.

"Things you have not yet implemented also need to be clarified as assignments."

"In addition to providing examples of each company's activities, you should also report on your policies and the strategies of the entire Group, such as a plan for increasing your efforts."

"With regard to "Coexistence with Local Communities," you should consider reporting on the measures taken by Seven Bank, which is not a distributor or retailer."

Opinions of Mr. Yoshiki Midorikawa

Co-chair, the Valdez Society
Director, Green Consumer Research Group

"The foundations of CSR are that a business does not cause social problems and provides solutions to social issues. I rate the idea of identifying your own issues based on existing social issues highly. However, you have not covered social issues sufficiently, and improvement is required in this respect."

"The overall Report does not show your medium- to long-term visions sufficiently. It is desired that you provide a comprehensive CSR table showing the targets for the fiscal year, results, self-assessments and future objectives."



Our response to these opinions

We made some improvements to the Report in response to the above opinions.

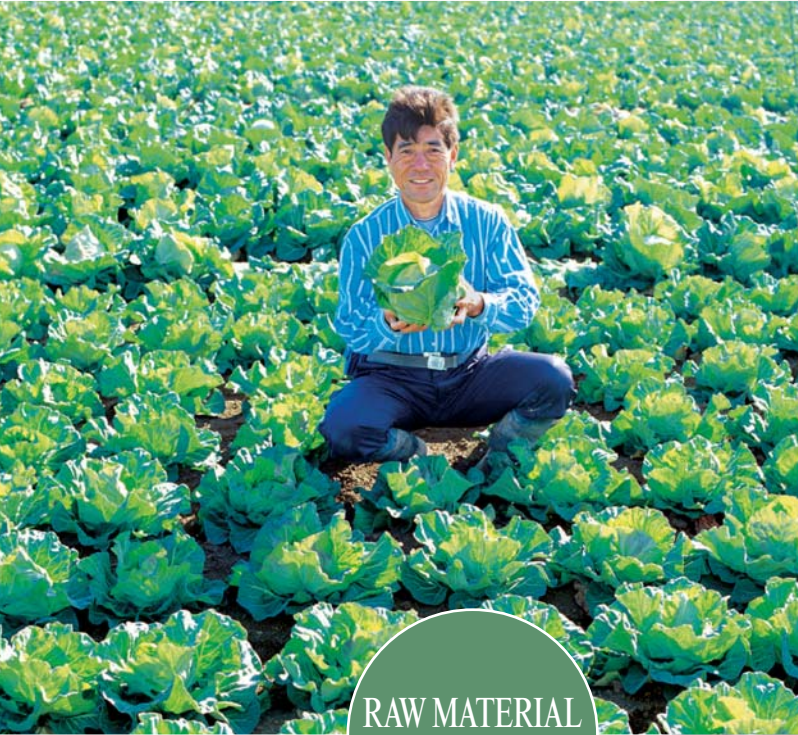
- We sought opinions and requests from stakeholders and included them in the Report as examples of external evaluations of our measures (see page 67).
- To ensure that we provide an understanding of the overall picture and features of our operations, we added pages showing the outlines of our major operating companies (see pages 8 to 11).

We also renewed our awareness of the shortcomings of the Report as issues we need to overcome in the future, such as the lack of clear medium- to long-term objectives for the entire Group and the lack of specific processes for achieving the objectives. We will ensure that the advanced measures taken by some of the operating companies are shared across the entire Group and developed further. With regard to issues we have yet to work on, we will study specific measures to intensify the CSR activities of the Seven & i Holdings Group as a whole.

FEATURED

CSR IN SUPPLY CHAIN

We will fulfill our social responsibility across our entire supply chain by cooperating with our business partners.



RAW MATERIAL PROCUREMENT



PRODUCTION AND PROCESSING

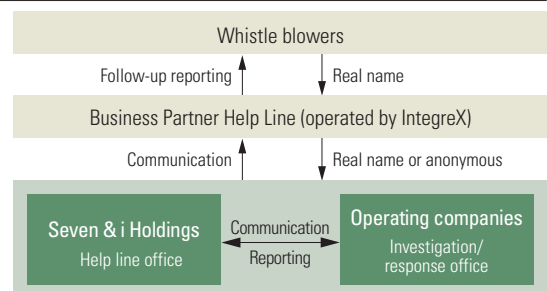
- Environmental conservation in production areas
- Use of eco-friendly cultivation methods
- Respect for the human rights of producers
- Respect for biodiversity, etc.

- Comprehensive measures for controlling product quality and hygiene
- Management of production histories
- Building safe, comfortable workplaces, etc.

We are building a system for promoting CSR

Ensuring FairTrade

To ensure and maintain fair trade with our business partners, we at Seven & i Holdings Group share information about related laws and regulations and case examples of the operating companies, and educate our employees thoroughly via a dedicated organization called the Fair Trade Subcommittee (see page 21). We have also set up the Seven & i Holdings Business Partner Help Line, which is operated by a third party, to provide consultation to our business partners in an effort to prevent and promptly rectify possible misconduct that may erode public confidence.



For details of the Business Partner Help Line, please visit: <http://www.7andi.com/csr/helpline.html> (in Japanese)

The supply chain of the products marketed by the operating companies of Seven & i Holdings consists of a variety of business partners such as suppliers, contract manufacturers and processors, logistics vendors, waste disposal companies and recycling processors. To offer the safe, reliable products desired by our customers, we fulfill our social responsibilities, including attention to labor conditions and environmental conservation as well as legal compliance, by strengthening our cooperation with our business partners.



- Consideration of food miles (the distance required to deliver the food to the stores)
- Introduction of eco-friendly vehicles
- Focus on eco-friendly driving
- Ensuring driver safety

- Sales of socially- and environmentally-friendly products
- Sales of locally-produced products
- Waste reduction and recycling
- Creation of comfortable workplaces

in cooperation with our business partners

Request for Compliance with the Seven & i Holdings Business Partner Action Guidelines

We defined our social responsibility standards for business partners in the Seven & i Holdings Business Partner Action Guidelines, which were formulated in March 2007 and implemented in December 2007. In addition, we asked our business partners to whom we consign the manufacture of the proprietary products of our Group and individual operating companies to complete and return a Self-Assessment Questionnaire, which specifies the actions and conditions required to meet the Business Partner Action Guidelines.

- Seven & i Holdings Business Partner Action Guidelines
- | | |
|---|--|
| 1. Legal compliance | 5. Relationship with society and local communities |
| 2. Respect for human rights and human dignity | 6. Information Management |
| 3. Employment and Workplace Environment | 7. Commitment to Product Safety |
| 4. Environmental Management | 8. Fair Business |

To see the full text of the Seven & i Holdings Business Partner Action Guidelines, please visit:
<http://www.7andi.com/en/csr/fair-trade.html>

Challenge to Recycling-Based Agriculture

We are determined to create a recycling loop in which we make compost using food waste collected from stores, use it to grow fresh vegetables, and sell the vegetables in our stores.



Establishment of an agricultural production corporation for creating a recycling loop

Since 2002, the Seven & i Holdings Group, primarily SEJ and Ito-Yokado, has been involved in developing the recycling of food resources (recycling loop), which is encouraged by the Food Waste Recycling Law (amended in 2007). Based on the idea that food waste is a recyclable resource, this involves a process whereby we make compost using food waste collected from our stores, use it to grow agricultural products, and sell the products in our stores.

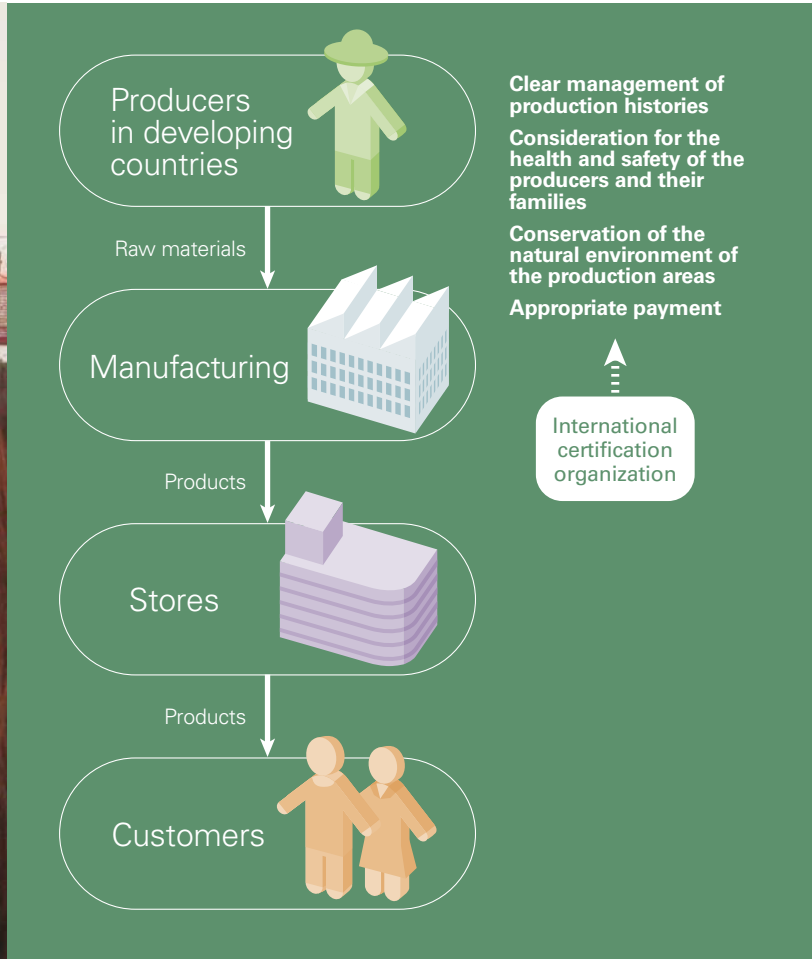
To develop this closed-loop food recycling system, Ito-Yokado established an agricultural production corporation, Seven Farm Tomisato Co., Ltd., in Tomisato City, Chiba, in August 2008. The corporation was established jointly by Ito-Yokado, Tomisato City Japan Agricultural Cooperative (known as “JA Tomisato”) and its cooperative members. It makes compost using food waste collected from Ito-Yokado stores in Chiba, and uses the compost to

grow fresh vegetables in its two-hectare (20,000 m²) company-operated field in Tomisato City. The vegetables grown there are sold in Ito-Yokado stores in Chiba. In addition, the corporation aims to provide safe, reliable products that meet the needs of our customers through collaboration between agricultural producers (JA Tomisato members) and a retailer (Ito-Yokado). Seven Farm Tomisato also intends to contribute to the revitalization of local agriculture by developing methods for improving productivity through this collaboration.

In June 2009, the company-operated farm was expanded to 5.1 hectares. Further plans are underway to establish Seven Farms in Saitama, Kanagawa, and Ibaraki. We will continue to enhance our actions by positioning Seven Farm Tomisato as a model of recycling-based agriculture.

Offering Sustainability-Conscious Products

We will contribute to improving the sustainability of the production areas by ensuring that appropriate payments are made to producers and by offering products mindful of the living environment of the producers.



Sales of coffee mindful of people and the environment — a product of our consideration for the living environment of the producers and conservation of the natural environment of the production areas

In terms of the global supply chains of agricultural products, etc., forced labor and child labor in production areas such as those in developing countries have been recognized as international issues. In light of Japan's high dependence on imported food, our operating companies have begun to introduce sustainability-conscious products that will lead to the resolution of these issues.

As part of these efforts, we began selling Good Inside¹ certified coffee that is mindful of people and the environment² in April 2009. The Good Inside certification program places emphasis on offering safe, reliable products through the clear management of their production histories. Its criteria are whether consideration is given to the health and safety of the producers and their families and to the conservation of the natural environment of the production areas. We will contribute to sustainable agricultural production in the production areas by offering high-quality products produced through these appropriate production and trading processes.

We also undertake creative measures for communicating the significance of socially- and environmentally-friendly products to customers. In selling coffee mindful of people and the environment, we referred to expert opinions from outside the company and applied a package design that demonstrates the production processes and the consideration given during the processes. We also provide information about the Good Inside certification program on our sales floors using display materials and leaflets.

1 Good Inside

A global certification program that specifies the standards for the sustainable production, processing and logistics of agricultural products.

2 As of May 31, 2009, we sold five varieties of coffee mindful of people and the environment in 168 Ito-Yokado stores, 156 York-Benimaru stores (three varieties only in some of these stores), and 61 York Mart stores.



Corporate Governance

We have been striving to strengthen internal control under the distinct separation of management oversight and business operation responsibilities to ensure the transparency and reliability of our business and increase business efficiency throughout our Group.

As a holding company that oversees and controls its operating companies, it is our mission to strengthen corporate governance and maximize the enterprise value of our Group. In corporate governance, we implement initiatives with four areas of focus: (1) operational

effectiveness and efficiency, (2) reliability of financial reports, (3) strict compliance with laws and regulations in operating activities, and (4) appropriate preservation of assets. The objective of these initiatives is long-term growth in enterprise value.

Corporate governance system underpinned by the executive officer and corporate auditor systems

As of July 31, 2009, the Board of Directors at Seven & i Holdings comprised 15 members, of whom three were outside directors. The term of the directors has been set at one year to ensure the timely reflection of shareholders' wishes.

To facilitate prompt decision making and execution, we have introduced the executive officer system. Under this system, the supervisory functions of the Board of Directors are separate from the execution functions of the executive officers. The Board of Directors is able to focus on the formulation of management strategies and the supervision of business execution, while the executive officers can focus on business execution.

We also monitor management through a system of corporate auditors. As of July 31, 2009, the Board of Corporate Auditors comprised five members, including three outside corporate auditors. Each corporate auditor takes steps to audit the work of the directors, such as attending meetings of the Board of Directors and other important meetings, exchanging opinions with the representative directors, receiving reports from the directors and exchanging information with the Auditing Office. The corporate auditors also exchange information with the independent auditors to maintain close contact with them regarding the financial audits.

We assign employees to assist the outside directors

and outside corporate auditors to facilitate smooth information exchange and close interaction with the inside directors and standing corporate auditors.

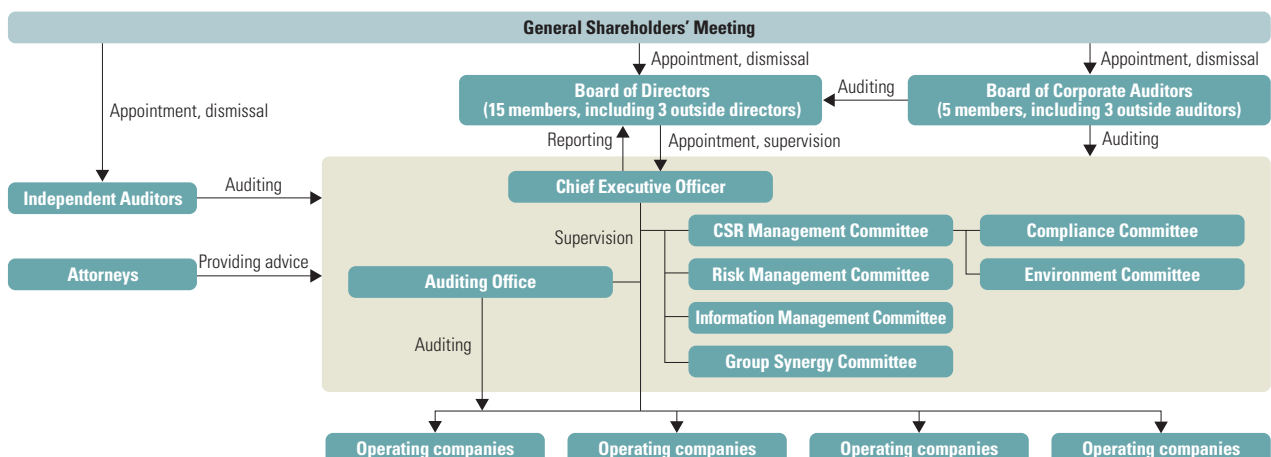
Strengthening the internal control system

In response to the Corporate Law of Japan that came into effect in May 2006, our Board of Directors has passed a resolution on the company's Basic Policy on Internal Control Systems, in accordance with which reviews of existing internal rules, an evaluation of risk management activities and other measures have been undertaken to strengthen internal control.

In February 2009, we increased the number of staff in our Auditing Office and restructured it as a part of our countermeasures for the internal control reporting system under the Financial Instruments and Exchange Law. As an independent department for internal auditing, the Auditing Office was responsible for verifying the internal auditing of each of the core operating companies and providing them with guidance. It also had the internal auditing responsibility for the holding company. With these existing responsibilities being assumed by the personnel in charge of operational audits, the restructured Auditing Office has a new responsibility for evaluating the internal control of the entire group, which is assumed by dedicated personnel in charge of internal control evaluation.

We at Seven & i Holdings also take action to improve the environment for internal control, including issuing the Internal Control Handbook aimed at all employees.

■ Corporate governance system



CSR Management

We have strengthened our CSR management system to ensure that our operating companies fulfill their social responsibilities with further effective management and oversight.

At Seven & i Holdings and our operating companies, we believe that interactions with our stakeholders, including shareholders, customers, business partners, local communities and employees, are at the heart of our CSR activities.

To make this happen anytime and anywhere, we at Seven & i Holdings need to manage our operating companies to ensure that they act responsibly toward their stakeholders, in addition to fulfilling our own responsibilities to our shareholders and operating companies.

With this in mind, we have established the CSR Management Committee, the Risk Management Committee and the Information Management Committee, each of which work closely with the relevant operating companies.

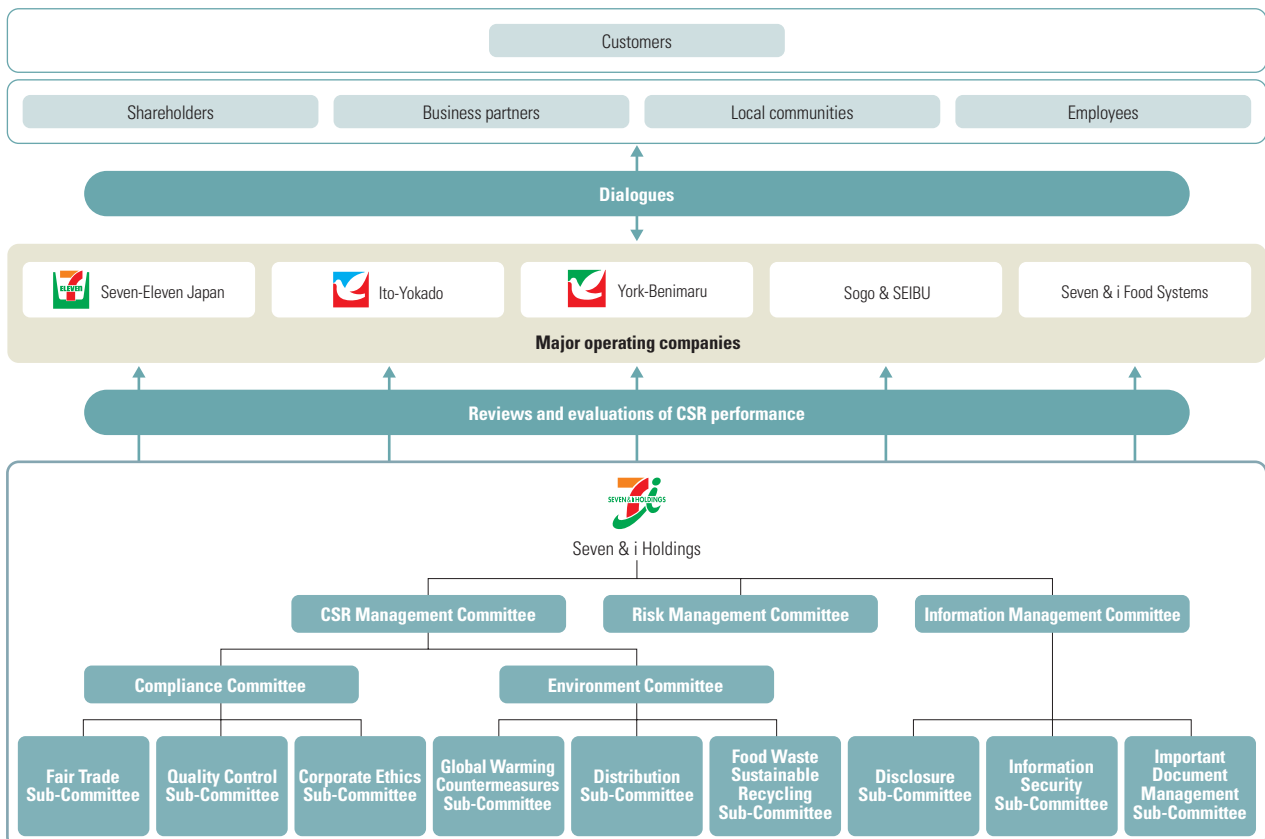
These committees also periodically review and evaluate each operating company's performance in related areas. The findings and results will be reflected in the future management objectives of our Group and the individual operating companies. By doing so, our entire Group aims to work in unison to take our CSR activities to the next level.

Establishment of the CSR Management Committee responsible for promoting groupwide CSR activities

At the inception of our organization, we at Seven and i Holdings established the CSR Promotion Committee and its five specialized sub-committees. This was part of our efforts to develop a mechanism for centrally reviewing and evaluating the CSR performance of our operating companies.

In February 2008, however, we decided to restructure the CSR Promotion Committee by clearly separating the promotion function and the oversight function, with the aim of achieving even more effective, prompt implementation. To this end, the committee's functions were allocated to three separate committees: the CSR Management Committee, which promotes CSR activities, the Risk Management Committee and the Information Management Committee, which is responsible for the Group's overall information management. In addition, the Compliance Committee and the Environment Committee were established under the CSR Management Committee.

CSR management system



CSR Management

Compliance Committee

The Compliance Committee consists of the Fair Trade, Quality Control, and Corporate Ethics Sub-Committees. The Fair Trade Sub-Committee offers consultations for Group companies regarding labeling, fair trade and other issues, holds training on associated laws and regulations, such as the Antimonopoly Law, and inspects sales floors, ensuring that all the companies engage in fair trade. The responsibilities of the Quality Control Sub-Committee include establishing a system for allowing operating companies to share information on product safety and stipulating rules on reporting and dealing with accidents. The Corporate Ethics Sub-Committee has established the All-Group Help Line, and has been studying the formulation of action guidelines to be observed by the entire Group.

Environment Committee

The Environment Committee consists of the Global Warming Countermeasures, Distribution, and Food Waste Sustainable Recycling Sub-Committees. This committee is responsible for strengthening the environmental risk management system applied to the entire Group, whether in Japan or abroad, and for deliberating and determining how we should address environmental issues as a single group. The committee also develops groupwide targets on preventing global warming, efficient food waste recycling and reducing packaging materials.

In FY2008, the Environment Committee formulated two sets of Group environmental policies: the Environmental Declaration and the Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming. In addition, the committee launched its tropical forest conservation program in spring 2009 through the International Tropical Timber Organization (ITTO). (→ p. 24)

TOPICS

Exhibition at Eco-Products 2008

In December 2008, we at Seven & i Holdings made our first appearance at Eco-Products, one of the largest environmental exhibitions in Japan. We set up a theater where visitors enjoyed participating in quizzes while we introduced our environmental measures, activities for ensuring food safety and reliability, and Safety Station Activities.



Enhanced risk management system

In FY2008, we introduced a comprehensive risk management system under the Risk Management Committee, which was redeployed and enhanced the same year.

Under the new system, we identify, analyze and assess all the events that threaten the continuation of the Group's operations to gain a comprehensive understanding of their risks. We then prioritize those risks according to severity and degree of urgency, plan and implement countermeasures, and monitor the improvements.

In FY2008, we commenced a risk assessment in the latter half of the year based on the annual plans. In light of the results, we reported the integrated assessment of the risks to the Group and high priority matters at the Risk Management Committee in April 2009 to promote specific measures for enhancing risk management. The perceived risks were also disclosed in the 4th financial statement.

TOPICS

Response to New Influenza

At Seven & i Holdings, we have been implementing a variety of measures associated with new strains of influenza, particularly the highly virulent H5N1 bird flu. These measures include the establishment of information collection systems for Group companies, assistance with the continuation of operations through financing and appropriate personnel distribution across the entire group, as well as the creation of a manual for responding to an outbreak. With regard to the less virulent H1N1 swine flu viruses, we have modified the manual for the highly virulent H5N1 to provide information to the operating companies. We have established a plan for continuing operations, stockpiled masks, and implemented other measures in preparation for the second outbreak of H1N1 that is expected to occur in Fall 2009.

Enhanced information management system

The Information Management Committee oversees information management across the Group. In FY2008, the committee revised the rules on the sale or purchase of Seven & i Holdings' shares, and ran a study session headed by the Tokyo Stock Exchange to ensure our compliance with insider trading regulations. We also established IT security standards and formulated rules for the entire Group that aim to ensure that important information is transmitted to Seven & i Holdings on a timely basis.

Compliance

We are determined to fulfill our commitment to compliance by having our Corporate Action Guidelines observed throughout our Group. To this end, we have been establishing the necessary systems and processes, such as the Help Line.

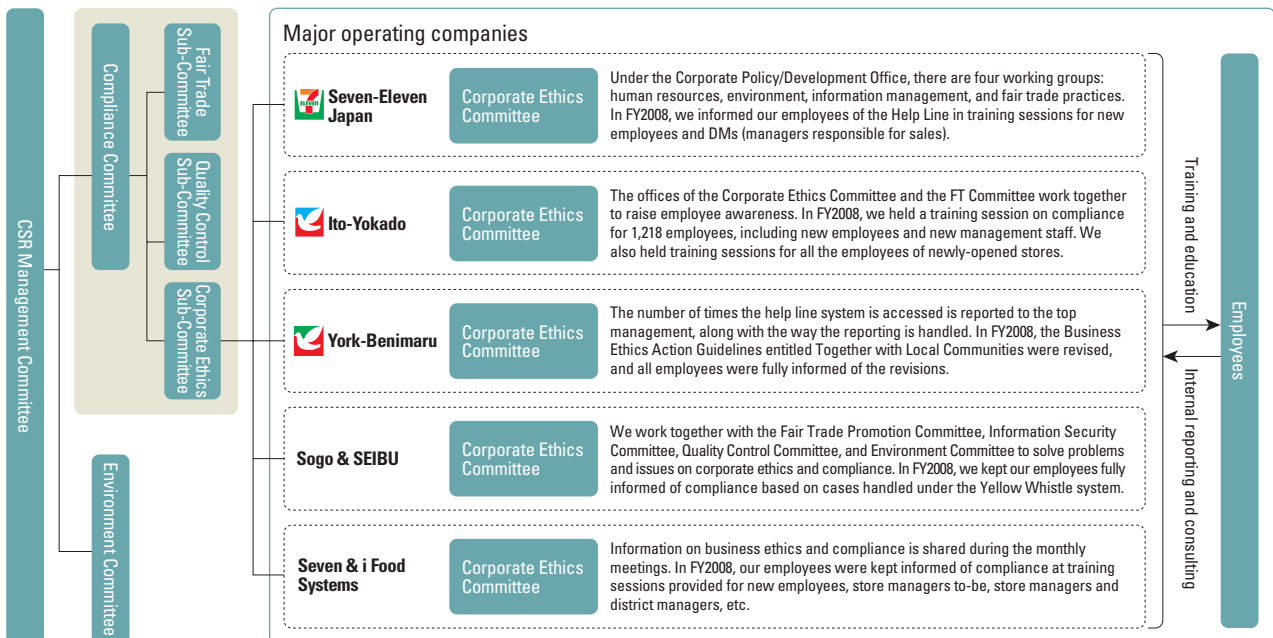
To ensure that all the employees of our Group companies comply with the Seven & i Holdings Corporate Action Guidelines and all applicable laws and regulations, we have established Corporate Ethics Committees within each operating company.

The committee members are involved in the Compliance Committee under the CSR Management Committee to establish a common understanding of this area across the entire Group. They discuss measures for disseminating Corporate Action Guidelines and upgrade the associated activities by sharing information about measures that have

been implemented effectively by the operating companies.

At the operating company level, the “Help Lines” and “Yellow Whistle” systems, which allow employees to report or consult on actual or possible wrongdoings, are in place for the purpose of deterring, preventing, and providing early solutions to any behaviors or actions that contravene the Corporate Action Guidelines. Employees can report and consult on such matters by telephone, e-mail, or postal mail. The systems are designed to protect the informants from experiencing any disadvantages. Employees can use the systems anonymously, for example.

Compliance system



TOPICS

Establishment of the All-Group Help Line

As a part of its measures for ensuring internal control across the Group, the Compliance Committee held several discussions regarding the establishment of a dedicated section for accepting internal reports and providing consultations (Help Line). As a result, the committee established the All-Group Help Line within a third-party organization in September 2009. This system can be used by all employees of Seven & i Holdings and its consolidated subsidiaries in Japan. It aims to have the entire Group implement measures for the prevention, early detection, early resolution and recurrence prevention of any behaviors or actions that

could lead us to lose the confidence of society. The establishment of the All-Group Help Line has created an environment where we can collect opinions from the employees of our operating companies — who do not have such systems — more easily than before. We will make use of this system for identifying, studying, and overcoming the issues commonly faced by our Group companies, as well as for solving problems that are specific to individual companies.



REDUCING THE ENVIRONMENTAL IMPACT



Our Group is enhancing measures for reducing the environmental impact in an integrated manner, with an emphasis on preventing global warming and creating a recycling society.

Group Management Policy

Based on our Environmental Declaration, we implement environmental impact reduction measures to prevent global warming.

In June 2008, Seven & i Holdings formulated two sets of environmental policies and goals — (i) the Environmental Declaration and (ii) the Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming — to strengthen activities by operating companies into group-wide initiatives toward global warming prevention. Based on these policies, we will introduce measures across our entire supply chain.

For each operating company to implement effective measures suited to its business, they need to fully understand the CO₂ emissions data. Consequently, we conducted a third party review¹ of data on CO₂ emissions from our major operating companies for FY2008.

¹ The term "review" refers to third party data confirmation, and subsequent reporting of the results.

TOPICS

We launched a tropical forest conservation program covering some 58,000 hectares in Indonesia.

Seven & i Holdings launched the program in spring 2009 through a U.N. treaty based organization, the International Tropical Timber Organization (ITTO). In this program, we cooperate with the Indonesian government to conserve roughly 58,000 hectares of tropical forests.

Through the program, ITTO will cooperate with the forest bureau in activities such as strengthening the forest conservation department system, encouraging citizen leaders to undertake forest conservation activities, and develop a social infrastructure for forest conservation education and establish schools.



In addition to preventing CO₂ emissions, the program also protects rare plant and animal species in tropical forests for biodiversity conservation. The program is estimated to have reduced CO₂ emissions by 1.2 million tons, approximately 54% of total CO₂ emissions by our major domestic operating companies in FY2008.

List of Principal Measures Undertaken by Our Major Operating Companies

| | Convenience Store Operations |
|---|---|
| | Seven-Eleven Japan |
| Appropriate Understanding of Environmental Impact | <ul style="list-style-type: none"> ○ Third party review of data on CO₂ emissions →P76 |
| Improvement of Energy Efficiency and Introduction of Renewable Energy | <ul style="list-style-type: none"> ● Installation of energy efficient store facilities and equipment →P27 ● Installation of LED lights and solar panels →P27 ● Efficient logistics management (promoting installation of in-vehicle terminals and introduction of CNG and hybrid vehicles) →P29 <p>Participation in the Black Illumination initiated by the Ministry of the Environment</p> |
| Waste Reduction and Creation of a Recycling Society | <ul style="list-style-type: none"> ● Reduction of plastic bag consumption (asking customers, adoption of thinner plastic bags, reviewing bag sizes) →P28 ● Promotion of food recycling →P28 ● Reduction in use of containers and packaging materials (taping up boxed meal containers instead of covering them with shrink wrap, reducing the size of plastic bottle labels for house brand soft drinks and abolishing the use of caps for house-brand chilled drinks, etc.) |
| Measures for Biodiversity | <p>Implementation of tropical forest conservation program →P24</p> |
| Offering Eco-Friendly Products | <ul style="list-style-type: none"> ○ Sale of original eco-bags →P59 ○ Development and sale of locally-produced products for local consumption →P50 |
| Raising Environmental Awareness among Employees | <ul style="list-style-type: none"> ● Sharing environmental information with franchisees →P29 <p>Group wide activities during June as Environment Month, including those for raising the awareness of all employees and cleanup activities</p> |



●: Described in this Report in independent sections ○: Referred to in the main body of this Report —: Measures not implemented

| Superstore Operations | | Department Store Operations | Food Services | Financial Services |
|--|--|--|---|--|
| Ito-Yokado | York-Benimaru | Sogo & SEIBU | Seven & i Food Systems | Seven Bank |
| | | | | — |
| <ul style="list-style-type: none"> ● Installation of energy efficient store facilities →P30 ● Installation of LED lights and solar panels →P31 ● Achieving use of fewer distribution vehicles and shorter travel distances through establishment of temperature-specific and area-specific transfer centers ● Promotion of eco-friendly driving | <ul style="list-style-type: none"> ● Applying energy efficient measures for multi-shelf open-top display freezers →P30 ● Installation of LED lights →P31 | <ul style="list-style-type: none"> ○ Installation of energy efficient facilities →P34 ○ Installation of LED lights →P34 ● Daily “Black Illumination” ● Promoting green walls and roofs in stores | <ul style="list-style-type: none"> ● Installation of energy efficient store facilities and equipment →P33 ● Reduction of travel distances of vehicles through reallocation of distribution depots ● Achieving use of fewer distribution vehicles by improving cargo loading efficiency through promotion of mixed deliveries ● Improvement of fuel efficiency through management via in-vehicle terminals | |
| <ul style="list-style-type: none"> ● Reduction of plastic bag consumption (establishment of strict criteria for plastic bag distribution, use of thinner bags, introduction of “Eco Stamp Card” program, charging fees on plastic bags) →P32 ● Reduction of food packaging consumption (unpackaged sales, use of alternative materials) →P32 ● Establishment of the food recycling loop →P32 ● Thorough separation ● Offering of the Food Waste Recycling Financial Support Program ● Use of fewer cardboard boxes through introduction of reusable plastic containers | <ul style="list-style-type: none"> ● Charging fees on plastic bags →P32 ● Promotion of food waste recycling →P32 ● Introduction of recycled food trays →P32 | <ul style="list-style-type: none"> ● Installation of composting equipment in stores ● Sale of fresh produce grown using the compost ● Promotion of “Smart Wrapping” (simplified wrapping) ● Introduction of “No Plastic Bags” cards ● Use of fewer cardboard boxes through introduction of returnable containers and on-hanger shipment | <ul style="list-style-type: none"> ○ Reduction of food waste and making compost from food waste →P33 ● Development and use of durable uniforms that can withstand 120 washes. ● Recycling of water used for cleaning uniforms ● Granting points to employees who bring their own bottles to the employee cafeteria at the headquarters | <ul style="list-style-type: none"> ○ Reduction of printed sales promotion materials through the use of second displays →P46  <ul style="list-style-type: none"> ● Displaying messages for confirming whether or not to issue a transaction slip ● Recycling of ATM parts |
| <ul style="list-style-type: none"> ● Sale of products grown using biodiversity-conscious farming methods | | | | |
| <ul style="list-style-type: none"> ○ Sale of original eco-bags →P59 ● Sale of organic food items and products grown using eco-friendly farming methods ● Sale of COOL BIZ and WARM BIZ products | <ul style="list-style-type: none"> ○ Sale of original eco-bags →P59 ● Sale of organic food items  | <ul style="list-style-type: none"> ● Offering eco-friendly products and lifestyles →P35 ● Development and sale of original eco-bags | <ul style="list-style-type: none"> ● Introduction of chopsticks for customers made from construction lumber remnants or wood from thinning | |
| <ul style="list-style-type: none"> ● Distribution of booklets for employees ● Revision of “Waste Disposal Procedure Manual” and implementation of “Recycle 333 Campaign” for providing education on waste segregation | | <ul style="list-style-type: none"> ● Provision of environmental education to employees through e-learning ● Provision of environmental education to new employees ● Distribution of leaflets on environmental issues to employees | <ul style="list-style-type: none"> ● Provision of education for promoting energy conservation during meetings and training sessions ● Use of Energy Conservation Checklist in restaurants | <ul style="list-style-type: none"> ● Introduction of “Bonolon’s Forest Environmental Activities,” in which employees and their families learn about nature ● Provision of environmental training |

Convenience Store Operations

1 The amount of CO₂ emissions from all the stores was calculated based on the average amount of electricity consumption per store. The figure was estimated based on data from stores for which energy consumption figures were available.

2 For details of the report from the Study Group on the Roles of Convenience Stores as Social Infrastructure and details of the Convenience Stores as a Social Infrastructure Declaration, visit the websites of the Ministry of Economy, Trade and Industry and the Japan Franchise Association.

Ministry of Economy, Trade and Industry
<http://www.meti.go.jp/>

Japan Franchise Association
<http://jfa.jfa-fc.or.jp/index.html>

Controlling CO₂ Emissions in Stores



We are controlling the increase of electricity consumption pertaining to the diversification of services and the increase in the number of stores.

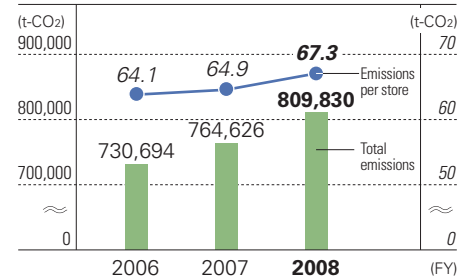
The majority of CO₂ emissions from Seven-Eleven Japan (SEJ) stores arise from the consumption of electricity by lights, air-conditioners, and other facilities and equipment that are essential for operating the stores. The amount of energy consumption in the stores has been on the increase due to the introduction of new services in response to the diversification of customer needs and the increase in the number of stores.

In FY2008, SEJ opened two eco-friendly stores and installed energy efficient lighting fixtures and facilities to new and remodeled stores. Nonetheless, the amount of CO₂ emissions per store increased from the previous year due to the increase in the number of stores with in-store fryers (cooking appliances and warmers) and larger floor areas.

We at SEJ will continue to invest in

energy conservation measures and inform our employees and franchisees of these measures to reduce per-store energy consumption. We will also strive to build mechanisms for saving energy in cooperation with our franchisees by making use of the regular store maintenance system.

■ CO₂ emissions from all the stores¹ and per store



TOPICS

Convenience Stores as a Social Infrastructure Declaration

In December 2008, the Study Group on the Roles of Convenience Stores as Social Infrastructure² was founded at the initiative of the Ministry of Economy, Trade and Industry, and was joined by experts and representatives of major convenience store chains. The Group issued a report in April 2009². The report points out four issues that convenience stores will face in fulfilling their social responsibilities, and three viewpoints from which those issues should be tackled.

In response to this report, the Japan Franchise Association, to which SEJ belongs, announced the Convenience

Stores as a Social Infrastructure Declaration² as the common goal of the convenience store industry. To tackle environmental issues, the Declaration proposes: 1) the installation of solar power generation devices; 2) the installation of LED lights; 3) the introduction of electric vehicles and the installation of quick charging stations, and 4) the promotion of food waste recycling.

SEJ recognizes these as its important assignments and is determined to strive to achieve the goal in cooperation with the franchisees and other companies in the industry.

The four issues:

1. Environment
2. Safety and reliability
3. Revitalization of the local economy
4. Improved convenience for consumers

The three viewpoints:

1. Building relationships between the headquarters and franchisees for sustainable development
2. Competition between convenience store chains and their collaboration as an industry
3. Segregation of duties from those of the local governments and cooperation with the local governments

Development and Installation of Energy Efficient Facilities



We aim to improve energy efficiency in both existing and new stores.

To improve the energy efficiency of existing stores, SEJ continuously reviews their facilities. We also publicize methods of maintaining and cleaning facilities and equipment via in-house magazines and in Product Exhibitions. In addition, we are advancing the installation of facilities incorporating new energy efficient technologies.

Use of LED lights for signs.

Approximately 15% of all the electricity consumed by a store is used for in-store lighting and signs. To reduce this, SEJ has been encouraging the adoption of LED as the light source for store signs. The benefits of LED lights are lower power consumption and longer life than fluorescent lights. We started to introduce LED lights in new and remodeled stores in December 2008. As of August 31, 2009, LED lights have been

installed in as many as 836 stores.

Tests with solar panels.

In September 2008, SEJ launched a test in which solar panels are set up in stores to supply part of the electricity consumed there (at eight stores as of August 31, 2009). In this test, we are checking how the solar panels, whose efficiency fluctuates depending on the weather, generate power at the stores. We will study the future expansion of the use of solar panels based on the test results.



A store with solar panels

Development of Eco-Friendly Stores



We have opened eco-friendly stores that make the best use of sunlight.

In February 2008, we at SEJ opened an eco-friendly test store, Seven-Eleven Nagano Yoshida 2-Chome Store, in Nagano prefecture. In November of the same year, we opened Kamigamosakakida-Cho Store in Kyoto.

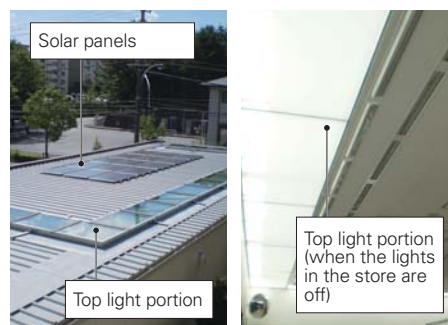
We also opened Tama Toyogaoka 4-Chome Store in Tokyo in August 2009. We applied the latest energy-efficient measures throughout this store, from its interiors and exteriors to its facilities.

For example, we equipped the store with a top light that lets in the sunlight (natural light), by making use of its advantage as a standalone, one-storied building. We installed solar panels on its roof to make the best use of natural energy. The store uses LED lights for in-store illumination, outdoor lights and showcases. It also features energy-efficient air-conditioning facilities and the use of heat-insulating pair glass for the front side, a measure for reducing the amount of power used for in-store air-conditioning.

By combining these measures, the Tama

Toyogaoka 4-Chome Store aims to lower its annual electricity consumption by 20,000kWh compared with conventional stores. It also aims to make a positive impression on customers by letting in more daylight. We expect that the new Seven-Eleven store will appear fresh to customers.

We will verify the effects of these measures to study the possibility of their adoption when designing new stores and remodeling existing stores.

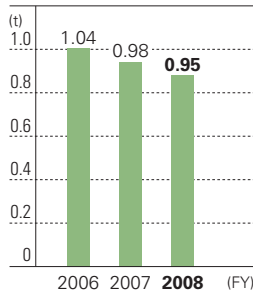


Solar panels installed on the roof

Top light (seen from within the store)

Convenience Store Operations

1 Plastic bag consumption per store



2 Areas where food waste is recycled:

Tokyo's 23 wards, Nagoya City, part of Tama area, Kyoto, Kumamoto City

Reducing Consumption of Plastic Bags



We are controlling the use of plastic bags with the cooperation of customers.

Japan Franchise Association, whose membership consists of SEJ and other convenience store chains, has set the industry target for reducing plastic bag consumption, being a 35% reduction in the total weight of consumed plastic bags per store over FY2000 levels by FY2010. The companies are cooperating in activities for achieving the goal by displaying posters for raising customer awareness and taking other measures.

In FY2008, we displayed awareness-raising posters and asked customers at the checkout whether they required a plastic bag at each SEJ store. During the three months from July to October, we also posted a sign at the register to ask for customers' cooperation.

In Suginami ward in Tokyo, where an ordinance encouraging the charging fees for

plastic bags was enacted in 2008, SEJ submitted its plans for reducing the use of plastic bags in June of the same year. In Suginami ward, we offered "No Plastic Bags" cards as well at checkout stands from



"No Plastic Bags" card



Awareness-raising sign posted at the register

January through June 2009. The design of the cards featured Namisuke, the ward mascot that is familiar to local customers.

In FY2008, the weight of plastic bag consumption per SEJ store¹ was 953.3kg — a 32.9% reduction from FY2000 levels. We will continue our efforts to achieve the target of a 35% reduction over FY2000 levels.

Promotion of Food Waste Recycling



We recycle food waste from stores to make compost, livestock feed, and soap.

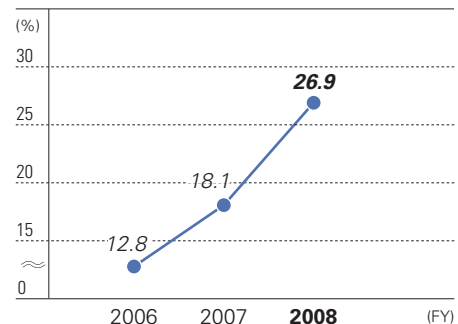
Each SEJ store procures products by estimating the quantity of food that will be sold based on schedules of events to be held in the neighborhood, the number of customers who visit the store per day, their needs, and sales trends. Despite these efforts, however, some products expire at each store, which is unavoidable.

In response, SEJ has been operating "eco-friendly logistics" since 1994 to collect and treat food waste appropriately. Making use of this system, SEJ has been recycling food waste from its stores² such as expired products to make compost and livestock feed, etc.

In 2007, SEJ introduced fryers for cooking fried chickens and other food in stores to sell on site. The use of this equipment generates oil waste. We collect and recycle the used cooking oil to make raw materials for livestock feed, soap and paint.

In FY2008, these food recycling measures were expanded to as many as 1,830 stores, and the food waste recycling rate for the year was 26.9%, including used cooking oil. We will continue to control the generation of food waste at each store and encourage recycling, while gaining the understanding and cooperation of our franchisees and business partners.

Food waste recycling rate



Reduction of the Environmental Impact Related to Logistics



We reduce the environmental impact related to logistics from two perspectives — vehicles and the distribution system.

The distribution of products involves transportation by vehicle and the operation of combined distribution centers where products are sorted, both of which have an impact on the environment. At SEJ, we have created the following voluntary control standards: "Use only vehicles with a service age of within six years and a travel distance of within 500,000 kilometers" and "Conduct preventive maintenance and inspections every month" in cooperation with our logistics partners, to reduce the environmental impact caused by vehicle conditions as well.

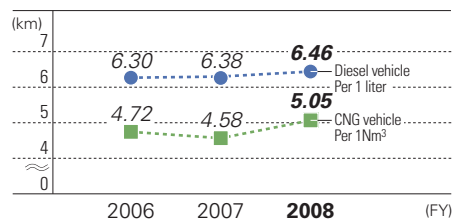
To reduce the environmental impact and ensure safe driving, all our distribution vehicles transporting products from combined distribution centers to SEJ stores (3,993 vehicles as of the end of FY2008) have had in-vehicle terminals installed since 2001. Data gathered via the equipment — such as the travel distance, maximum speed, engine-idling duration and driving patterns (including sudden starts, acceleration or deceleration) — is quantified and then analyzed to use in providing individual guidance to drivers and for the possible revision of driving routes.

Since FY1999, we have used an increasing number of compressed natural gas (CNG) vehicles³, which effectively reduce

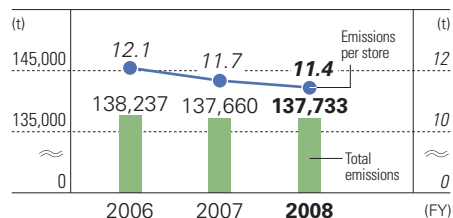
the environmental impact caused by exhaust gas. As of the end of FY2008, 306 units⁴ of our vehicles were powered by CNG (a year-on-year increase of 53 units).

Our logistics-related CO₂ emissions in FY2008 increased slightly from the previous year, however, because we opened stores in new areas (Toyama, Fukui, and Shimane), and the travel distances of our vehicles became correspondingly longer. We will begin strengthening measures for saving energy at our combined distribution centers, etc.

Fuel efficiency



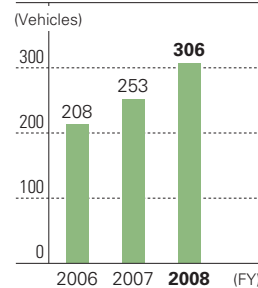
Total and per-store logistics-related CO₂ emissions



3 Compressed natural gas (CNG) vehicle

These types of trucks emit minimal toxic nitrogen oxides (NO_x) and sulfur oxides (SO_x), and emit a smaller amount of CO₂ while being driven.

4 Number of our CNG vehicles



Sharing Environmental Information with Franchisees



We provide information to our franchisees so we can reduce the environmental impact together.

To reduce the impact of operations at each store, we must raise awareness among our franchisees. We at SEJ provide information to that end in every issue of the in-house magazine for our franchisees. We also promote awareness through Environmental Corners in the venues of Product Exhibitions for franchisees held annually throughout Japan in spring and autumn.

In FY2008, we featured global warming prevention at the spring exhibitions. At the autumn exhibitions, we detailed measures being taken by SEJ and proper treatment and

recycling of used cooking oil in installing new fryers. We even distributed soap made from this oil to demonstrate that it really can be recycled. At the Product Exhibitions in spring of FY2009, we introduced measures for

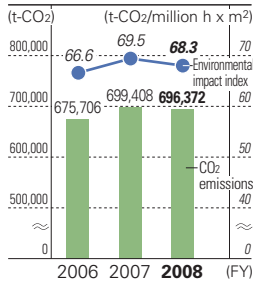


Product Exhibition held in the spring of FY2009

individuals to do in their daily lives, along with some to be done in stores.

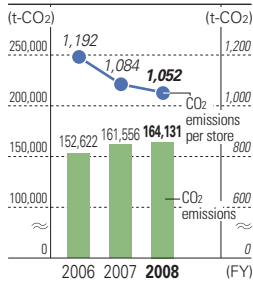
Superstore Operations

● CO₂ emissions and environmental impact index of Ito-Yokado



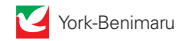
The CO₂ emission figures above indicate the emissions attributed to energy consumption for store operations and logistics. The environmental impact index indicates the CO₂ emissions per total floor area x operating hours.

● Total and per-store CO₂ emissions of York-Benimaru



The CO₂ emission figures above indicate the emissions attributed to energy consumption for store operations and logistics.

Saving Energy in Stores



We encourage the introduction of energy efficient equipment to reduce CO₂ emissions.

Ito-Yokado and York-Benimaru utilize energy efficient equipment and conduct regular maintenance of their facilities to reduce the environmental impact related to store operations. We also apply innovative

measures at newly opened stores, such as installing solar panels to make use of renewable energy and installing low-power, long-life LED lights.

① Continuously adjusting lighting equipment

We have installed "continuously adjusting lighting equipment," which automatically adjusts the lighting levels on the sales floor to correct brightness uniformly (all stores opened since June 2000).



② Reduction of lights

We have halved the number of fluorescent lamps used to individually illuminate the freezer and refrigerator shelves. We have eliminated the lamps under each shelf and installed lights at the top to illuminate the entire showcase from above (52 Ito-Yokado stores and 9 York-Benimaru stores).



③ Night covers

We have installed night covers for the multi-shelf open-top display freezers. These covers provide better insulation at night (100 Ito-Yokado stores and York-Benimaru stores remodeled or opened since 2001).

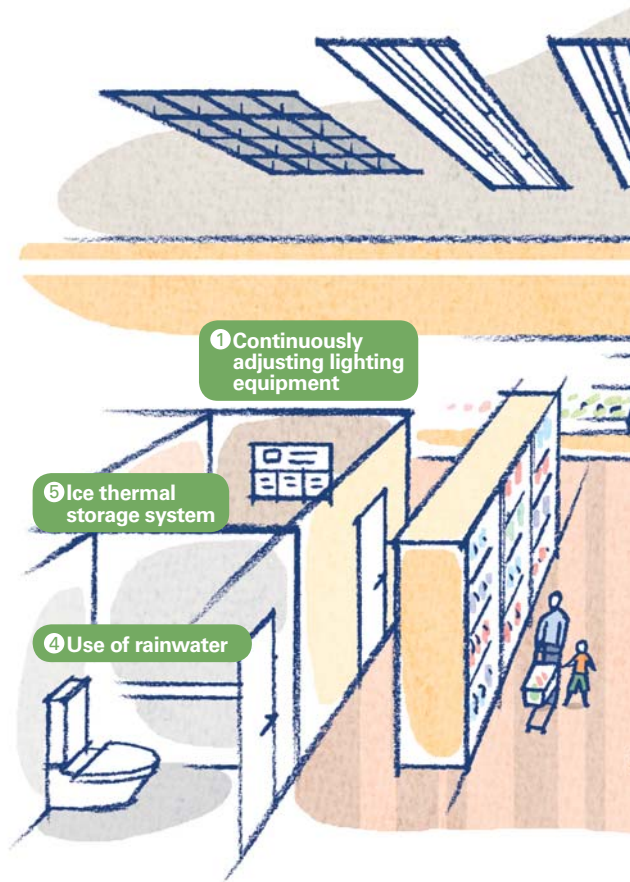


④ Use of rainwater

At Ario Nishi-Arai and Musashi-Koganei Store, we store rainwater to use as general service water for toilets.

⑤ Ice thermal storage system

To reduce the amount of energy used to air-condition the sales floors, we have been installing air-conditioners with an ice thermal storage system. To air-condition the stores during operating hours, this system uses ice made during off-peak night hours, when a lower percentage of electricity is generated from fossil fuel. These devices emit approximately 5% less CO₂ per year than the air conditioners in other stores (6 Ito-Yokado stores and 4 York-Benimaru stores).



⑥ Heat pump water heaters

A heat pump water heater creates hot water by applying the principle that when air is compressed, its temperature rises. The equipment is more efficient than conventional water heaters and supplies hot water with far lower power consumption.

7 LED lights

We have installed low-power, long-life LED lights. The Musashi-Koganei Store has installed LED lights as the base lighting for its children's clothing sales floor. This project was certified as a Model Project of Energy efficient Light Design by Japan's Ministry of the Environment. The store has installed approx. 2,250 LED lights in total. The use of these lights is expected to reduce the annual electrical power consumption and CO₂ emissions by 312MWh and 122 tons respectively, compared with conventional lights.



8 Highly efficient lamps

When lamps are replaced, we install 50W lamps that are equivalent to conventional 70W ceramic metal halide lamps (113MWh less electricity consumption and 39 tons less CO₂ emissions each year). We also use 100W lamps that are equivalent to conventional FHT42W-4 fluorescent lamps (116MWh less electricity consumption and 40 tons less CO₂ emissions each year).

7 LED lights

8 Highly efficient lamps

2 Reduction of lights

6 Heat pump water heaters

10 Gene-Light

(small cogeneration unit providing electricity and hot water)

9 Solar power generation system

3 Night covers

9 Solar power generation system

Solar panels at Ario Otori and Musashi-Koganei Store power the in-store lighting. Panels in the outdoor parking lot at Ario Otori will generate approx. 7,000kWh, reducing CO₂ emissions by around 2 tons per year. Panels in the south-facing walls at Musashi-Koganei Store will generate approx. 24MWh, reducing CO₂ emissions by around 9 tons per year.



10 Gene-Light (small cogeneration unit providing electricity and hot water)

We are installing Gene-Light in stores — a system that generates electricity with a natural gas engine and uses the exhaust heat to produce hot water. Providing both electricity and hot water from a single source, Gene-Light is highly energy and cost efficient, and it reduces CO₂ emissions. This system is generally estimated to reduce CO₂ emissions by more than 15% (26 stores).



Superstore Operations

1 Ito-Yokado operates this program in stores where charging fees for plastic bags has not been introduced.

2 As of July 31, 2009, the number of stores that had introduced charging fees for plastic bags was 31 for Ito-Yokado and 111 for York-Benimaru.

3 Food Waste Recycling Law

The Food Waste Recycling Law stipulates that all businesses that generate food waste must make concerted efforts to reduce and recycle food waste.

Reducing the Consumption of Packaging, especially Plastic Bags



We strive to reduce the use of packaging with the cooperation of our customers.

At Ito-Yokado and York-Benimaru, we have been striving to reduce plastic bag consumption to achieve the industry-wide target of a 30% plastic bag refusal rate by the end of FY2010, which has been set by the Japan Chain Stores Association we belong to. Specifically, we offer “No Plastic Bags” cards at check-out stands, have introduced the “Eco Stamp Card” program¹, and sell original eco-bags in the stores. Since FY2007, we have been introducing fees for plastic bags² in areas where we have obtained the unanimous approval of local governments, consumer groups and businesses after consultation. As a result of these efforts, the plastic bag refusal rate as of July 31, 2009 was 27.6% in Ito-Yokado stores and 61.8% in York-Benimaru stores.

We have also worked to reduce the number of food packaging used for prepared boxed meals and side dishes, fresh food, and other food items through the adoption of

thinner containers and the introduction of unpackaged or sell-by-weight sales. Moreover, Ito-Yokado introduced eco-friendly paper bags in February 2009. They are considered eco-friendly because the amount of CO₂ emitted when these paper bags are burned is 70% lower than what is emitted when plastic containers are burned. The paper bags are used for unpackaged sales of prepared food. York-Benimaru has started to use food trays recycled from used trays collected from customers in stores. The recycled food trays constitute around 48% of all the food trays used in the perishables department.



Paper bags for unpackaged prepared food



Recycled food trays

We are promoting food waste recycling to achieve the 2012 target.

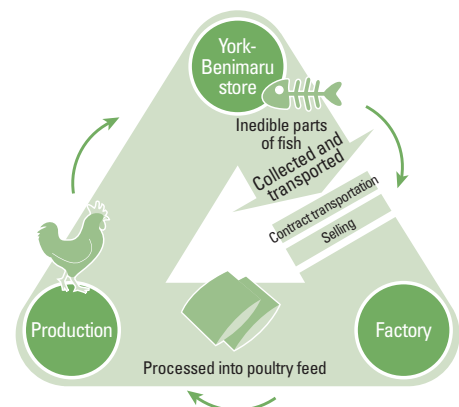
Under the Food Waste Recycling Law³ revised in December 2007, food retailers must achieve a food waste recycling rate of 45% by 2012. To achieve this legally binding target, Ito-Yokado and York-Benimaru have been working to generate less food waste, and recycle more.

Ito-Yokado is working to develop a “recycling loop,” whereby food waste generated by our stores is used to make compost. The compost is then applied to soil to grow vegetables, which then come back to our stores as products. In July 2007, Ito-Yokado began making compost from food waste collected from our six stores in Chiba and selling vegetables grown using this compost in our Anesaki and Ichihara Stores. In August 2008, Ito-Yokado established Seven Farm Tomisato as a model of recycling-based agriculture (see page 18). As a result of these efforts, the recycling of food waste into compost and livestock feed was practiced at 50 Ito-Yokado stores as of February 28, 2009. York-Benimaru processes

the inedible parts of fish, which account for about 20% of food waste, to make poultry feed. Eggs from chickens raised on the feed are sold as our house brand *Kenyo-ran* in York-Benimaru stores. This practice has been implemented in all the York-Benimaru stores.

Consequently, the food waste recycling rate in FY2008 was 26.5% in Ito-Yokado and 23.6% in York-Benimaru.

System for producing *Kenyo-ran* eggs



Food services

Reducing CO₂ Emissions by Saving Energy Seven & i Food Systems

We are installing more efficient equipment for more energy efficient restaurant operations.

At Seven & i Food Systems, we engage in food service which consumes a considerable amount of energy for kitchen facilities and air-conditioning equipment. To help prevent global warming, we have been striving to reduce the CO₂ emissions attributed to energy consumption in our operations by installing highly energy efficient equipment.

Most dishes served in Denny's restaurants are cooked in their kitchens, enabling us to offer menu items that are in optimal condition. To reduce kitchen energy consumption, we have increased all-electric facilities, rather than using natural gas-powered equipment — such as induction heating (IH) stoves and Eco-Cute⁴ water heating systems.

In July 2009, we opened Denny's Kemigawa as an experimental "green" restaurant, where we have implemented a variety of eco-friendly measures. In addition to the all-electric kitchen facilities, we have installed a solar power generation system. The power generated using natural energy is

used for illuminating the dining area and kitchen. We also use low-power LED lights for all lights and signs in the restaurant. We reuse rainwater by sprinkling it on the roof and outdoor units of the air-conditioner to reduce the burden on the air-conditioner. The restaurant also features a water-saving toilet system that reduces the water consumption of the toilets, while the use of heat-insulating pair glass improves the air-conditioning efficiency.



Solar panels



Panel indicating the amount of solar power generated



LED lights for the dining area



Rainwater filtration system

Food Waste Reduction and Improvement of Recycling Rate Seven & i Food Systems

We undertake food recycling as appropriate, depending on the characteristics of each restaurant.

At Seven & i Food Systems, we usually prepare guests' meals in our restaurants' kitchens to serve them in a fresh and tasty condition, which inevitably generates cooking refuse. We are working to minimize such food waste and customer leftovers, and use the waste effectively by utilizing it to make compost, etc.

Denny's has joined the network of SEJ's food waste recycling system (p.28), aiming to encourage recycling and proper disposal. As of FY2008, this system had grown to include 83 Denny's restaurants. Consequently, Seven & i Food Systems achieved a food waste recycling rate of 20.5% in FY2008.

According to the Food Waste Recycling Law, food service operators are required to

achieve a 40% food waste recycling rate by 2012. To meet and exceed this statutory food waste recycling target, Seven & i Food Systems intends to implement such food waste recycling systems in approximately 330 restaurants by 2012, and reduce the size of ingredient shipments to procure only the necessary quantity of ingredients and minimize disposal loss by using them all.



Food waste being collected from a restaurant

4 Eco-Cute

Eco-Cute is an electric water heating system that makes use of the heat in the air.



Department Store Operations

Reduction of CO₂ Emissions Through the Replacement of Facilities

Sogo & SEIBU

We are installing energy efficient equipment.

At Sogo & SEIBU department stores, around 40% of all the energy is consumed by lighting equipment. As a result, we at Sogo & SEIBU have been installing energy efficient lighting equipment.

As a part of our project for remodeling the entire building of the SEIBU Ikebukuro Main Store, in November 2008 we completed an approx. 231-m² section illuminated by low-power, long-life LED lights. This section is one of the largest department store sales floors using LED lights, and around 90% of its light sources — including those in the ceiling and walls and those illuminating the displays and fitting rooms — are LED lights. It is expected that the amount of CO₂ emissions attributed to electricity consumption on this sales floor will be more than 40% lower than for a floor illuminated by conventional lights. We are also planning to expand the use of LED lights to the other stores.

The energy efficient measures applied

through the project are not limited to lighting equipment. The project actually involves a large-scale renovation for energy conservation. We have replaced some of the air-conditioning facilities with more energy-efficient ones and installed a cooling system that uses outside air. Such measures were also applied to the electric power system, including transformers and heat source facilities such as freezers and boilers. The remodeling of the entire SEIBU Ikebukuro Main Store building is scheduled for completion in 2010.



LED lights in SEIBU Ikebukuro Main Store



Saving Energy in Stores

Sogo & SEIBU

We are engaging in environmental activities in cooperation with the Japan Department Stores Association (JDSA).

“COOL BIZ” is one of the global warming measures of the Ministry of the Environment (MOE), which suggests that people are comfortable in room temperatures air-conditioned to no lower than 28 degrees centigrade. In May 2009, we at Sogo & SEIBU participated in the “COOL BIZ’ Presentation in Kansai,” an event hosted by MOE, as a member of JDSA. We ran the fashion show, in which two of our employees appeared as models.

Sogo & SEIBU also participates every year in the “CO₂ Reduction/Black Illumination¹,” which encourages facilities to turn off their exterior illuminations. In FY2008, we turned the illuminations off one or two hours earlier than usual on June 21 and July 7. This resulted in a power consumption reduction of approx. 2,000kWh by all stores.

Our other measures against global warming include “Mission Uchimizu” (sprinkling water on the road, etc. to lower

the temperature) that was carried out in August. Our customers enjoyed participating in this environmental activity.



The “COOL BIZ” fashion show hosted by MOE



Mission Uchimizu

1 Black Illumination

The Black Illumination is an event initiated by MOE to raise awareness of global warming. The exterior illuminations of many facilities, which are familiar to many people, are turned off to raise their awareness of the impact of electricity consumption. The campaign was first implemented in 2003 and has been carried out every year since then.



Promoting environmentally fashionable products and lifestyles

Sogo & SEIBU

We held "Bike-Conscious Life," an event for encouraging an eco-friendly lifestyle.

At Sogo & SEIBU, we deliver environmentally-friendly, comfortable and stylish products to our customers. As a part of our efforts, we held an event called "Bike-Conscious Life" during April and May, 2009.

With the key words of "beauty," "ecology" and "health," this event proposes the use of bicycles on a daily basis. During the event, we displayed stylish looks and goods for riding bicycles on our sales floors. We also held a test-riding event, a seminar on bicycle etiquette and a talk show.

At SEIBU Ikebukuro Main Store, we regard purchasing bicycles and related products and participating in bicycle-related events as Eco Actions, because riding bicycles does not emit any CO₂. We issued Eco Action Points to customers who bought bicycles and related

products, and held an "Eco Action Point Lottery." Customers who had Eco Action Points went into the lottery to win prizes. This lottery was backed by the MOE.

More than 1,000 customers participated in the event, and we undertook carbon offsetting for the reduction of CO₂ in accordance with the number of Eco Action Points collected from customers who participated in the lottery. We contributed to the economic development and

CO₂ reduction of developing countries by investing the points in clean energy development projects in those countries.



A talk show for "Bike-Conscious Life" was held with Rie Hasegawa, a TV personality

Introduction of environmental activities in our daily life

Ito-Yokado

We promote eco-friendly products and lifestyles in our stores.

In FY2008, Ito-Yokado launched the ecoRIBBON campaign by developing an original character named RIBBOMI. The campaign is aimed at encouraging environmental activities in our daily life, together with our customers, by offering eco-friendly products and lifestyles. We selected products to offer in the campaign by referring to the opinions of three external advisors.

In the summer of 2009, for example, we offered clothing and bedclothes that ensure comfortable living without excessive air-conditioning. We posted a sign with an illustration of RIBBOMI on the sales floor to let customers know that they were eco-friendly products. We also issue pamphlets and distribute them to customers to share awareness of environmental issues with them.

At Ario Otori and Musashi-Koganei Store, we created the Eco and UD (Universal Design) Section on the theme of becoming earth-friendly and people-friendly. This section presents Ito-Yokado's activities related to energy conservation, recycling, reuse, and natural energy via panels and videos, etc. For example, the

section at Musashi-Koganei Store indicates the amount of power generated by the solar panels installed in the store building.



In-store sign featuring an illustration of RIBBOMI



The Eco and UD (Universal Design) Section



Pamphlet for customers



Panel illustrating solar power generation

OFFERING SAFE, RELIABLE PRODUCTS AND SERVICES



We strive to ensure and enhance the quality of our products and services to be a sincere company that our customers trust.

Group Management Policy

We pursue safety and reliability, fulfill basic responsibilities, and aim to develop better products and services.

In the Seven & i Holdings Group, we operate businesses that are closely connected with customers' daily lives, such as convenience stores, superstores, department stores and restaurants. As a result, we place great emphasis on the safety of the products and services we provide to our customers.

To be a sincere company that our customers trust, as mentioned in our Corporate Creed, we always fulfill basic responsibilities such as monitoring freshness and controlling quality, and we dedicate ourselves to developing and offering products that our customers can purchase with a sense of security.


We carry out thorough quality control with the Quality Control Sub-Committee playing a central role.

In the Seven & i Holdings Group, the Quality Control Sub-Committee under the Compliance Committee is responsible for sharing safety information on products and establishing routes for reporting emergency information regarding incidents and accidents, along with a response system. In FY2008, the Quality Control Sub-Committee conducted a survey to gain an understanding of the measures taken by operating companies to ensure product safety. In addition, to improve the precision of quality control and make the activities suit what is actually happening in the field, the Sub-Committee has divided itself into working groups on food, apparel and household goods, and it has been studying issues that are commonly faced by our operating companies.

We improve our products and services based on customers' voices.




We reflect the opinions of our customers in our efforts to provide products and services from customers' points of view. Each operating company collects opinions from customers while serving them in stores and via the Customer Response Services and Call Center. Some of the compliments received by customers regarding our customer service are published in the in-house newsletters so that they can be shared by all the employees of our Group.

List of Principal Measures Undertaken by Our Major Operating Companies

| | Convenience Store Operations |
|--|---|
| | Seven-Eleven Japan |
| Commitment to Quality and Safety of Products and Services | <ul style="list-style-type: none"> • Reduced use of food additives →P38 • Adoption of NDF-HACCP in factories →P39 • Development of traceability systems →P39 • Strict temperature control for products |
| Development of Stores and Facilities that can be used with a sense of Security | <ul style="list-style-type: none"> • Adoption of barrier-free elements (wider aisles, shopping carts, multi-use restrooms)  <ul style="list-style-type: none"> • Provision of emergency response information through in-house magazine for franchisees |
| Appropriate provision of Information | <ul style="list-style-type: none"> • Use of guidelines on providing accurate information that will not be misconceived by customers • Indication of allergen information on our "Daily Products" (mandatory information and voluntary indication of other information) • Explanatory meetings for recruiting new franchisees (explanations of the franchise system and know-how regarding managing stores) |
| Direct Response towards Customers | <p>Setting up Customer Response Services and Call Center</p> |



●: Described in this Report in independent sections ○: Referred to in the main body of this Report —: Measures not implemented

| Superstore Operations | | Department Store Operations | Food Services | Financial Services |
|--|---|---|--|---|
| Ito-Yokado | York-Benimaru | Sogo & SEIBU | Seven & i Food Systems | Seven Bank |
| <ul style="list-style-type: none"> ● Ensuring traceability of food items →P40 ● Checking freshness and sell-by dates →P41 ● Development of universal design products →P42 | <ul style="list-style-type: none"> ● Sale of fruit and vegetables grown with minimal use of chemical fertilizers and pesticides →P40 ● Strict hygiene control  | <ul style="list-style-type: none"> ● Supporting employees in obtaining qualifications as Food Safety Advisors, who take responsibility for food safety →P43 ○ Enhancement of the food hygiene management system and improvement of its accuracy through the development of a hygiene control manual and reviews of items for voluntary inspections →P43 ● Installation of a universal design products section ● Provision of seminars on food hygiene for employees at least twice a year by inviting internal and external lecturers ● Third-party food hygiene inspections (quarterly) | <ul style="list-style-type: none"> ● Management of ingredients with strict standards →P44 ● Obtaining ISO9001 certification →P44 ● Development of low-allergen menu items →P45 ○ Support for customer health management provided by dietitians →P45 ● Ensuring traceability of food items | <ul style="list-style-type: none"> ○ Creation of a system that does not stop ATMs →P46 ○ Anticrime measures for ATMs →P46 |
| <ul style="list-style-type: none"> ● Adoption of universal design principles in our store facilities ● Installation of AEDs ● Development of "Large Scale Disaster Response Procedures," a manual for responding to disasters such as earthquakes | <ul style="list-style-type: none"> ● Increasing the number of stores that comply with the New Barrier-Free Law (car parks for the elderly and for the disabled) | <ul style="list-style-type: none"> ● Installation of AEDs in all stores ● Emergency preparedness by remodeling buildings and conducting fire drills ● Adoption of barrier-free principle in store facilities ● Shopping assistance provided by Customer Care Advisors ● Encouraging employees to attend a seminar on emergency life saving procedures | <ul style="list-style-type: none"> ● Adoption of barrier-free principles in store facilities (construction of slopes for wheelchairs and installation of baby changing facilities in restrooms) | <ul style="list-style-type: none"> ● Adoption of universal design principles for ATMs →P47 ● Prevention of fraudulent bank transfers →P47 |
| <ul style="list-style-type: none"> ○ Disclosing production histories of KAOGA-MIERU-SHOKUHIN (food traceable to producers) on website →P40 ○ Inspections of labeling and wording of advertisements by a dedicated organization →P41 ○ Employee training on information indications, etc. →P41 | <ul style="list-style-type: none"> ○ Disclosing production histories of products on website →P40  | <ul style="list-style-type: none"> ● Inspections of appropriate labeling by the Quality Control Committee ● Employee education regarding appropriate labeling through quality control training and enhanced inspections ● Product origin data made available in the gift sections | <ul style="list-style-type: none"> ● Indications of calories and other nutritional information on the menu | <ul style="list-style-type: none"> ○ ATMs with multi-language displays (English, Korean, Chinese and Portuguese) →P47 |
| <ul style="list-style-type: none"> ● Installation of Customers' Voice Box (in stores) ● Sharing information via Customers' Voice Message Board (in stores) ● Survey in stores by Life Advisors | <ul style="list-style-type: none"> ● Installation of Customers' Voice Box (in stores) | <ul style="list-style-type: none"> ● Installation of Customers' Voice Box (in stores) ● Checking customer demands, etc. via notes from sales clerks | <ul style="list-style-type: none"> ● Placing postcards for surveys at registers and acceptance of customer opinions on website ● Sharing information regarding customers' voices (headquarters and restaurants) | <ul style="list-style-type: none"> ● Analyses of Customer's Voice feedback and reporting and making suggestions to related departments  |

Convenience Store Operations

Committed to the Use of Safe, Reliable Ingredients



We procure fresh, high-quality vegetables.

At SEJ, we strive to procure fresh, high-quality ingredients to deliver safe, reliable, delicious products.

For example, we transport freshness sensitive vegetables, mainly for salads and sandwiches, in a so-called cold chain system, where they are kept at low temperatures throughout the entire journey from the farms through the food-preparation factories to the stores. The low-temperature transportation prevents quality loss of the vegetables, allowing them to remain fresh for long periods of time.

In recent years, we have also been involved in product development based on a goal shared with the producers and distributors of improving productivity by enhancing communications and understanding each other's needs.

For example, mizuna (potherb mustard), a leaf vegetable used mainly for salads, used to be individually packaged for retailing when we obtained it. We abolished the individual packaging and stopped sorting it by size. This has enabled us to save the trouble of packaging and reduce costs, such as the cost

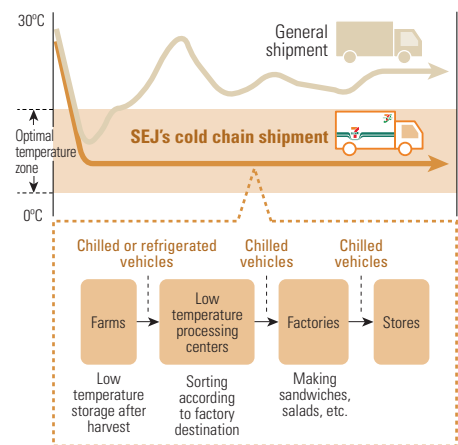


Fresh, high-quality ingredients

of packaging materials, thereby improving productivity. It has also ensured a stable supply of fresh mizuna.

This project was enabled with the cooperation of Zennoh Saitama (producer) and Yokohama Marunaka Seika Co., Ltd. (distributor). It was recognized by the Ministry of Agriculture, Forestry and Fisheries as an activity for promoting the production as well as consumption of domestic vegetables and for improving Japan's self-sufficiency ratio. The project also received the Agriculture and Livestock Industries Corporation President's Award from institutions including the Ministry. This award program, which commenced in 2008, honors businesses that promote the production and consumption of domestic vegetables.

Temperature change under general and cold-chain shipments



We strive to offer products that can be consumed with a greater sense of security.

At SEJ, we develop products based on our policy of avoiding the use of food additives wherever possible.

For example, we have eliminated sodium phosphate¹ from ham and sausages for our house-brand sandwiches, because excessive consumption of this substance is considered to prevent calcium from being absorbed by the body.

We have also been reducing the trans-fatty acids² contained in our food products. Trans-fatty acids are not a food additive, but excessive intake is considered to increase

the bad cholesterol in the blood and reduce its good cholesterol, thereby having a negative health impact. We reviewed those of our products containing trans-fatty acids and reduced their content in our house-brand bread to one-third of the previous content. We have also reduced trans-fatty acids in soybean oil, which is used to make fries for boxed meals and prepared foods, by some 20%. The cooking oil we use for our in-store fryers also comes with a reduced trans-fatty acid content.

1 Sodium phosphate

Sodium phosphate is used to improve the texture of food. It is considered that excessive intake may prevent calcium from being absorbed by the body, which may lead to osteoporosis.

2 Trans-fatty acids

Trans-fatty acids are a byproduct of the manufacturing process of oil products. It is considered that excessive consumption may cause arterial sclerosis or heart disease.

Quality Control in Factories



We have established a quality control system based on the NDF-HACCP Certification Program.

In 1997, we at SEJ introduced the Hazard Analysis and Critical Control Points (HACCP) method for food sanitation control, which originates from a space food development program. In 2002, we commenced our own NDF-HACCP Certification Program³ to inspect and certify the quality control performance of each dedicated factory. In this certification program, factories are independently inspected by the Tokyo Kenbikyoin Foundation in terms of some 140 food safety items, which were determined by SEJ based on the HACCP. Then, the Nihon Delica Foods Association (NDF)⁴ reviews the inspection results and provides certifications to factories meeting the standards. Certified factories must undergo an annual follow-up surveillance inspection to maintain the control systems' quality.

By the end of FY2008, 62.4% of all our factories had been certified, contributing

greatly to improving the quality control levels of our dedicated factories manufacturing boxed meals and prepared foods. The quality control system based on the NDF-HACCP Certification Program has been firmly established, which has further strengthened the mechanism for preventing the shipment of defective products. In addition, the environment inside the factories has been improved and organized. The maintenance and inspection of factory facilities and



equipment, which lead to hazard prevention and environment-friendliness, have also been improved.

To keep the production site dust and hair free, an air shower and thorough hand washing are required before entering the room.

3 NDF-HACCP Certification Program evaluation items

- Organization and management
- Document management
- Factory floor conditions
- General sanitation controls
- HACCP items, etc.

4 Nihon Delica Foods Association (NDF)

The NDF was established in 1979, mainly by producers of prepared foods that include cooked rice (e.g., box lunches, sushi, and rice balls). The purposes of its establishment included improving quality control levels in terms of hygiene in factories manufacturing food products, and eliminating quality gaps between locations.

Establishment of a Traceability System

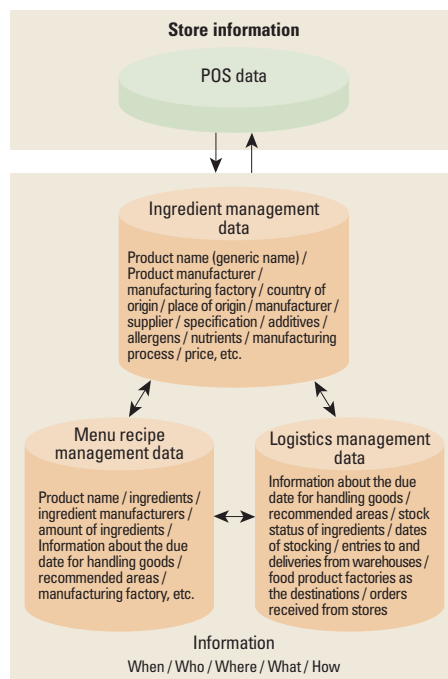


We are making even more effective use of our traceability system.

At SEJ, we ensure the traceability of ingredients of our products by using three databases: Ingredient Management Data, Menu Recipe Management Data, and Logistics Management Data. These databases are interlocked with the POS data of each store, enabling us to check the entire histories from the origins of the ingredients to the store shelves. This makes it possible to know which products have been delivered to which stores. As a result, if a problem should be found with a certain ingredient, all the products containing that ingredient can be pulled from the store shelves immediately.

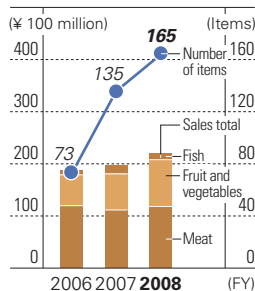
This system also enables us to confirm the amount of ingredients and packaging containers used in each factory, helping to reduce waste and excess purchases and stock.

Traceability of ingredients



Superstore Operations

1 Sales and lineup of the KAOGA-MIERU-SHOKUHIN



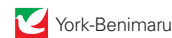
2 Specially Cultivated Crops

Specially Cultivated Crops refers to those that are produced with 50% or less frequency of chemically-synthesized agrochemicals recognized by the Ministry of Agriculture, Forestry and Fisheries and 50% or less nitrogen content in the chemical fertilizers utilized, compared with the conventional usage levels defined by the governing prefecture based on the national guidelines.

3 Mitsuboshi Vegetables and Fruit

Currently, more than 100 produce items are displayed in stores throughout each year. They are also sold as pickles or used for prepared foods cooked in store.

Offering "More Reliable" Food Items



We offer house brand products with traceable origins, manufacturing processes, etc.

Amid rising concerns over food safety, we at Ito-Yokado and York-Benimaru offer food items selected with a particular emphasis on quality and safety control in an effort to deliver more reliable food.

At Ito-Yokado, we have been committed to standardized production methods and quality requirements, credibility through independent audits, and open relationships through proactive information disclosure. In 2002, we launched the house brand KAOGA-MIERU-SHOKUHIN¹ (food traceable to producers) — items with traceable product origins and production processes. We started by offering KAOGA-MIERU-YASAI (vegetables traceable to producers), and now the brand covers all fresh food categories including fruit, meat, eggs and fish, as well as vegetables.

When selecting the contract producers of KAOGA-MIERU-SHOKUHIN products, we assess them based on the main criterion of whether they comply with the laws and regulations while growing the products. Such assessments are made on the assumption that the producers place emphasis on safety and reliability while being committed to good flavor. When we conclude a new contract with a producer, we always visit them and hold an explanatory meeting. We also visit existing contract producers at least once a year to confirm that their cultivation methods, etc. comply with the standards.

In addition, the farms and Ito-Yokado

itself are subject to annual audits by third party certification organizations to ensure the reliability of the brand.

For transparent disclosure, we have created a page dedicated to this house brand on Ito-Yokado's website. The main features include product origin and production process information, Ito-Yokado staff journals on visits to producing farms, and recipes using the brand items.

York-Benimaru has also started to implement the same measures, offering York-Benimaru's SANCHIGA-MIERU-SHOHIN (products traceable to producers). A page dedicated to this house brand has been created on York-Benimaru's website. Information



KAOGA-MIERU-SHOKUHIN webpage

disclosed on the webpage includes the characteristics and origins of the carefully selected fresh foods, their production processes, and details of the producers.



SANCHIGA-MIERU-OSAKANA (fish) section of York-Benimaru

Sale of Mitsuboshi Vegetables and Fruit



We offer produce grown with minimal use of agrochemicals.

In 2003, we at York-Benimaru started offering vegetables and fruit grown with the minimal use of agrochemicals. From March 2008, we have been offering agricultural products that fall under Specially Cultivated Crops² as Mitsuboshi Vegetables and Fruit³.

For these products, agrochemical use and cultivation histories are confirmed by an external specialized agency. In addition, our responsible employees visit the farms to check whether the reported details are correct. We also hold a

session every week for checking the flavor of the products by inviting buyers and other people to carefully select those products with the best



Mitsuboshi Vegetables Pickles

flavor. Through these efforts, we offer products that are safe, reliable, and delicious.

Enhanced Quality Control Management



We check the product quality throughout the entire process — from signing deals for purchase to processing, displaying, and selling the products.

At Ito-Yokado, we are committed to offering safe, quality food to customers. At the time of signing deals for purchase, we require suppliers to submit inspection and analysis certifications or their equivalents, which prove that the ingredients and additives concerned are properly controlled in a way that meets our quality standards.

When displaying products in each store, we thoroughly check the quality, freshness, and sell-by dates of each item. We also have dedicated Freshness Checkers methodically inspect the freshness, dates and labeling of each product to prevent defective products from being displayed on the shelves. We also pay attention to the condition of the products processed in stores, such as sashimi (sliced raw fish) and prepared foods. We check their freshness and the temperature of the sales floor at least three times per day using the

Freshness Check Calendar. In addition, Freshness Checking Patrols, consisting of non-food section employees, were organized in February 2007 to scrutinize the products from a customer viewpoint. These employees carefully check whether there are products that they wouldn't buy if they were a customer. The results of these inspections are shared with the store managers and Freshness Checkers for product quality control.

When we open a new store, we hold a training session for all the employees who will be in charge of the food section, along with a



Freshness Checking Patrols

training session for the store managers and assistant store managers to ensure the quality and safety of the products.

Ensuring Accurate Labeling



We ensure accurate labeling in stores with the FT Committee Office playing the central role.

At Ito-Yokado, we check for the accuracy of labeling and information presented in the stores and provide training to employees with the Fair Trade (FT) Committee Office playing the key role. Such efforts are aimed at providing the product and price information required by customers in an accurate, easy-to-understand manner.

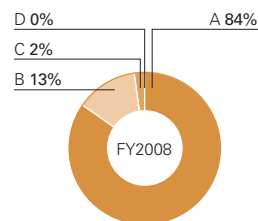
In the food sections, Freshness Checkers check whether there is any inaccurate labeling or information on in-store signs as they check the freshness of each product. In March 2004, Merchandise Control Managers began to check the labeling and other information displayed on the sales floors of apparel and household goods twice weekly.

To spread awareness of the importance of accurate information provision, we provide training on in-store labeling and information displays for store management staff. In addition, to enable all employees to check the labeling of their own accord, we have

established the FT Message Board and the Freshness Checker Message Board on our intranet, which show guidelines for checking labeling. In March 2009, we created a video for part-timers containing basic information on the management of information provision that we need them to be aware of. The video contents are divided into three sections: food, apparel and household goods. All the part-timers have watched this video, and we will use the video as a tool for training new recruits.

In FY2004, moreover, the FT Committee Office began store labeling checks in all stores semi-annually. The results of the checking are shared with the store manager and assistant store manager of each store for studying specific measures for improvement. In FY2008, the checks were conducted in a total of 363 stores⁴. In FY2009, based on the results of these checks, we will provide training to managers in charge of the sales floors of departments that received low evaluations in the checks.

4 Results of store labeling checks



Evaluation standards

- A: Labeling is correct, staff knowledge is excellent.
- B: Room for improvement in labeling, staff in some departments needs training.
- C: Room for improvement in labeling, staff needs training.
- D: Prompt improvement required, overall store organization must be examined.

Superstore Operations

1 Universal design

Universal design is an approach to the design of products, facilities and societies aimed at making them usable and comfortable for all people, regardless of physical disability, age, sex, physical constitution, nationality or race.

2 Number of items and stores offering the products (as of September 30, 2009)

Number of items: 8
Number of stores offering the products: 31

3 Number of items and stores offering the products (as of September 30, 2009)

Number of items: 20
Number of stores offering the products: 9

Introduction of Universal Design Principles



We develop products that are easy to use for anyone.

At Ito-Yokado, we apply the idea of universal design¹ in our product development.

In designing the RALEI series² of products, sold from February of 2007 our original kitchen utensils, we received assistance from Mr. Satoshi Nakagawa, an expert on universal design, and analyzed some 300 opinions from our customers. We utilized lightweight aluminum to enable users to lift the pan covers with one finger. In addition, because customer opinions included many complaints about the pan handle handgrips, we applied aventurine lacquer to it, to make it less likely to slip, even when wet. We also made the base of the handgrip thicker than the other parts to make it easier to grip and prevent burn injuries.

We began offering the Fuhenan series³

of tableware in March 2008. These products feature the use of lead-free glaze and our commitment to user-friendly forms, such as large, stable mug handles and a bowl angle and height that enable the user to pick it up naturally. We also attach QR codes to the products so that customers can check the information about them via their mobile phones. This is our response to customer concerns regarding the safety and reliability of the products.



A RALEI series kitchen utensil

We aim to design stores that are easily accessible for all customers.

Ito-Yokado welcomes a variety of customers to our stores every day. To provide all customers with a comfortable shopping experience, our newly opened and remodeled stores have been introducing barrier-free elements since the 1990s, including wheelchair-accessible parking spaces and fitting rooms.

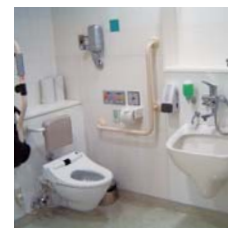
Aiming for the next level, our Kiba Store opened in November 2000, and subsequent new and remodeled stores have incorporated universal design (UD) features into their store facilities, equipment and fixtures. In FY2007, we established a cross-sectional organization named the Universal Design Project, and we have received expert advice. In the Musashi-Koagnei Store, which was opened in March 2009, we installed many UD facilities such as intercom systems for universal use, wheelchair-only car parking spots, and multi-use restrooms under the keywords of usability, visibility, understandability, and safety and reliability. We also utilized large, highly-visible buttons for the elevators, and the escalators run at a slower speed to ensure the safety of users when they get in or out.

To further improve these measures, we

also invite senior and disabled neighbors to our new stores before their official launch. We receive a variety of opinions from them and make use of the opinions to improve our stores.



Wheelchair-only car parking spots have gates which can only be opened with dedicated cards that are given to pre-registered users.



Multi-use restrooms feature wider spaces, and the toilet seat position and washstand height ensure improved accessibility. Audio guidance is also available.



Intercom system for universal use

Department Store Operations

Protection of Customers' Personal Information

Sogo & SEIBU

We have established Seven Prohibited Actions for information management and provide training that ensures thorough implementation of these rules.

At Sogo & SEIBU, we believe that the personal information we collect from our customers is an important asset based on a relationship of trust between the department stores and the customers. We have therefore established internal rules, the Seven Prohibited Actions⁴, in accordance with the Act on the Protection of Personal Information. In addition, we have undertaken information security measures with regard to three major objectives: protection from unauthorized access, appropriate handling and the development of systems with easily accessible stored information.

To reinforce our information security systems, we have created organizations — the Information Security Committee at the head office and the Store Information Security Committee at each store — and appointed store managers as the customer information managers of individual stores.

In FY2009, we allocated one month to focus on training related to customers' personal information that is common to all Sogo & SEIBU stores. During this month, we

ensured that all our store employees were reminded of the importance of personal information. We took a number of measures to make employees fully aware of the basics of the appropriate management of customers' personal information, such as confirmation of basic knowledge during start-up and end-of-day meetings, tests conducted simultaneously at all stores, and educational activities using posters and in-house newsletters.

At Sogo & SEIBU, we will continue to ensure that all our employees take care when handling the important information we receive from our customers, and that they manage the information appropriately.



We installed partition boards at gift section counters to protect personal information.

4 Seven Prohibited Actions

1. Sending emails to customers from personal computers on the sales floors
2. Maintaining personal information on personal computers
3. Leaving documents containing personal information unattended
4. Taking personal information outside of the store
5. Maintaining personal information in a location other than that designated by the store
6. Sending advertising mail without the approval of the Sales Promotion Manager or an employee in charge of sales promotions
7. Receiving or delivering personal information without keeping a Personal Information Handling Record

Developing Food Safety Specialists

Sogo & SEIBU

We develop Department Store Food Safety Advisers to meet customer expectations.

We see a large number of accidents and incidents that undermine our faith in the safety and reliability of food. In response, we at Sogo and SEIBU encourage the leaders of our employees on the sales floors to undertake a correspondence course offered by the Japan Department Stores Association (JDSA) to become qualified as Department Store Food Safety Advisers⁵, a qualification certified by the JDSA.

We ensure that those employees deepen their knowledge of hygiene control and labeling, including the associated laws, so they are capable of ensuring food safety. Such efforts are aimed at developing staff with the customer service skills to respond appropriately to customer inquiries and enable customers to enjoy shopping with a sense of security, and who can provide instructions on labeling and hygiene control measures to sales staff. We aim to meet

customer expectations through these activities.

Sogo & SEIBU is also involved in developing a food hygiene control system. In FY2009, we revised the existing hygiene control rules to make them easier for employees to understand, and developed the Hygiene Control Manual. We also focus on employee training and regular sales floor inspections carried out by an external organization. To strengthen our food hygiene control measures, we fully revised the existing



A Department Store Food Safety Adviser attending to a customer

voluntary inspection format so employees in the field are aware that food hygiene control operations are confirmations, not inspections.

5 Department Store Food Safety Adviser

Department Store Food Safety Adviser is a qualification system established by the JDSA as a project for ensuring the security, safety and reliability of department stores. As of August 11, 2009, there were 233 people qualified as Department Store Food Safety Advisers.

Food Services

1 Seven Promises

1. Safety and reliability
2. Delicious
3. Hospitality
4. Cleanliness
5. Comfortable atmosphere
6. Trust and thoughtfulness
7. Strive toward future

2 Cold chain system

In the cold chain system, fruits and vegetables are kept at low temperatures during the entire journey from the farm to the restaurant, and remain subject to strict temperature control until they are cooked.

3 ISO 9001

ISO 9001 is a family of international standards for quality management systems.

Ensuring Strict Quality Control

Seven & i Food Systems

We control the quality of food based on our own standards.

To increase consumer trust in the safety of our food, we at Seven & i Food Systems have specified the Seven Promises¹ as our corporate creed, one of which is food safety and reliability.

In terms of the ingredients of the food served in our restaurants, we carefully inspect prospective items against the Statement of Business Terms, which specifies our own quality requirements regarding raw ingredients, additives, allergen content, and processing and preparation procedures.

For instance, we centrally control the quality and traceability of the vegetables served in Denny's restaurants by using Cultivation Plans and Cultivation Records for Registration. All producers of these ingredients in Japan and abroad are required to submit these documents. We require the producers to outline their fertilizer application plans and the details of their planned pesticide use in the Cultivation Plan, and

enter the actual processes performed in the Cultivation Records for Registration.

In addition, to ensure the stable sourcing of produce, we implement Annual Relay Sourcing, based on the annual cultivation plans, by which we source ingredients from different regions according to the season and harvest yields. To maintain freshness and quality, the purchased ingredients are shipped to each store at the optimal temperature in the cold chain system² and maintained in our restaurants' storage rooms under strict temperature control.



(From above) Cultivation Plans, Cultivation Records for Registration and Annual Relay Sourcing Schedule

Hygiene Control in Our Restaurants

Seven & i Food Systems

We are thorough hygiene control and employee education based on ISO 9001 requirements.

Our QC Office, which is responsible for hygiene control, obtained international quality control standard ISO 9001³ certification with regard to the standards and service of the sanitation control system of food in restaurants. We are working on hygiene control and employee education using management systems that comply with ISO 9001 requirements.

As for hygiene control, we emphasize freshness management, straightforward and clear so that all staff members can easily understand and participate. Every day, the restaurant managers and food preparation leaders check the order placement status and inventory levels, and their staff check the stock levels and expiration dates of ingredients during the pre-cooking preparation process. Such a systematic multi-layered product check system, together with unannounced third-party inspections, underpins our rigorous hygiene control systems.

In terms of employee education,

restaurant managers and food preparation leaders take a leading role in providing their staff with instructions on hygiene control. Furthermore, regional leaders also conduct periodic follow up checks in which they check the hygiene control conditions. In order to raise awareness of freshness and hygiene control, they ensure that self-checks by each employee are thoroughly conducted. By raising employee awareness in this way, hygiene control is improved.



ISO 9001 Management system registration



QC Office personnel giving instructions to a restaurant manager

Menu Items for Customers with Food Allergies

Seven & i Food Systems

We provide services that are safe and reliable for children and their families.

We at Denny's pioneered the development of low-allergen menu items⁴ for children with food allergies in December 2002. Since then, we have been committed to developing and offering new low-allergen menu items, such as low-allergen curry.

These menu items do not contain the five specified food allergens (eggs, milk, wheat, buckwheat and peanuts), the most common food allergens which are said to pose a high risk of severe allergic reactions. Currently, we are also developing menu items that eliminate prawns (shrimps) and crabs as well, which brings the total to seven food allergens together with the five mentioned above.

To prevent contact with regular ingredients, the ingredients for these special purpose menus are stored separately, and are processed and cooked using exclusive cooking equipment and containers in processing plants. In our restaurants, those

ingredients are cooked and placed onto dishes by dedicated staff separately from other items, and the dishes used for these items are washed and stored individually to avoid possible secondary contamination.

At Denny's, we also provide employee training on food allergies via video to ensure strict control over ingredients. We participated in a healthcare promotion event and symposium held in Saitama Prefecture in FY2007 and in Tokyo in FY2008 to obtain the necessary knowledge for managing allergy-causing ingredients.



Low-Allergen Plate

4 Low-allergen menu items

"Low-allergen menu items" is a coined term for menu items that do not contain the five specified food allergens.

Development of Health-Conscious Menu Items and Services

Seven & i Food Systems

We develop nutritionally-balanced menu items and provide support for customer health management.

The implementation of a health checkup and guidance program aimed at preventing metabolic syndrome was made mandatory in April 2008. In response, Seven & i Food Systems has been working to develop and offer healthy menu items that contribute to customers' healthier lives.

At Denny's restaurants, we have added nutritional information to our menu to help customers lead healthy lives. We indicate the calories and sodium content of each menu item, which are closely associated with lifestyle-related diseases and metabolic syndrome. A list is also available at each restaurant so that customers can check nutritional information such as fat and dietary fiber contained in each item. We are also developing nutritionally-balanced menu items for health-conscious customers.

Our dining service business, serving meals in customers' facilities, offers health

management services at the request of customers. The services are aimed at preventing lifestyle-related diseases that are significantly affected by daily diet — such as diabetes, high blood pressure, and increased neutral fat levels — and include exercise instructions, nutritional guidance and menu planning by dietitians and other professionals. We are planning to retain more dietitians and expand this service further in the future.



A dietitian issuing instructions

Financial Services

1 ATM

ATM stands for Automatic Teller Machine.

Development of More User-Friendly ATMs



We provide ATM services that offer customers a variety of reassuring security features.

Founded in 2001, Seven Bank has expanded its network of ATMs¹ throughout Japan with the motto "Everyone's ATM network, anytime and anywhere, safe and secure." We have installed some 14,000 ATMs (as of July 2009) all over Japan, which are used by more than 1.5 million customers every day.

These ATMs are installed in Seven-Eleven stores and superstores, where a large number of people come and go. Because of this, we have fully considered the safety of operations when designing the machines (see chart below). The second-generation ATMs (replacement completed in September

2008) come with environmentally-friendly features. The second displays mounted on the new machines display sales promotion information that used to be printed on paper, thereby saving paper and energy in distribution. The new ATMs automatically switch themselves to energy-saving mode after a set period of inactivity, which reduces electricity consumption by up to 20%.

We have also set up Call Centers and Computer Centers, both in eastern and western Japan. These Centers operate 24 hours a day, and are ready to back each other up in the case of an emergency.

Diverse functions of our ATM

The partitions prevent operations from being seen from the sides. These partitions can be adjusted by the customer.

In case of a problem, contact the Call Center using this intercom-equipment.

The ATM screen is covered with a special film that makes the display invisible from an angle.

The machine warns the user when he / she has left his / her card in the machine with warning lights and a non-stressful beeping sound.

A large hook for hanging shopping bags on

The second display shows a variety of information.

A rear-view mirror for the user

Press the Security Button to contact the security center quickly.

The key pad is deep-set to make operations hard for others to see.

Things other than bank notes are ejected from here when they are inserted into the slot by mistake.

- **Security cameras exclusively for the ATMs**
- **Built-in high-performance alarm sensor**
A security officer will hasten to the site if this built-in alarm sensor detects any abnormality.
- **Counterfeit note checking function**
The machine checks whether each note withdrawn or deposited is real or counterfeit.
- **Advanced encryption for protecting transmitted data**
The ATM network and systems are protected by multiple highly-reliable encryptions and strict multi-layered security measures.
- **Slim dimensions that fit the in-store space (W x H x D):**
450 x 1,900 x 550mm

Universal Design Considerations



We provide Audio-Guided ATM service and ensure usability of overseas cards.

At Seven Bank, we have been utilizing measures for serving diverse customers to offer ATM services to as many customers as possible.

For instance, we started providing Audio-Guided ATM service in November 2007. This service allows customers who cannot use the touch panel, such as visually impaired people, to deposit or withdraw money by following the audio guidance provided via the intercom-equipment. This service is also available to users of cards from our partner financial institutions².

In developing this audio-guided system, we checked its operability with the assistance of a group of visually-impaired people. Customers who used the service made favorable comments such as, "I used to ask my family to withdraw money for me, but I was able to do it for the first time by myself!"

For the second-generation ATMs, we lowered the position of the intercom in response

to requests from customers in wheelchairs.

In addition, in July 2007 we made our ATMs compatible with overseas cards, to overcome the inconvenience experienced by foreign visitors to Japan. Now those customers can withdraw Japanese yen using overseas-issued cash cards and credit cards. Given this, we also made our ATMs multilingual. Customers can choose to display information on the ATM screen and print transaction receipts in one of four languages other than Japanese: English, Korean, Chinese and Portuguese. A large number of customers, including overseas tourists, have made use of these services since we started providing them.



Intercom handset with user-friendly keypad



Information displayed in Korean

2 Partner financial institutions

Partner financial institutions refers to banks, Shinkin Banks (credit unions), labor banks, JA Bank, JF Marine Bank, securities companies, and other financial institutions that are linked with Seven Bank. As of August 31, 2009, we had 509 partner financial institutions. However, cards from financial institutions other than the above, such as life insurance companies and credit card companies, cannot be used in our ATMs even if they are linked with Seven Bank.

Anti-Crime Measures



We prevent fraudulent bank transfers with an account monitoring system.

At Seven Bank, we have been strengthening measures for preventing fraudulent bank transfers.

In January 2009, we added a screen message to the transaction procedure that alerts customers intending to make bank transfers of the possibility of fraudulent bank transfers. Customers cannot proceed to the next step unless they press the "Acknowledge" button on the alert screen. At the request of the Tokyo Metropolitan Police Department, we displayed photos of fraudulent bank transfer suspects on the ATM screens in Tokyo and Saitama Prefecture to appeal for information for around one month from February 2009.

While alerting customers through these measures, in July 2008 we also introduced an account monitoring system, which is aimed at preventing Seven Bank accounts from being used as receiving accounts for fraudulent bank transfers. The system refers

to data based on the analysis of transaction records from bank accounts that were used for fraudulent bank transfers in the past. Based on this data, the system monitors Seven Bank accounts that show similar transaction patterns and blocks intended bank transfers to the accounts until we check the validity of the transactions with the banks from which the money was sent, thereby preventing people from being scammed.

This system is greatly appreciated by the Tokyo Metropolitan Police Department, which presented Seven Bank with a certificate of appreciation in September 2008. We will



Receiving the certificate of appreciation

continue to prevent fraudulent bank transfers by further improving the precision of the system.

COEXISTENCE WITH LOCAL COMMUNITIES



We contribute to local communities by making use of the features of each business operation.

Group Management Policy

We are dedicated to furthering social and cultural contribution by formulating basic policy and action guidelines.

In June 2007, Seven & i Holdings formulated the Basic Policy on Social and Cultural Contributions and Social and Cultural Contribution Action Guidelines, which prescribe the social and cultural activities we should engage in to resolve social issues. Based on this Policy, we began to take new measures, including entering into collaborations with NPOs and undertaking activities that our employees can join as volunteers. In addition, each operating company has been implementing its own activities by making use of the features of its business operations.

Priority areas:

1. Support for children and young people who will create future society
2. Support in creating safe and secure local communities in which everybody lives at ease
3. Conservation of local and global environment
4. Preservation and developing of culture and art, and promotion of sport
5. Eradication of poverty throughout the world
6. International cooperation and exchange
7. Disaster relief




TOPICS

We enhance cooperation with local communities by concluding comprehensive partnership agreements and disaster relief agreements.

We operate stores all over Japan, forming part of the local infrastructure and working closely with our communities.






For instance, we are forming comprehensive partnership and disaster relief agreements with local governments, starting in 2004 with an agreement between SEJ and Wakayama Prefecture. Three of our operating companies (SEJ, Ito-Yokado and York-Benimaru) reached an accord with Fukushima Prefecture in April 2009, followed by Miyagi Prefecture in July. Under these agreements, we are developing products featuring local specialties, exclusively available in limited areas. Our disaster relief agreements also incorporate a system for providing support through our network.

List of Principal Measures Undertaken by Our Major Operating Companies

| Convenience Store Operations | |
|--|--|
| | <p>Seven-Eleven Japan</p> <ul style="list-style-type: none"> ● Visiting homes in neighboring areas and taking orders |
| <p>Support for New Parents and Elderly, People, etc.</p> |  |
| <p>Assistance with Revitalizing Local Communities</p> | <ul style="list-style-type: none"> ● Development and sales of locally-produced products for local consumption →P50  <ul style="list-style-type: none"> ● Conclusion of comprehensive partnership agreements with local governments →P48, P50 |
| <p>Providing Support at Times of Disaster</p> | <ul style="list-style-type: none"> ○ Conclusion of disaster relief agreements →P50 ● Support for stranded commuters in the event of a disaster ● Distribution of written guidelines on how to ensure safety in the event of a disaster ● Requesting donations from customers in stores (and company employees) to support disaster-hit areas |
| <p>Crime-Prevention Measures for Local Communities</p> | <ul style="list-style-type: none"> ● Implementation of Safety Station activities →P51  |



●: Described in this Report in independent sections ○: Referred to in the main body of this Report —: Measures not implemented

| Superstore Operations | | Department Store Operations | Food Services | Financial Services |
|--|--|--|---|--|
| Ito-Yokado | York-Benimaru | Sogo & SEIBU | Seven & i Food Systems | Seven Bank |
| <ul style="list-style-type: none"> ● Installation of Baby Rooms →P52 ● Operation of Maternity and Children's Education Centers →P52 ● Direct sales for elderly care facilities →P53 ● Offering products intended for the elderly and providing of health consultations for the elderly →P53 ● Accepting work experience students →P54 | <ul style="list-style-type: none"> ● Provision of food education →P55 ● Accepting work experience students ● Nurturing the next generation (sponsoring sport events for elementary school children, giving high-school students opportunities to study overseas) ● Blood donation events | <ul style="list-style-type: none"> ● Support for guide dog development projects to create a normalized society →P56  <ul style="list-style-type: none"> ○ Raising awareness of guide dogs by holding Meet Guide Dogs Campaigns at all stores →P56 | <ul style="list-style-type: none"> ● Promotion of food education →P57 ● Accepting work experience students →P57 ● Undertaking training on Normalization ● Creation and utilization of Normalization Guidebook ● Cooperating with local governments in the provision of parenting support | <ul style="list-style-type: none"> ○ Design of ATMs that are easy for the elderly to use →P46 ● Support for reading to children through co-sponsoring and helping promote free picture books for children: <i>Bonolon</i>  <ul style="list-style-type: none"> ● Holding sessions for reading picture books to children in stores |
| <ul style="list-style-type: none"> ● Participation in community revitalization and renewal →P54 ● Cooperation with sales promotions of locally-produced products ● Offering store space for local welfare organizations and local events | <ul style="list-style-type: none"> ● Holding exchange events in stores →P55  | <ul style="list-style-type: none"> ● Cooperation with sales promotions of locally-produced products →P56 ● Participation in local events such as festivals ● Cooperation with environmental protection and beautification ● Accepting work experience students and store tours | <ul style="list-style-type: none"> ○ Accepting extracurricular classes →P57 | <ul style="list-style-type: none"> ● Showing official announcements of election information on second displays of ATMs |
| <ul style="list-style-type: none"> ○ Conclusion of disaster relief agreements →P48 | <ul style="list-style-type: none"> ● Conclusion of disaster relief agreements | | <ul style="list-style-type: none"> ● Support for stranded commuters in the event of a disaster  | <ul style="list-style-type: none"> ● Establishment of a system for accepting donations from customers for disaster relief funds |
| <ul style="list-style-type: none"> ● Age verifications for preventing the sale of cigarettes and alcoholic beverages to minors  | <ul style="list-style-type: none"> ● Age verifications for preventing the sale of cigarettes and alcoholic beverages to minors | <ul style="list-style-type: none"> ● Age verifications for preventing the sale of alcoholic beverages to minors | <ul style="list-style-type: none"> ● Cooperation with Safety Station activities | <ul style="list-style-type: none"> ○ Cooperating with local police by displaying photos of fraudulent bank transfers suspects on ATM screens to appeal for information →P47 |



Convenience Store Operations

Contributing to Revitalization of Local Communities



We contribute to the revitalization of local communities through comprehensive partnership agreements with local governments.

In principle, we at SEJ strive for community-based neighborhood stores, which are welcomed by local residents.

We conclude comprehensive partnership agreements with local governments in the areas where we operate. The agreements are aimed at providing even better services to local customers and contributing to the revitalization of local communities. After entering into our initial partnership agreement with Wakayama Prefecture in 2004, we now have partnership agreements with 22 prefectural governments and four city governments (as of August 31, 2009).

The specific contents of the activities are determined through discussions with each local government. The major contents of the activities are as follows:

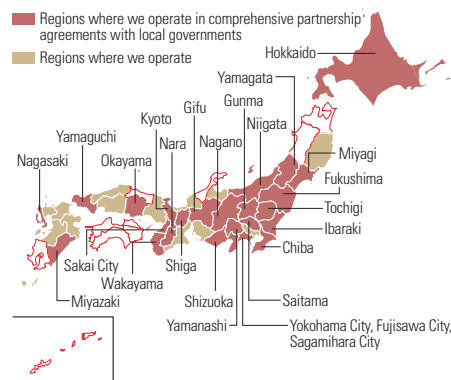
- Promotional campaigns and sale of regional specialty products
- Sale and use of local agricultural, forest, fishery and their processed products, and local craft items
- Wellness promotion and food education
- Support for the elderly
- Support for children and youth
- Tourism promotion and sightseeing information provision
- Environmental management
- Safety and security of the community
- Disaster preparedness

One example of mutual cooperation under the agreement is a project in which we

develop original products — such as rice balls and boxed meals featuring the use of the local specialties of the areas where we operate — produce them in local factories, and sell them at local SEJ stores to contribute to the revitalization of local economies.

We will continue to offer products featuring the specialties of each area to local customers, expand the markets of local specialties, and undertake measures for encouraging locally-produced products for local consumption, while obtaining information about the unique food cultures, local producers and potential business partners of individual regions.

Local governments in comprehensive partnership agreements with SEJ



We apply unique and valued opinions from local students in product development.

In Nara Prefecture, for instance, we sold a boxed meal commemorating the interscholastic athletic meet held there, the third in the project for furthering food education, for a set period from July 23, 2009. The product was designed to: 1) support an interscholastic athletic meet held from July 28; 2) support prefectural government activities providing work



Kinki Mahoroba Soutai Kinen Genki ni Ouen Bento

experience for local high school students; and 3) revitalizing the local community. The prefectural government introduced Nara

Prefectural Shikino High School, and its Food Design Department as a partner in developing the boxed meal. We invited the high school to join us in order to incorporate their expertise with food. Three months of collaboration yielded a boxed lunch featuring locally produced ingredients and delicious Nara Prefecture dishes, including menu items cooked by students. At the pre-release workshop, students showed their passion for product development, and the project involved even franchisees as sellers of the product.

We will actively continue in each region together with the local community and through collaboration among industry, government and academia.

Ensuring Safety and Security in Local Communities



We implement Safety Station activities.

SEJ stores are open around the clock. Even after midnight, the store lights are on and our employees are working. To make the most of this aspect of our business, we undertake Safety Station Activities (SS Activities) under the themes of creating safe and secure communities and nurturing a sound environment for young people as a member of the local community.

This program was originally launched in response to a request from the National Police Agency, calling on the Japan Franchise Association (JFA) to cooperate in the following activities:

■ Creating safe and secure communities

- Preventing crimes such as robberies, shoplifting and fraudulent bank transfers
- Responding to emergencies (disasters, accidents, medical crises, etc.)
- Protecting women, children, and the elderly
- Cooperating in the event of large-scale disasters, etc.

■ Nurturing a sound environment for young people

- Prohibiting the sale of cigarettes and alcoholic beverages to minors
- Preventing minors under 18 from buying or viewing adult magazines
- Preventing young people from loitering in and around stores, etc.

The specific details of the activities are determined through monthly themes¹, which are established in conjunction with the activities of local governments and communities. The activities are conducted with franchisees and OFCs² confirming the details. To share the

details of the activities with each store employee, we publish the SS Activity Newsletter and distribute it to each store.

JFA holds an annual review conference on the Safety Station activities in each region. At this conference, the participants review the details of the activities together and share measures for their improvement and examples of actual measures taken by the stores, based on the results of JFA's survey³ of the franchisees of each convenience store chain. Aimed at encouraging the diffusion and uptake of the activities, the review conference includes simulation training to prevent fraudulent bank transfers and verify the ages of customers intending to buy cigarettes and alcoholic beverages, and recognition of those stores that are performing well in SS activities.



Award ceremony of the annual review conference on the SS activities



Cleanup activity held at the annual review conference on the SS activities

We prevent fraudulent bank transfers using ATMs installed in stores.

As a part of the SS activities, we at SEJ prevent fraudulent bank transfers using the ATMs installed in our stores, and we help the police to arrest criminals by reporting suspicious persons or deeds to them. Consequently, multiple SEJ stores have been commended by local police stations.

In May 2008, the assistant store manager of Shinjuku Hyakunin-cho 2-Chome Store in Tokyo called the police because he noticed a suspicious man entering and leaving the store repeatedly and withdrawing money from the store's ATM using a large number of cash cards while talking on a mobile

phone. The man was taken into custody by the policemen who hastened to the store.

In June of the same year, the franchise owner of Todoroki 5-Chome Store in Tokyo noticed an elderly man with a troubled look on his face operating the store's ATM while talking on a mobile phone. The owner spoke to the man and was convinced that it was a fraudulent bank transfer. The owner stopped the man from sending the money and called the police.

We will continue to alert our franchisees to crime and strive to ensure the safety and security of local communities by strengthening daily cooperation with the local police.

1 Monthly Themes

For example, April is designated as the National Month for Strengthening Measures for Preventing Alcohol Consumption by Minors. The theme for the month was strengthening measures to prevent alcohol consumption and smoking by minors, which is to be the focus of each store.

2 OFC

Operation Field Counselors (OFCs) are business counselors for SEJ stores. They visit individual stores and provide advice on store management.

3 Survey

The survey of participating companies conducted by JFA in FY2008 showed that there were 10,389 women and 4,128 children across Japan who entered stores to seek help, and 8,953 instances where stores took care of elderly people.



Superstore Operations

1 Facilities in Baby Rooms (as of March 31, 2009)

- Picture book section: 24 stores
- Toilet for children: 27 stores
- Security intercom: 17 stores
- Measure and scale, water heater for milk formula, baby changing table, hot water filter, nursing area, security buzzer: all stores

2 Facts about the Maternity and Children's Education Centers in FY2008 (as of February 28, 2009)

- Consultations provided at: 129 stores
- Number of counselors: 90 (37 public health nurses, 45 midwives and 8 counselors qualified as both public health nurses and midwives)
- Number of consultations provided: 304,861 (to 99,087 people)
- Accumulated total of the number of consultations: 8,370,743 (to 2,735,847 people)

Supporting Local Parents



We install Baby Rooms in stores.

At Ito-Yokado, we have installed Baby Rooms to offer a relaxed shopping experience to customers with children (at 164 stores as of March 31, 2009). Each Baby Room has a baby changing table and a nursing area. The rooms are also equipped with water heaters that supply hot water at 70 degrees centigrade or higher for milk formula¹. Customers no longer have to bring their own hot water.

In addition, we have registered those of our stores with Baby Rooms with the local governments' parenting support projects, so that not only Ito-Yokado customers but any local residents can use the Baby Rooms for nursing and changing diapers. For example, we have registered 26 stores with the *Akachan Furatto* (drop in with your baby) project of Tokyo, 9 stores with the *Hama Hagu* project of Yokohama, and one store with

Iwate Kosodate Ouen no Mise (stores supporting parents in Iwate). Registered stores are marked with stickers and can be located by searching on local governments' websites.



Measure and scale



Baby changing table



Water heater for milk formula

We offer Maternity and Children's Education Centers.

A growing number of parents don't have anyone nearby to ask for parenting advice, reflecting social changes such as the increase in the percentage of nuclear families and the declining birthrate. We reach out to these parents at our Maternity and Children's Education Centers, which have been operated within our stores' Baby Rooms since FY1975 (at 129 stores as of February 28, 2009). Customers can casually drop by the Center during their shopping trips to receive a complimentary consultation from our counselors, who are qualified public health nurses or midwives. They offer between two and nine advisory sessions on prenatal health care and parenting each month².

In addition to advice on parenting, the Centers also provide socializing forums for parents. At individual stores, we plan a variety of creative events based on parenting-related events organized by local governments and requests from customers. During FY 2008, a total of 5,458 families participated in events on various themes, including touch therapy and baby exercise to learn about the importance of touching and

physical contact between parents and babies.

In addition, our counselors regularly visit public health centers and other public authorities to promote the Centers' activities, and receive updates on public service for parents and children to be used for future advice. These visits have helped the Maternity and Children's Education Centers to earn greater recognition and trust from the local communities, and some customers come to us for counseling with referrals from the public authorities.

In December 2008, our 30 years of efforts through the Centers were recognized by the Ashitano Nihon-wo Tsukuru Kyokai foundation through its FY2008 community contribution award program, and Ito-Yokado received the Chief Cabinet Secretary Award in the corporate citizenship section of the program.

We will continue to improve the Centers' facilities and the skills of our counselors and commit ourselves to providing parenting support that meets the demands of local customers while cooperating with local governments.

Response to Aging Society



We visit elderly care facilities to offer products to the elderly in the Fureai Shopping program.

There are many elderly customers who want to shop but cannot go out because they have trouble walking or are afraid of falling. To offer these customers the opportunity to shop, in March 2004 we at Ito-Yokado launched the Fureai Shopping service, where we visit elderly care facilities and create sales floors in the dining rooms and halls.

We select products for the service from among those displayed in Ito-Yokado stores (excluding fresh produce, such as meat and fish, alcoholic beverages and cigarettes, etc.) in accordance with customer requests. We offer the products (including sale items) at the retail selling prices of the day. The frequency of the visits differs according to the products we offer. For example, three or four visits a year is typical when offering apparel as the main products, while one visit a month is typical when offering mainly food

items. In FY2008, Fureai Shopping services were provided 1,350 times by 101 stores at 312 elderly care facilities. The customers who made use of the services made favorable comments, such as "I can enjoy shopping with peace of mind because I don't have to leave the facility."

In addition, in response to feedback commenting that it is inconvenient to be able to buy food only once a month, we deliver food items, etc. to elderly care facilities approximately once a week in some regions.



Fureai Shopping

We offer Reliable Support Shops and Health Care Stations.

In recent years, we have seen an increasing number of patients with lifestyle-related diseases and aging in our society. Given this, promoting customer health and supporting seniors are two of our responsibilities at Ito-Yokado in that we aim to serve as a Life Base of the local communities.

As a part of our efforts based on this belief, we opened Reliable Support Shops³ within our stores in August 2004, offering not only senior care products but all categories of products including apparel and food items. Those products are not only highly functional but also designed to satisfy style-conscious senior customers.

In addition, we opened Health Care Stations in selected stores (Matsudo, Inuyama and Ichihara Stores) in August 2006 to support our customers' health management. At these Stations, counselors qualified as national registered dietitians or public health nurses check customers' body conditions, such as their blood pressure and body fat percentage, and provide dietary consultations⁴. In addition, each of these stores holds a

variety of events based on customer demand, such as Intensive Dietary Consultations (Matsudo Store) for offering advice on calorie counting to diabetes patients, etc., Stay-Well Classes (Inuyama Store), study meetings on health care, and a Mini Wellness Course (Ichihara Store) that provides lectures on points of dietary life in each season and the prevention of lifestyle-related diseases.

Making use of our experience with these activities, we opened the Health and Comfort Reliable Support Shop within Ichihara Store in March 2008. At this Shop, we provide not only products but also integrated services combining dietary consultations, fitness facilities and senior care information to provide comprehensive support to seniors.



Reliable Support Shop



Health Care Station

3 Number of Reliable Support Shops: 100 (as of February 28, 2009)

4 Main services offered at Health Care Stations:

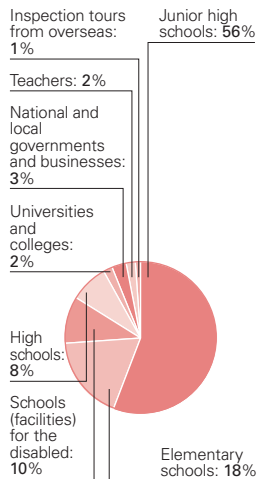
- Well-balanced diet
- Regular exercise
- Regular measurements (weight, body fat, blood pressure, etc.)
- Improvement of quality of life, including good sleep, relaxation and comfort



Superstore Operations

1 Number of work experience participants (FY2008)

Approx. 570 programs (approx. 9,300 participants)



Support of Education and Social Participation



We take on work experience students in stores.

At Ito-Yokado, we take on work experience students and store tours in response to requests from local elementary, junior high and high schools¹. Work experience students attend our morning meetings and join our employees in unpacking products in the back room and attending to customers and packaging products on the sales floors, for example. In addition, as a part of our efforts to encourage social participation by disabled people, we accept work experience students

from schools for the disabled and offer them opportunities to gain experience in sales. We also facilitate business training sessions for local government officials and teachers.



Work experience program

Creation of Stores that Contribute to the Development of Local Communities



We listen to our future neighbors to develop store plans that cater to local needs and characteristics.

When planning to open a new store, we at Ito-Yokado have the store manager and key employees of the store relocate to the intended area in advance of the scheduled opening to develop a store plan that caters to local needs and characteristics. We also meet with local residents in accordance with the Large-scale Retail Store Location Law to give an overview of the new store and planned measures to address possible concerns — such as traffic, noise and waste — as well as to listen to their opinions. In addition, we continue to contribute to the local community after opening the store by taking part in local events, the education of young people, and the prevention of juvenile delinquency.

and improvement are being undertaken in the area, as it is the center of the city in terms of transportation, commerce, works, and public administration. The areas to the north and south of the station, which used to be separated by the JR Chuo Line crossroad, are now integrated because the railroad has been located on the overpass. The area is being revitalized with a shopping mall including local stores and apartments on the upper floors (200 apartments), the Festival Court (an event space for attracting visitors), and a citizens' exchange center, etc. Ito-Yokado Musashi-Koganei Store is positioned as a core facility of the renewed town. The opening of this new store was also valuable in that we have contributed to the revitalization of the local community and have participated in the renewal of the town.

At the explanatory meeting for Ito-Yokado Musashi-Koganei Store, which opened in March 2009, we formulated a transportation plan for ensuring the safety and convenience of people in the local community by seeking instructions from the local government and police. This was our response to the concerns of many people regarding traffic jams and traffic safety in the surrounding area. We strived to relieve congestion by setting up temporary bicycle parking areas, etc.

The area around JR Musashi-Koganei Station, where we opened Musashi-Koganei Store, is positioned as the New Face of Koganei in the urban planning project titled the Project for Renewal of the Area around the South Entrance of Musashi-Koganei Station. Maintenance



Ito-Yokado Musashi-Koganei Store

Support for the Nurturing of Children who will be Responsible for the Next Generation



We support food education for children.

At York-Benimaru, we undertake activities for creating a bridge between our producers and our customers via food items. Such activities are aimed at arousing our customers' interest in domestic agricultural products and contributing to the improved diets of our customers and an improved food self-sufficiency ratio.

In recent years, we have been actively involved in providing food education for children as a member of the 5 A DAY Association-Japan². In FY2008, the year we celebrated our 60th anniversary, we organized farm-visit programs, which invited local parents and children to our contract farms. These programs took place in the five prefectures where we operate. During the tour, the participants actually harvested crops and listened to producers, wholesalers, and buyers to learn how the crops are delivered to each store. We then told them about the importance of nutrient balance and of eating a variety of vegetables. These programs permit children and their parents to enjoy learning together.

In addition, we also organized Supermarket Tours for local elementary school children. In these tours, we used our stores as classrooms and arranged for the children to visit our fresh produce and other

sections, select food items in line with assignments about nutritional balance from dietitians, and enjoy cooking experiences.

These activities were rated highly, and in March 2009 we received the Tohoku Regional Agricultural Administration Office Director's Incentive Award for Food Education in the category of dietary life improvement from the Tohoku Regional Agricultural Administration Office.

In addition to these activities, we organized Kids' Farm, a new program, in FY2009. The children who participate in this program take part in a series of farm operations, from sowing seeds and planting seedlings to harvesting crops, by visiting farms seven times in a six-month period. We will continue to be proactive in providing opportunities for children to experience the hardship and joy of farm operations and the importance of enjoying food.



Explanations of nutrient balance



Children sowing seeds

Interactions between Customers and Store Employees



We foster a sense of unity with local customers through a variety of events.

A community-based superstore cannot continue operating without the support of local customers.

At York-Benimaru, we express our continued gratitude for our customers by holding an Anniversary Festival to celebrate the founding month of each store every year. The Festival includes a variety of events that our customers can enjoy together with our employees.

Specific programs of the Anniversary Festival are planned and organized individually by the stores. They include eco-themed programs (such as the distribution of soap bars made from the store's used cooking oil, a workshop on how to wrap things using traditional Japanese wrapping cloth, and

making toys from milk cartons), charity bazaars, making sushi rolls, and a bread-eating race. We sometimes ask people from local governments and fire stations to join some of our events.

At York-Benimaru, we will continue to hold events together with our local customers by making use of our stores as the settings.



An Anniversary Festival event

2 5 A DAY Association-Japan

Established in 2002, the 5 A DAY Association-Japan has undertaken a nationwide wellness campaign that recommends the daily intake of at least five portions (350g) of vegetables and 200g of fruit.



Department Store Operations

1 Sogo & SEIBU's in-store donations totaling ¥25.27 million were provided to seven guide dog organizations across Japan. Another ¥20 million from our fund was also donated to nine guide dog organizations across Japan.

Support for Guide Dog Development Projects

Sogo & SEIBU

We provide dual support — raising funds and awareness.

At Sogo & SEIBU, we undertake activities for supporting guide dog development projects to create a “normalized” society as a part of our activities for contributing to local communities.

In addition to requesting donations in stores, our company and labor union have established a fund, incorporating proceeds from the Bow-wow One Coin Club, an internal fundraising program joined by our employees.

In FY2008, we made donations totaling ¥45.27 million¹. With part of these contributions, the Japan Guide Dog Association bought two ad-wrapped (promotional) cars for transporting dogs and

staff, as they did in FY 2007.

At Sogo & SEIBU, we also hold the Meet Guide Dogs Campaigns in spring and fall every year to raise people's awareness of guide dogs.

Moreover, to bring about synergy between these fund-raising and awareness-raising activities, we held Charity Sales Commemorating Fixed-Amount Cash Handouts along with the Meet Guide Dogs Campaigns held in the spring of 2009. We donated part of the proceeds from the charity sales to institutions such as the Japan Guide Dog Association. By holding these two events together, we were able to raise awareness of guide dogs among many more customers than before.

Community Contributions in Response to Customer Opinions and Requests

Sogo & SEIBU

We aim for community contributions based on the features of our business and local characteristics.

A department store should be rooted in the local community and advance together with the development of the local community. We at Sogo & SEIBU recognize the importance of community contributions. We are aware that we

should focus more of our efforts on the introduction of local products, the development of products that use local products, and on making a contribution to environmental protection through the revitalization of local communities.



SEIBU Tokorozawa Store: Tokorozawa is home to many young families. We held the Waltz Green Concert, the theme of which is three generations. The participation fees were donated to the Green Fund of Tokorozawa City.



Sogo Chiba Store: We organized the Locally-produced project for Local Consumption campaign to fulfill our responsibility as the base that connects our producers with our customers.



Sogo Tokushima Store: To develop the local specialties of Tokushima, we developed and sold bread featuring local products such as Naruto red kidney beans and Awa beer.



Sogo Omiya Store: We organized an activity for creating a Green Curtain by planting four kinds of seedlings, such as those of the bitter melon and morning glory. This activity was joined by a neighborhood kindergarten.

Food Services

Participation in Local Activities

Seven & i Food Systems

We participate in integrated learning classes, where students consider their relationship with society.

Since 2006, we at Seven & i Food Systems have been participating in special classes at Kudan Secondary School of Chiyoda Ward, which are held under the theme of urban culture.

These classes are aimed at helping students develop independent-minded, creative attitudes toward issues to be resolved. Students visit local companies, receive issues to resolve from them, conduct surveys and research to come up with solutions, and report the results to the companies by making presentations.

The issue we selected this time was the

creation of the Children's Mat² — a mat that is designed around the theme of food education and provided to children visiting Denny's restaurants. The students made presentations of the results of their research to us, and we adopted their ideas for the



Children's Mat

Children's Mat used in the summer of 2009. We will continue to participate in these types of activities.

2 Children's Mat

The Children's Mat is a paper mat we provide when we serve dishes to children at Denny's restaurants. Our Children's Mat includes a simple game designed to arouse their interest in food.

We supported an extracurricular class at a junior high school.

At Seven & i Food Systems, we organized an etiquette training class on the significance of greetings and communications for students of Komagata Junior High School in Taito Ward. We had organized this class in 2007 at the request of the school, and the school asked us to assist again in 2008.

We held the class in response to a request from the school to teach etiquette to the students before they participated in the work experience program in fall. During the class, we gave them instructions on etiquette at work, including how to greet people, how

to maintain good posture, and how to act during conversations. We also taught them the importance of communication when undertaking work.

The students who attended the class made comments such as, "I learned the importance of greeting and smiling" and "I learned that the first greeting is important in the workplace."

We would like to continue to respond to as many requests as possible to contribute to educational activities in local communities.

We support local junior high schools' work experience programs at each of our restaurants.

We actively support local junior high schools' work experience programs and accept the students in our restaurants³.

This support originated from the schools' request for our cooperation in providing an opportunity for children to think about their future careers.

Under the guidance and support of the restaurant manager and each of the other staff members, students have a hands-on experience in actual restaurant operations, such as serving customers and cleaning the premises, and learn about the importance of teamwork and communication and other necessary elements in the workplace.

We will continue to accept work experience students and provide children with opportunities to think about their future careers.



The work experience program

3 Number of work experience students accepted in FY2008

In FY 2008, we accepted a total of 533 junior high school students. In the first half of 2009, we accepted 79 junior high school students.



Seven-Eleven Midorino Kikin Website address: <http://www.7midori.org>

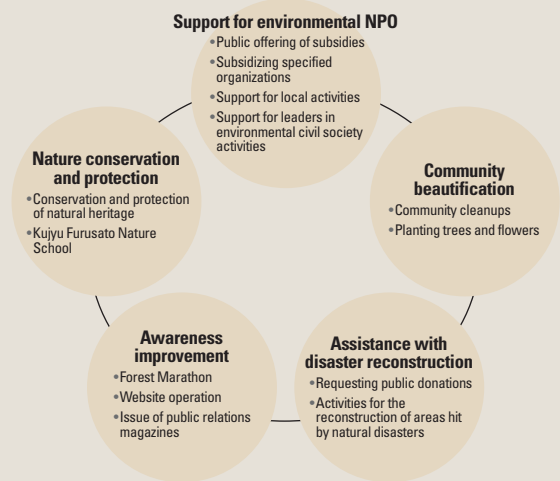
We support the activities of community-based environmental organizations.

In 1993, we at SEJ established Seven Eleven Midorino Kikin, our green fund, as a project celebrating our 20th anniversary. This fund is aimed at facilitating environment-related community contributions that are made jointly by our franchisees and the headquarters. Based on contributions from customers through in-store donation boxes and from SEJ, the fund provides financial support to environmental organizations across Japan, and conducts a variety of activities on its own, such as nature conservation and protection, community beautification, awareness improvement and assistance with disaster reconstruction. In FY2008, total contributions from customers through in-store donation boxes amounted to ¥372,430,326.

The public offering of subsidies, a system that is the pillar of the fundraising project, is intended for civil societies engaged in community-based activities related to the environment. We return the contributions from our customers back to local communities by providing them to those organizations in recognition of the results of their activities. In this way, the public offering system serves as a citizen-participation-type community contribution, in which our customers

support local environmental activities themselves through their donations.

■ Environment-related community contributions



Public offering of subsidies

In FY2008, we provided total support of ¥119,240,461 to 190 projects, including ongoing ones. In FY2009, we will provide total support of ¥134,961,814 to 251 projects, including ongoing ones.

We contribute proactively and directly to environmental protection.

In addition to providing the aforementioned financial support to environmental organizations, Seven Eleven Midorino Kikin aims to make direct contributions to protecting Japan's natural environment.

In April 2007, the fund created Kujyu Furusato Nature School in Kokonoe-cho, Oita, as the basis of its activities for protecting nature and ecosystems. The school is striving to conserve local nature and its ecosystems, mainly in the Aso Kujyu National Park, and create a network with other environmental organizations. In addition, to encourage people in general to experience nature's wonders, the fund implements programs for invited participants such as growing pesticide free,

organic rice, recreating traditional stonewalls, traditional charcoal burning, and nature school programs.

Since FY2008, the fund has also been supporting the forestation of Miyake Island, which was hit by a volcanic eruption in 2000. As part of the activities, 50 SEJ employees joined tree-planting activities as volunteers in November 2008. In May 2009, volunteers were recruited from across the Seven & i Holdings Group, and a total of 97 volunteers planted 4,200 trees in an area of approx. 1.7 hectares.

We will continue to improve our activities further and carry out community-based social contributions to pass on Japan's beautiful nature and precious ecosystems to future generations.



Rice planting at Kujyu Furusato Nature School



Tree-planting activities on Miyake Island in May 2009

Volunteer Cleanup and Tree-Planting Activities Undertaken by Our Group Employees

We provide opportunities for the employees of our operating companies to undertake volunteer activities together with their families.

In Environmental Month, or June every year, our entire Group undertakes environmental activities together. During FY2009, we cleaned up the area around each store twice, as we had done in FY2008. In June 2009, 35 volunteers from our Group joined a cleanup activity at the foot of Mt. Fuji under instructions from the Fujisan Club, an environmental NPO supported by Seven Eleven Midorino Kikin.

In May 2009, we planted trees in an area near Shosenkyo Gorge in Yamanashi Prefecture. This activity is based on Ito-Yokado's campaign, in which one Japanese cypress tree is planted for every 4,000

requests for simple packaging for the year-end gifts in the previous year. The tree-planting activity was conducted by 43 volunteers consisting of employees of our Group companies and their families, under the instructions of the NPO Environmental Relations.



Tree-planting activity near Shosenkyo Gorge

Such activities provide precious opportunities for the employees of our operating companies to undertake volunteer activities together with their families.

Environmental and Social Contributions through Cooperation with Customers

We contribute part of the proceeds from sales of our original eco-bags to environmental activities.

At SEJ, Ito-Yokado, York-Benimaru and York Mart, we began selling our original eco-bags (Colorful Shopping Bags) in January 2008. For each one of these bags sold, ¥5 is used to obtain emission allowances under a UN-approved greenhouse gas emission reduction project.

Using part of the proceeds from the sales of original eco-bags during the first year of sales, we purchased 500 tons of CO₂ emission credits from a wind power generation project in Tamil Nadu state, India. We transferred the rights to the Japanese government free of charge at the end of February 2009. We will continue to contribute to Team Minus 6% of Japan, together with our customers.



Colorful Shopping Bag



Wind power generation in Tamil Nadu state, India

Team Minus 6%

Under the Kyoto Protocol, Japan pledged to reduce its total greenhouse gas emissions by 6% from the 1990 level as the base year. Team Minus 6% refers to our national movement for achieving this goal.

We donate the usable trade-in goods from customers to developing countries.

At Ito-Yokado, we carried out trade-in sales periodically from December 2008 to June 2009. Of the goods we collected in the sales, we donated 7.5 tons of usable clothing to the Japan Relief Clothing Center (JRCC). The clothing will be given to refugees and people in disaster-hit areas all over the world.

At Sogo & SEIBU, we carried out trade-in sales from May 2009, and donated some of the women's dresses, handbags and other trade-in goods to the Republic of Zambia via the Japanese Organization for International Cooperation in Family Planning (JOICFP).

When the ambassador of Zambia to Japan visited

the Sogo & SEIBU headquarters to give us a certificate of appreciation, he told us that many children in that country do not have shoes, which causes them to contract tetanus. We subsequently took the trade-in children's shoes and donated them to the country.

JOICFP

JOICFP is an organization engaged in activities for protecting the health and lives of pregnant and parturient women and women in general by cooperating with the United Nations and other international organizations. To support one of their activities, White Ribbon, we placed donation boxes in all Akachan Honpo stores on May 10, 2009. Contributions from customers amounted to some ¥120,000 as of July 31 of the same year.

BUILDING MOTIVATING WORKPLACES



We develop systems and environments that enable all our employees to work with objectives and a sense of fulfillment, regardless of the type of employment.

Group Management Policy

We build motivating workplaces.

To achieve our Corporate Creed, “We aim to be a sincere company that our employees trust,” we at Seven & i Holdings determine employment, transfers and promotions of our employees in accordance with fair, unbiased standards. We acknowledge that our Group companies are supported by a large number of part-timers. As a result, we respect diverse ways of working and strive to build workplaces that are motivating for each of our employees. To this end, we continue to listen to our employees to improve our HR policies and programs in line with social changes and our employees’ ways of working.



We introduce parenting and nursing care support systems to enable employees to continue working with a sense of security.

At Seven & i Holdings, we have introduced a variety of systems that enable our employees to continue working, regardless of changes in their lives. One example is the Re-Challenge Plan, a group-wide parenting and nursing care support system. In 2002, we expanded eligibility for this system to cover part-timers. In addition, Sogo & SEIBU, which joined our Group in 2006, has introduced its own parenting support system that can be utilized by part-timers as well.

We incorporated a group-wide recruitment system – the Seven & i Holdings Open Recruitment System.




At Seven & i Holdings, we recruit human resources beyond the boundaries of Group companies. We respect the wishes of individuals who are highly motivated and eager to take on new challenges in new workplaces or new careers. We aim to make the most of the abilities of such employees by appointing the right people for the right jobs. Such action is also effective for assisting newly established companies in terms of human resources, as well as for vitalizing the organization. We also respond to the willingness of individual employees by practicing the Candidacy System, for example.

List of Principal Measures Undertaken by Our Major Operating Companies

| | Convenience Store Operations |
|---|--|
| | Seven-Eleven Japan |
| Development of Employee Abilities | <ul style="list-style-type: none"> Seminar on customer service for franchisees →P62 Recognition of excellent stores →P62  |
| Fair Assessment and Treatment | <ul style="list-style-type: none"> Systems of self-assessment and assessment through interviews with immediate managers and higher managers |
| Achievement of Work-Life Balance | <ul style="list-style-type: none"> Operation of Re-Challenge Plan parenting and nursing care support system →P60 |
| Use of Diverse Human Resources | <ul style="list-style-type: none"> Internal Candidacy System Reemployment system for departed employees (aged 60 years or older) Text in four different languages for cash register training <p>Employment of people with disabilities</p> |
| Considerations for Occupational Safety and Health | <ul style="list-style-type: none"> Traffic safety seminars for OFCs  <p>Practicing medical examinations, installation of Health Management Center, providing the <i>Family Health Consultation Hotline</i> and the <i>Counseling Hotline for health and mental consultations</i> Practice by the Safety and Health Committee</p> |



●: Described in this Report in independent sections ○: Referred to in the main body of this Report —: Measures not implemented

| Superstore Operations | | Department Store Operations | Food Services | Financial Services |
|---|---|--|---|---|
| Ito-Yokado | York-Benimaru | Sogo & SEIBU | Seven & i Food Systems | Seven Bank |
| <ul style="list-style-type: none"> ○ Operation of an in-house licensing program →P63 ○ Annual Skill Contest for perishable department part-time employees →P63 ● Development of in-house training program ● Support for self-development | <ul style="list-style-type: none"> ● Objective and progress management with original tools →P64 ● Skill Contest | <ul style="list-style-type: none"> ○ Promotion of bottom-up campaign based on improvement proposals from employees →P65 ● Assisting employees in obtaining professional qualifications for improving their customer service skills ● Encouraging employees to undertake correspondence courses and providing financial assistance ● Helping improve training for sales clerks with the Instructor System | <ul style="list-style-type: none"> ○ Development of in-house training program →P66 ○ Supporting employees in obtaining national licenses →P66 ● Introduction of education and certification program on an internal qualification | <ul style="list-style-type: none"> ● Encouraging employees to undertake correspondence courses ● In-house training ● Encouraging employees to undertake external training ● Improvement of ability using career maps ● Customer service skill contest (internal) ● Participation in (external) contests related to the contact center |
| <ul style="list-style-type: none"> ● Improvement of HR system for part-timers →P63 ● Systems of self-assessment and assessment through interviews with immediate managers and higher managers ● Training sessions for assessors | <ul style="list-style-type: none"> ● Awards given by the president →P64 ● Education and assessment of employees based on training plans  | <ul style="list-style-type: none"> ○ Star Club program for recognizing outstanding sales clerks →P65 ● Assessment based on objective management system | <ul style="list-style-type: none"> ○ Operation of training programs in which all employees can participate equally →P66 ● Operation of promotion system for part-timers | <ul style="list-style-type: none"> ● Assessment from the viewpoints of both ability and performance ● Systems of self-assessment and assessment through interviews with immediate managers and higher managers ● Training sessions for assessors ● Improvement of HR system for part-timers |
| <ul style="list-style-type: none"> ○ Operation of Re-Challenge Plan parenting and nursing care support system →P60  | <ul style="list-style-type: none"> ○ Operation of parenting and nursing care support system →P60 | <ul style="list-style-type: none"> ● Operation of maternity, parenting and nursing care support system →P65 | <ul style="list-style-type: none"> ○ Operation of Re-Challenge Plan parenting and nursing care support system →P60 ● Application of parental leave system to part-time workers | <ul style="list-style-type: none"> ○ Operation of Re-Challenge Plan parenting and nursing care support system →P60  |
| <ul style="list-style-type: none"> ○ Promotion of part-timers to regular employees →P63 ○ Reemployment system for departed employees (aged 60 years or older) and Senior Partner Program for part-timers →P63 ● Training program on human rights (normalization principles) ● Internal Candidacy System | <ul style="list-style-type: none"> ● Reemployment system for departed employees including part-timers (aged 60 years or older) | <ul style="list-style-type: none"> ● Reemployment system for departed employees (aged 60 years or older) | <ul style="list-style-type: none"> ● Development of systems for promotion to regular employees and store managers | <ul style="list-style-type: none"> ● Reemployment system for departed employees (aged 60 years or older) ● Training program on human rights ● Development of a system for promoting part-timers to regular employees |
| <ul style="list-style-type: none"> ● Training to prevent occupational injuries | | | | <ul style="list-style-type: none"> ● Medical interviews by industrial physicians and public health nurses ● Utilization of external mental healthcare institutions |

Convenience Store Operations

1 DM

DM stands for district manager, a person who is responsible for a particular district.

Improvement of Skills and Willingness of Franchisees and Employees



We work together with franchisees toward better service.

Study sessions on Friendly Service

At SEJ, we promote Friendly Service — our term for cordial, pleasant customer service from the viewpoint of customers. We hold study sessions aimed at practicing such service at each store.

The study sessions are intended for franchise owners and employees, and are held on an ongoing basis in each district. Franchise owners who participate in the sessions start by improving the workplaces to make them comfortable for employees to work in. Then they consider what types of service are pleasant for customers, together with their employees, and put their answers into practice. They report the specific measures and the results of the measures in the next session. This process is repeated so that the participants learn from each other. These sessions have created a virtuous circle, in which participation in sessions leads to the improvement of the customer service provided by employees, and they receive compliments and words of gratitude from customers.

We also award certificates of appreciation to employees who provide Friendly Service proactively at individual stores. The certificates are awarded when a customer compliments the way an employee has attended to him/her, or when the owner and OFC-DM¹

recommend that a certificate be given to a particular employee. The certificates are awarded at the study session held in the district so that the achievements of the employees are recognized by the franchise owners and employees in the district.



Study session on Friendly Service

Recognition of outstanding stores

Every year, we recognize outstanding stores that have met certain standards and served as model stores in the individual districts. In FY2008, we recognized 159 outstanding stores across Japan.



Certificate of merit granted to outstanding stores

Cease and desist order from the Japan Fair Trade Commission

In June 2009, SEJ received a cease and desist order from the Japan Fair Trade Commission in violation of Article 19 of the Antimonopoly Act for “having unjustly restrained discount sales of daily goods close to the sell-by date/time by franchisees.”

Following the receipt of the order, SEJ examined the matter in detail, giving consideration to the opinions of third parties, etc. SEJ formally decided to accept the cease and desist order and notified the Japan Fair Trade Commission of this decision on August 5, 2009.

In our view, however, arbitrary discount sales have potential risks, including: 1) loss

of confidence in price; 2) sense of distrust among customers aroused by dual prices for a single product; 3) possibility of price competition between stores from the same chain; and 4) damage to our brand image. As a result, we distributed Guidelines on Discount Sales of Daily Products Close to the Sell-by Date/Time to franchisees. We also revised the Basic Franchise Agreement accordingly.

We will continue striving to further strengthen our relationships of trust with the franchisees and achieve further increases in the satisfaction of franchise owners.

Superstore Operations

Improvement of HR System for Part-Timers

We incorporated a system that enables each employee to choose a way of working that suits his/her objectives.

At Ito-Yokado, part-timers account for approximately 76% of the total workforce (as of February 28, 2009) and play increasingly important roles in overall store operations. At the same time, part-time employees have wider-ranging objectives, needs and availability with regard to their jobs.

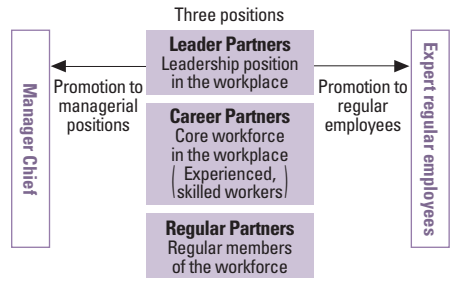
In response to these changes, we have had a new HR system in place since March 2007. Key changes in the new system include: part-timers can select their working styles through the Career Promotion Choice Program in accordance with their own situation and objectives, and employees can continue working until the age of 65 through the Senior Partner Program. We also established a system in which employees are evaluated and rewarded in a more performance-based manner.

Under the Career Promotion Choice Program, part-timers assume one of three positions — Regular, Career or Leader Partner

— depending on their roles, job nature, and required skills and experience. Promotion is available to those who choose to challenge themselves to improve and earn the promotion. In November 2007, we also introduced a system that promotes employees certified as Leader Partners to regular employees (“Experts”).

At the same time as developing such systems, we carry out study sessions for Leader Partners and Career Partners in individual stores to help part-timers improve their skills.

Career Promotion Choice Program



2 Number of part-timers in each position in FY2008 (as of February 28, 2009)

Leader Partners: Approx. 2,100

Career Partners: Approx. 2,600

Accumulated total number of part-timers promoted to regular employees: Approx. 330

Support for Improvement of Professional Skills and Capability

We provide support for the improvement of knowledge, skills and abilities that will lead to performance at work.

At Ito-Yokado, we have continually improved our employee training programs to enhance the capabilities of each employee and increase their motivation.

As a part of these efforts, we introduced the “Friends Mate” in-house licensing program in April 2004. Employees acquire the necessary practical knowledge, skills and customer service techniques through a series of training, examination and licensing procedures. The program offers 18 licenses, covering all divisions and functions except the perishable department. Each license comes with five different Ranks. The license status of individuals of Ranks 1 and 2 is recorded in the HR database for personnel appraisals and other purposes. The license is valid for two years, and license holders are required to take examinations for license renewal if the amount of sales they have achieved have not met specific standards at the time of the expiry

of their licenses. This is aimed at encouraging license holders to maintain their skills and make use of the skills in managing their objectives that are directly related to their daily operations. As of July 31, 2009, the aggregate number of license holders was 24,675 in total.

In the perishables department, we provide a variety of training opportunities for employees to enhance their skills, including group training in dedicated training rooms, on-the-job training led by individual store managers, and on-site education by trainers traveling around the stores. We have held the Annual Skill Contest since 2005 for part-timers in the meat, fish, sushi,



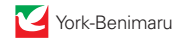
Annual Skill Contest for perishable department part-timers

prepared food and produce sections. Participants compete against each other to improve their skills over the past year.

**1 KANDOU, SOUZOUTO
CHOUSEN NO SAITEN**

Eight awards are presented at this festival. They include the Best Leader Award, given to superior department managers, and the Improvement Proposal Award, which is for all employees. Some of these Awards are given every month, while others are presented three times, twice, or once per year.

Superstore Operations

**Awards Presented by the President for
Raising the Motivation of All Employees****We hold *KANDOU, SOUZOU TO CHOUSEN NO SAITEN*, in which the president grants awards to selected employees.**

At York-Benimaru, we hold *KANDOU, SOUZOU TO CHOUSEN NO SAITEN*¹ (the festival of sensation, creation, and challenge), in which the president presents awards to employees who have achieved operational or numerical improvement or demonstrated superior customer service.

The Best Member Awards, intended for part-timers, who constitute more than 80% of all employees, are presented three times per year. Candidates for the Award are called Representative Part-Timers. To be a candidate, a part-timer must first be recommended by his or her store manager. Then he or she is eligible to be selected by the Zone Manager (who controls one of the 13 regions we operate), store managers, and trainers in charge of training the employees in the individual departments.

On the day of the award presentation ceremony, the Representative Part-Timers make presentations on their creative measures and the improvements they have undertaken on the sales floors. All the participants, including the executives, learn about the ideas and procedures. Subsequently, the best two

Representative Part-Timers are selected in a vote undertaken by approx. 300 participants.

In the award presentation ceremony, our president presents testimonials and prize money to all the award winners. In addition, plaques and tours of inspection abroad are awarded to the winners of the premier and second-place awards. The winners of the other awards are invited to inspection seminars on the retail industry, which are held in Japan. The overseas destination of the inspection tour awarded to the winners in FY2008 was a retail company in Los Angeles. The destinations in Japan were Tokyo and Yokohama.

The award winners are expected to use the knowledge and information they obtain during the tours in their daily operations and to



The president presenting a plaque to a winner

share it with their co-workers. Some of the winners are featured in our in-house newsletters to raise the motivation of all the employees.

**Staff Development Tailored to Each
Employee****2 Items specified in the
Management Edition**

The items specified in this edition include sales planning, compliance, and other items for assessing the level of knowledge and skills required for a department manager.

We use Target Achievement Record in each department.

At York-Benimaru, we use the Target Achievement Record for staff development. The Record clarifies the current abilities of each employee and achievement targets and details their duties, including customer service, sales floor management, order placement and cooking, on a 6-point assessment scale (0 to 5).

Each employee conducts self-assessment for each item, checks his/her progress, and sets the next targets with his/her immediate manager three times a year. In this way, employees can perform their duties with clear objectives, increasing motivation and effectively enhancing abilities.

Items associated with the duties are specified in each department according to job type, the nature of the work, and the merchandise dealt with. In the Skills Edition for employees

with particular skills and for part-timers, the items are classified into cooking skills, display skills, merchandise knowledge, etc., totaling 139 items in the fish department and 122 items in the meat department, for example.

For the manager of each department, we have the *Management Edition*² of the Record. In June 2009, we also established a Record for store managers and assistant



Checking progress using the Target Achievement Record

store managers. Now we have a Target Achievement Record for employees in almost all positions.

Department Store Operations

Increasing Employee Motivation

Sogo & SEIBU

We reflect the opinions of each employee when running stores and sales floors.

We strive to increase the motivation of all store staff and create motivating workplaces for them, and we regard this as one of our important responsibilities. We believe that customer satisfaction leads to employees having greater motivation and a sense of achievement. As a result, we at Sogo & SEIBU have been implementing Customer Service No.1 activities, which reflect the opinions of employees in store operations.

For these activities, employees think about the best types of service that can be provided to customers, and practice their ideas as specific service types. For example,

employee ideas are collected daily as proposals, and their details are posted on the employee bulletin board along with scheduled dates for beginning to carry out each types of service. Proposals that lead to significant achievements in terms of employee or customer satisfaction are recognized by the stores. Through this



Measures for improvement are proposed by employees

process, each store embarks on creative measures for carrying out the types of service proposed by each employee.

We recognize the willingness of employees.

At Sogo & SEIBU, we have launched the Star Club membership programs for store workers who demonstrate outstanding performance, particularly with regard to sales and customer service. Among the short-listed candidates who record excellent sales, enjoy strong customer confidence and can serve as role models to other employees, those who are ranked in the top one percent of the relevant section's salespeople across the company are certified as Corporate Star Club members; and those who are ranked in the top two percent of the relevant section's salespeople in the store are recognized as Store Star Club members.

We also assist with the career

development of our employees. We encourage the sales staff to obtain professional qualifications that are useful for daily customer service and sales — such as shoe fitter, fitting advisor and gift advisor. We also assist our employees in obtaining certification as Customer Care Advisors — sales clerks who are capable of providing



A ceremony for certifying employees as Star Club members

appropriate service and assistance to the elderly or customers with disabilities. Many of our employees have obtained this qualification.

Improved Working Environment

Sogo & SEIBU

We expand facilities and systems to allow employees to work comfortably with a sense of security.

We have improved our parenting support systems, including multiple options for parental leave periods so employees can take leave that suits their situation. We have also expanded eligibility for shorter working hours to cover employees with children in the third grade or younger.

Employees on parental leave tend to lack work-related information and often feel anxious, so we launched a system for employees on

leave to share internal company information and communicate from home via the internet. This system was developed through the labor union.

We have also been improving the working environment as per employee demand. For example, we have installed powder rooms and smoking rooms with double doors in employee break rooms — implemented first at Ikebukuro and currently in other stores — to improve facilities for employees.

Food Services

1 Unit Employees

At Seven & i Food Systems, we call part-timers Unit employees.

Fair, Unbiased Staff Development and HR System

Seven & i Food Systems

We support employees in their acquisition of knowledge and skills and provide opportunities for them to make the most of their abilities.

At Seven & i Food Systems, we provide equal opportunity education and training to all employees, and evaluate them fairly based on the skills they have acquired.

At Denny's Japan, we offer cooking schools and the Dennylier basic wine training and certification programs as opportunities for both regular and Unit employees¹ to acquire skills and knowledge. We provide assistance to employees so they can participate in such programs. We also issue the Service News as an educational and awareness-raising tool. This newsletter provides advice on customer service and information about training sessions, thereby increasing employee motivation with regard to learning.

At Seven & i Food Systems, we offer subsidies to employees intending to obtain national licenses, such as those for cooks, food sanitation supervisors and registered dietitians. This is aimed at raising employees' awareness of food safety and reliability.



Cooking school



Dennylier training

We enable employees to choose ways of working according to their objectives and lifestyles through the new HR system.

At Seven & i Food Systems, approx. 90% of restaurant staff are Unit employees. As a result, the roles and responsibilities of Unit employees are completely different from what they were in the past. In addition, employees have a variety of demands with regard to working, and their objectives and values have diversified. In response to these changes, we introduced a new HR system in October 2008. The new system reflects the opinions of the Unit employees and is aimed at providing each of them with a satisfying, pleasant working environment.

Under the new system, all employees are evaluated fairly in accordance with their duties, degree of responsibility and the difficulty of their work, which leads to increased motivation. Employees are treated with respect not only to their length of service, but also their attitude toward work. The system also allows employees to work in accordance with their individual objectives and lifestyles, such as "I want to take on a more responsible position," "I want to do motivating work" and "I want

to specify my working hours."

We at Seven & i Food Systems will continue making efforts to create motivating workplaces for our employees.

New HR system for Unit employees

Qualification-based status

Expert
Capable of making judgments and undertaking store management and staff training

Career
Understanding workplace rules and acting as role models in terms of cooking skills and customer service

Regular
Newly employed or subject to income or time limits

Unit employees

HR system based on assessment system

We have introduced an assessment system under which the company clarifies the objectives and work roles required for individual employees, and then checks the level of their achievements to determine the next objectives. The results of the assessment are reflected when considering the following:

1. Amount of hourly wage
2. Qualifications for promotion in status
3. Amount of bonuses

Voices from Stakeholders Related to the Points of IN FOCUS



REDUCING THE ENVIRONMENTAL IMPACT

We would like to cooperate with Ito-Yokado toward the achievement of a sustainable recycling loop.



Mr. Toshifumi Ogata

Operating Director
(Fujiisawa City Organics Recycling Center, a Registered Recycling Company¹)
Shonan Eco Factory PFI Co., Ltd.

An opinion from a business partner to which food waste from 11 Ito-Yokado Stores is shipped (→ p32)

Ito-Yokado is actively committed to reducing CO₂ emissions that result from incinerating food waste — as well as to recycling food waste into resources — by sending food waste which was previously incinerated to our composting facilities, after eliminating plastic and paper packaging. Such an approach is highly desirable for our global environment. I am sure that their activities are understood and supported by people. I hope we will cooperate further with Ito-Yokado to achieve a sustainable recycling loop in which we provide the high-quality compost to as many farmers as possible, promote safer, more reliable fruit and vegetables, and provide these products to a large number of customers.

¹ This Center was planned as a Private Finance Initiative (PFI), a project run by Fujiisawa City making use of knowledge from the private sector. The facility is used to make high-quality compost from livestock manure, pruned branches and food waste.



COEXISTENCE WITH LOCAL COMMUNITIES

We expect the revitalization of the local communities.



Mr. Yuichi Morikawa

Section Chief
Cooperation Promotion Section
Life Creation Department
Nara Prefectural Government

An opinion from the Nara Prefectural Government, with which SEJ entered into a Local Revitalization Comprehensive Partnership Agreement in FY2008 (→ p50)

This is the first time that we have concluded such an agreement with a private business. We see some cases in which the revitalization of the local community is facilitated by measures that are specific to private companies. We have high hopes for future development. In developing the *Kinki Mahoroba Soutai Kinen Genki ni Ouen Bento*, the third boxed meal in the project for promoting food education, students from the Food Design Department of the Prefectural Shikino High School, who participated in the project, visited the producer of Yamato Pork, and both sides were very happy to have the opportunity.

I hope that Seven-Eleven stores will serve as community-based multi-purpose stores — local community bases where a wide range of residents, both young and old, gather to obtain local information and purchase local specialties.



OFFERING SAFE, RELIABLE PRODUCTS AND SERVICES

I hope you will operate as a bridge between the producers and the consumers.



Ms. Minako Oishi

Deputy Chair of the Environmental Committee
Nippon Association of Consumer Specialists

An opinion from a consumer's point of view regarding Seven & i Holdings' measures for ensuring safety and reliability

I understand that Ito-Yokado stores focus their efforts on offering domestic products such as KAOGAMIERU-SHOKUHIN. I suppose, however, that you need to prepare to provide information about fertilizers and insecticides to consumers who want to know detailed production histories. I also noticed that information about foreign products is limited. Retailers should be more proactive about displaying the visions of producers to customers in stores. If consumers are informed of the values and background of products, they will be happy to buy misshapen vegetables, Fair Trade products and eco-friendly products. I hope you will adopt a new communication method and new system that will change consumers' purchasing behaviors.



BUILDING MOTIVATING WORKPLACES

I feel motivated when I am recognized.



Ms. Fujiko Kawamata

Chief
Fish Department
York-Benimaru Akatsuka Store

An opinion regarding the internal human resource development program from the winner of an internal skill contest held in FY2006 (→ p64)

Since I won the Skill Contest in the Festival for Celebrating the Anniversary of Foundation, which is held in October every year, I have been more confident about my cooking and other skills. There are many workers who have superior skills, however, so I believe that I need to continue to brush up my skills instead of being content with my present lot.

At York-Benimaru, we use the Target Achievement Record, which clarifies what each of us should learn next. My manager encourages me, and I feel motivated when he recognizes me. I believe that I can improve my skills and create better products and a better sales floor when I am recognized by my manager and share the next targets with him. This results in my achieving good performance as well. As long as you are motivated and capable, you can be successful in our workplace, irrespective of your gender.



7-Eleven, Inc.



The Southland Corporation, the predecessor of 7-Eleven, Inc., was founded in Texas, U.S. in 1927. In 1946, the store name was changed to “7-Eleven” to reflect the store opening hours of 7:00am to 11:00pm. Since then, 7-Eleven has been growing as a

convenience store chain. In 2005, it became a wholly-owned subsidiary of Seven-Eleven Japan Co., Ltd. As of the end of 2008, 7-Eleven, Inc. operated or franchised 6,196 stores in the U.S. and Canada, and grants area licenses around the world.

Providing Community Services as a Good Neighbor

We support local initiatives with a particular emphasis on safety, education, health & wellness and community revitalization.

1 Organizations we support

1. Not-for-profit organizations and government agencies, such as public schools, libraries or police departments.
2. Organizations and initiatives that support communities where 7-Eleven operates stores.
3. Organizations and initiatives that support our strategic focus areas: safety, education, health & wellness and community revitalization — the four fields that 7-Eleven, Inc. places emphasis on.

A store is a part of the neighborhood, and being a good neighbor and corporate citizen is one of many management responsibilities. Based on this belief, 7-Eleven, Inc. has been involved in a variety of activities to serve local communities.

In accordance with the policy of responding to the needs of local communities, 7-Eleven, Inc. has been supporting activities¹ that help improve the quality of life of our customers, franchisees, and employees. The company places emphasis on safety, education, health & wellness and community revitalization as fields that are closely related to people’s lives. And priority is given to youth programs to ensure we build a strong foundation for the next generation.

The company also encourages its

franchisees and employees to interact with their neighborhoods and participate in local activities. Many of them support local initiatives such as their neighborhood schools or Little League teams. In 2008, nearly 500 hours were volunteered to support local grassroots activities. 7-Eleven, Inc. also solicits donations from its customers by displaying canisters on store counters to raise funds to support local communities. In 2008, the company’s collective efforts — including cash donations from customers, franchisees, employees, and corporate, in-kind contributions, and volunteer hours for local initiatives — raised more than \$3 million in cash-equivalent value. Over the past 32 years, more than \$100 million in cash and in-kind products have been contributed.

Contributing to the Solution of Social Issues through the Sales of Selected Merchandise

We support the activities for promoting the early detection and treatment of breast cancer.

The Pink Ribbon campaign, aimed at raising awareness of the early detection and treatment of breast cancer, was started in the U.S., where the incidence of the disease is high². In October — the month designated as Breast Cancer Awareness Month in the campaign — a variety of activities take place all over the world.

In October 2008, 7-Eleven, Inc. sold freshly baked donuts shaped like a pink ribbon, the symbol of the campaign, and donated a portion of each sale (15 cents per donut, with a suggested retail price of \$1.19) to Susan G. Komen for the Cure®, an organization for raising awareness of breast cancer. We also sold Pink Ribbon refrigerator magnets, refills and stainless steel mugs, and donated a portion of the sales to the Breast Cancer Research Foundation.

In addition to these items, the stores also carried popular pink products from

manufacturers that have made a commitment to contribute a portion of the proceeds to breast cancer charities for every item sold. Some of those products had specific packaging to commemorate Breast Cancer Awareness Month, which helped raise awareness among customers.

As of October 2008, 7-Eleven, Inc. raised nearly \$50,000.



Donuts sold for the Pink Ribbon campaign

2 Facts about breast cancer in the U.S.

It is said that one in eight women in the U.S. will develop breast cancer sometime in their life.

We support the health and well-being of children by donating to a children's research hospital.

Since 2004, 7-Eleven, Inc. has been selling 7-Eleven-exclusive stuffed animals in its stores during the period of the St. Jude Children's Research Hospital Thanks and Giving campaign in November each year. The company donates a portion of the sales to the hospital, which is a renowned pediatric cancer research and treatment center.

Located in Memphis, Tennessee, St. Jude Children's Research Hospital provides treatment to children with cancer and other catastrophic diseases. The families of the children do not have to pay for treatment if they are not covered by insurance. As a result, no child is ever denied treatment because of their family's financial position.

7-Eleven, Inc. donates \$2.00 of the \$8.99 retail price of each toy, and the total amount of donations to the hospital exceeded \$50,000 in 2008. Since 2004, 7-Eleven stores have raised more than \$400,000 for St. Jude Children's Research Hospital.

Message from Joseph M. DePinto, the president and CEO of 7-Eleven, Inc.

Supporting the health and well-being of children is an important charitable focus for 7-Eleven and its franchisees. We are doing more in our stores to attract young customers, and it is fitting that we give back to this worthy charity that does so much for kids who are ill and their families.



Joseph M. DePinto



Stuffed animals offered in limited quantities



7-Eleven, Inc.

1 Cops in Shops

Cops in Shops is a program of a U.S. NPO, The Century Council. Participating retailers and undercover officers cooperate to stop illegal underage alcohol sales.

2 National Night Out

The National Night Out is an anti-crime, anti-drug event sponsored by the National Association of Town Watch. A variety of activities are held such as when neighbors in cities around the country are asked to turn on their porch lights for one night each year and visit each other, as well as block parties and parades. This event promotes community bonds.

3 Slurpee®

Slurpee® is a popular semi-frozen, carbonated beverage sold at 7-Eleven stores in the U.S. and elsewhere.

4 Big Gulp®

Big Gulp® is a soft drink sold in large cups ranging from 32 to 64 oz in capacity.

Creating Bonds with Local Residents

We make effective use of our stores for crime prevention in local communities.

For many years, 7-Eleven, Inc. has been involved in a variety of crime prevention programs to support law enforcement and community policing.

Selected 7-Eleven stores offer local law enforcement a place to build and improve police relations with the residents in their communities. These satellite offices provide officers on the beat with a convenient location to make phone calls and complete paperwork, and they offer residents a less intimidating way to access the police for information and assistance. 7-Eleven now has more than 200 Police Community Network Centers in 100 cities across the U.S.

7-Eleven, Inc. also supports Cops in Shops¹, a program designed to discourage minors from attempting to buy alcoholic beverages. Participating stores display

warning signs on their front windows and cold-beverage doors.

In addition, 7-Eleven, Inc. hosts National Night Out² block parties at stores in targeted markets. These parties aim to strengthen the ties between the local residents and law enforcement officers, and aim to send a message to criminals that the neighborhoods are organized and are fighting back.



A police officer dropping by at a 7-Eleven store

We help educate youth by issuing tickets for free products.

It is important that adults properly recognize and reward the positive behavior of youth in this way. Based on this belief, 7-Eleven, Inc. supports activities to enhance relations between adults and youth.

7-Eleven, Inc. provides law enforcement officers with coupons that are good for a free Slurpee³ at any 7-Eleven store in the U.S. and Canada. Officers on the beat watch kids and give them the coupons when they demonstrate positive behaviors, such as wearing bicycle helmets, participating in community activities, picking up trash and observing street crossing rules. This program offers opportunities for officers to establish a rapport with kids in the neighborhood. Since its inception in 1995, more than 10 million coupons have been distributed to officers.

We also provide the coupons to local schools or youth programs to reward

children's attendance, effort and achievement. 7-Eleven also acknowledges the efforts of adults who educate children, providing coffee and Big Gulp⁴ coupons to school PTA organizations and groups that organize community youth programs.

Through these activities, 7-Eleven, Inc. supported more than 150 local schools, police departments and community groups in 2008.



A police officer giving a coupon to a child

Raising Awareness of Crime Prevention

We undertake a comprehensive training program to prevent the illegal sales of age-restricted products.

Our commitment to responsible retailing, a part of what makes 7-Eleven a welcome and respected neighbor, 7-Eleven, Inc. sells age-restricted products such as alcoholic beverages and tobacco in accordance with laws and regulations.

Each store posts signs to alert customers that they may be asked for identification if they wish to purchase age-restricted products. In addition, the stores' registers automatically prompt sales assistants to check the customer's ID when an age-restricted product is scanned for sale.

These activities for preventing illegal sale are called Come of Age⁵, a public awareness and personnel-training program.

In a recent social trend, we find that more people are responding violently to being turned down when they attempt to purchase age-restricted products. At the same time, public concern is growing about the sale of tobacco to minors. In recognition of society's concerns, 7-Eleven, Inc. provides training to its employees to ensure that they fully understand what a responsible retailer should do to prevent an illegal sale.

In the training, the employees of each

store first receive customized Computer-Based Training. This is followed by discussions and simulated role-playing, which are aimed at ensuring they understand and practice what they have learned.

■ Content of the training program for store employees⁶

1. The laws concerning the sale of alcoholic beverages, tobacco products, potential inhalants, and other age-restricted products, such as lottery tickets
2. How to observe customers and their behavior to determine whether age-restricted products can be sold, and how to recognize invalid forms of age identification
3. How to refuse an illegal sale in a safe and non-confrontational way
4. Complying with U.S. tobacco sales regulations



A store employee checking the ID of a customer

We provide training to prevent crime in stores.

7-Eleven, Inc. has worked to reduce robberies for many years. In 1975, the company developed a unique store employee training program on how to deter robberies and manage registers, etc., called Operation Alert. Based on this program, corporate store managers, their staffs and franchisees learn security procedures, proper store maintenance, violence avoidance, what to do in case of a robbery or a potentially violent encounter. The company attempts to ensure the safety of its store workers with this highly practical program, which is based on crime victim surveys and advice from former convicted criminals.

Corporate store employees also participate in a multi-media training process⁷ and are supplied with comprehensive resource materials for crime deterrence and violence avoidance. The same training materials are also made available to 7-Eleven franchisees, who train their own store personnel.



A training session

5 Come of Age

The Come of Age program was developed by 7-Eleven, Inc. in 1984 to prohibit the illegal sale of alcoholic beverages. In 1994, the program was expanded to include all other age-restricted products (tobacco, lottery tickets and potential inhalants).

6 Content of the training program for store employees

We change the content of the employee training as appropriate for each region in accordance with state laws, etc.

7 Multimedia training process

Multimedia training process is a computer-based training program. The lesson content is delivered online, not only as text, but with photos and videos to help visually illustrate the lessons. Virtual training and quizzes are also included in the program.



Superstore Operations in China



Hua Tang Yokado Commercial Co., Ltd.

Nobutaka Shiroki (Chairman)
Nobutaka Shiroki (President)
Number of employees: 3,145*
Number of stores: 8*



Chengdu Ito-Yokado Co., Ltd.

Tomihiro Saegusa (Chairman)
Tomihiro Saegusa (President)
Number of employees: 2,318*
Number of stores: 3*



Beijing Wang fu jing Yokado Commercial Co., Ltd.

Hiroshi Mugikura (Chairman)
Tadataka Hagiwara (President)
Number of employees: 249*
Number of stores: 1*

* As of December 31, 2008

In April 1996, Ito-Yokado became the first foreign retailer to be permitted to operate chain stores in China, based on a request from the Chinese government. As a result, in September 1997 Ito-Yokado established Hua Tang Yokado Commercial Co., Ltd. as a joint venture with the China National Sugar & Alcohol Group Corporation (it has now been transferred to its parent company, China Huafu Trade & Development Group Corporation). The company established its first store in Beijing in April 1998.

In a separate project, Ito-Yokado established Chengdu Ito-Yokado Co., Ltd. in December 1996 in response to a request from Chengdu city, Sichuan province. Moreover, in November 2004, Ito-Yokado, York-Benimaru, and Beijing Wang fu jing Department Store Group Co., Ltd., a Chinese department store group, jointly established Beijing Wang fu jing Yokado Commercial Co., Ltd.

As of August 31, 2009, there were a total of 12 stores in China.

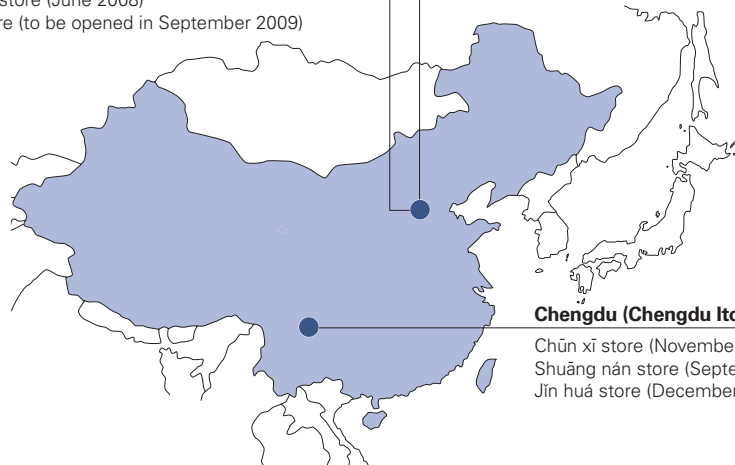
■ Store openings in China

Beijing (Hua Tang Yokado)

Shí lí pù store (April 1998)
Yà yùn cūn store (December 2001)
Fēng tái bēi lù store (December 2003)
Dà xíng store (January 2005)
Xī zhī mén store (April 2005)
Wǎng jīng store (April 2006)
Yóu ān mén store (September 2007)
Wú kē sòng store (June 2008)
Bēi yuán store (to be opened in September 2009)

Beijing (Wang fu jing Yokado)

Jīn sōng store (April 2005)



Chengdu (Chengdu Ito-Yokado)

Chūn xī store (November 1997)
Shuāng nán store (September 2003)
Jīn huá store (December 2007)

Note: The month and year in parentheses indicate when each store was opened.

Contribution to the Development of the Retailing Industry in China

We undertake store operations based on localization.

We carry out store operations in China based on a fundamental policy of localization so that we are able to contribute to the development of the retail industry in China by making use of the expertise we have developed in Japan. Through this policy, we strive to understand customer needs through market research, dialog with customers, and the Customers' Voice Box set up in each store. The collected opinions are shared by associated departments and referenced in order to offer products that meet the needs of the local communities, as well as to improve services.

We offer products at our stores in China based on our principle of local procurement. The proportion of Chinese-made products offered at those stores is almost 100% for apparel, 95% to 100% for household goods, and 85% to 98% for food.

For product development, we undertake team merchandising with our local business partners. We share information about market trends and customer demand in the target

market with our business partners to develop original, high-quality products that can be offered at reasonable prices. In addition to sweets, snacks and household groceries, we have developed gift items for Children's Day in response to the expansion of the gift market in recent years.

These efforts not only permit us to offer products that respond to customer needs and market trends, but also lead to the improvement of the product development capacity and production capacity of our business partners. To maintain and improve the fairness of our trade with them, we provide training to buyers who are in charge of trade and manage departments as necessary.



Customers' Voice Box



Originally developed product

We are proactive in terms of recruiting local people.

In addition to offering products that meet local needs, we emphasize the localization of personnel to contribute to job creation in local areas.

For example, we appointed the first Chinese store manager for the Fēng tái běi lù store of Hua Tang Yokado, which was opened in December 2003. Currently, all stores, apart from two that are managed by Japanese store managers, are operated by local Chinese personnel. As of December 31, 2008, the proportion of Chinese employees as managers and higher-level employees at the stores and headquarters was as high as 90%. The promotion of female employees has also been encouraged, and female employees make up nearly 50% of managers or higher-level employees at the stores and headquarters.

In encouraging the recruitment of local people, one important issue is how to increase the motivation of each employee. In FY2008, Hua Tang Yokado and Chengdu Ito-Yokado started to hold quarterly Performance

Reporting Meetings, which are aimed at improving the ability of individual employees and sharing information companywide. At these meetings, individuals and departments report on the measures they are applying in terms of customer service, sales promotions, cost reductions and environmental improvement. Awards are given for superior measures.



Performance Reporting Meeting





Superstore Operations in China

Ensuring Food Safety and Reliability

We initiate the development of the traceability system.

In recent years, awareness of food safety and reliability has been rising rapidly in China. To respond to the public demand, our stores in China are striving to offer safe, reliable products by applying the expertise regarding hygiene and freshness control that we have developed in Japan. In addition to expanding sales of locally-produced products and organic farm products, stores are committed to the development of a system for traceability (management of production history), which has also been enhanced in Japan.

In November 2007, for example, Beijing Wang fu jing Yokado began to cooperate with Xiǎo tāng shān Farm, a farmhouse in Beijing specializing in cultivation using only a small amount of chemicals, to identify farmhouses in the vicinity that produce safe, reliable vegetables. The store has started to sell vegetables that can be traced back to the producers. As of December 31, 2008, the store stocked around 11 such items, whose sales constitute 7.9% of the sales of all vegetables. Customers respond favorably to these vegetables, commenting that they are fresh and safe for consumption because only a small amount of chemicals is used.

In the same way, Hua Tang Yokado has been developing a system that enables the identification of producers, farms and responsible corporations, mainly for organic vegetables. In the sales area of these

vegetables, we display photos of their producers and information regarding production management. We have also set up a terminal on the sales floor to provide customers to retrieve information about the products.

Chengdu Ito-Yokado has been developing a traceability system for meat and eggs. In May 2009, we began to sell duck meat as its first traceable product by setting up a terminal for checking product information on the sales floor. To ensure the safety of the products, the store cooperates with the Chengdu Bureau of Quality Supervision to conduct reviews, data confirmation, and no-notice inspections.

We will continue to expand the range of such products to respond to customer demand for food safety and reliability.



Vegetables that can be traced back to producers



Terminals for information retrieval set up on the sales floor



Sales area of fruit and vegetables



Sales area of meat

Environmental Awareness

We are introducing energy efficient equipment and reducing the use of plastic bags.

As in Japan, our stores in China are deeply committed to environmentally-friendly operations.

We are conserving energy by specifying times for turning the lights in the store offices and corridors on and off. They are also introducing energy efficient facilities. For example, Hua Tang Yokado has replaced all the light bulbs with energy efficient bulbs and has equipped freezers and refrigerators with inverters¹ at all stores except Shí lí pù store. We are considering the introduction of

LED lights, which consume smaller amounts of power and are more durable.

In June 2008, the Chinese government started charging for plastic bags. In response, our stores put up posters to inform our



Original eco-bags

customers of the new system. Beijing Wang fu jing Yokado sells our original eco-bags.

1 Inverter

An inverter is an electrical device that converts direct current to alternating current. The use of an inverter reduces power consumption.

Contribution to Local Communities

We contribute donations to fight poverty and support disaster victims.

We are committed to contributing to local communities through activities such as poverty relief programs for areas around each store, support for disaster victims, and solicitation for donations in each store in China.

Hua Tang Yokado, which opened its first store in Beijing in 1998, founded the Yokado Charity Fund for Assisting with the Education of Children with the Beijing Charity Society in April 2008 as a 10th anniversary project. We donated 1 million yuan (approx. ¥15 million) to the fund, and plan to use 200,000 yuan (approx. ¥3 million) per year to improve underfinanced schools in the suburbs of Beijing.

When the Sichuan Earthquake hit in May 2008, all the employees of Chengdu Ito-Yokado joined in disaster-relief activities, reopening

stores the following day with a sense of purpose in securing lifelines for local citizens. The stores promptly offered basic necessities, an act which was much appreciated by customers and the government. Chengdu Ito-Yokado also worked with the Chengdu Red Cross and other organizations to provide daily necessities to disaster victims, and donated school supplies to elementary schools in the disaster area. Our companies in China as well



We donated school supplies to schools in the disaster area

as Seven & i Holdings and operating companies in Japan solicited donations in stores, and our employees and labor unions also made donations.

Major support we provided for areas affected by the Sichuan Earthquake

| | |
|-----------------------------|--|
| Seven & i Holdings | Relief money of ¥155,562,372 (solicited in group company stores) (donated to the Red Cross Society of China) |
| Chengdu Ito-Yokado | Relief money equivalent to ¥15,000,000 (donated to the Chengdu Red Cross Society) Relief money equivalent to ¥3,120,000 (solicited in stores) (donated to the Chengdu Red Cross Society) Relief aid equivalent to ¥8,370,000 (beverages, hams, biscuits, towels, rugs, soap, toothbrushes and stationery, etc. were donated to the Chengdu Red Cross Society and local elementary and junior high schools) |
| Hua Tang Yokado | Relief money equivalent to ¥6,797,778 (solicited in stores and donated by employees) (donated to the Beijing Red Cross Society) Relief aid equivalent to ¥2,046,420 (including relief aid from the labor union) (stationery and other items were donated to the Beijing Red Cross Society) |
| Beijing Wang fu jing Yokado | Relief money equivalent to ¥240,292 solicited from employees (donated to the Beijing Red Cross Society) |

TOPICS

Our persistent, community-based efforts were much appreciated.

In 2008, China celebrated the 30th anniversary of its *reform and opening* policy, and commended those that had contributed to modernization, reform and the opening of commerce and services. Tomihiro Saegusa, President of Chengdu Ito-Yokado, was the only foreigner named as the highest-ranking Person of Merit, and Chengdu Ito-Yokado as an Excellent Enterprise.

Since opening the first store, the Chūn xī Store, as per the request of Chengdu city, Sichuan province, we have focused on friendly service, sales floor creation, product development and the

development of a logistics base, providing products and services from the viewpoint of customers, by making use of our extensive experience in Japan. We are also continuing to implement new measures, such as launching sales promotion activities using events and flyers — the first activity of its kind in China — while remaining committed to HR development. It was these persistent efforts that led to the recent commendations.



Tomihiro Saegusa, President

CO₂排出量データ
第三者レビュー報告書



株式会社セブン&アイ・ホールディングス 御中

2009年9月28日



ビューローベリタスジャパン株式会社(以下、BVという)は、株式会社セブン&アイ・ホールディングス(以下、セブン&アイHLDGS.という)の責任において作成されたCSR Report 2009に記載される2008年度エネルギー使用に由来するCO₂排出量データ(物流を除く)のレビューを実施した。BVの責任は、CO₂排出量データについて独立の立場からレビューし、その結果を報告することであり、検証を目的とするものではない。

レビューの概要

- BVは、セブン&アイHLDGS.との合意に基づき、以下についてのレビューを実施した。
- ・セブン&アイHLDGS.及び主要事業会社におけるCO₂排出量関連のデータマネジメントシステム
 - ・CSR Report 2009に記載されたCO₂排出量データのうちエネルギー使用に由来するもの(物流を除く)

なお、レビューにあたって訪問したサイトは以下の通りである。

| 会社名 | 訪問サイト |
|---------------------|----------------------|
| 株式会社セブン&アイ・ホールディングス | 本社 |
| 株式会社セブン-イレブン・ジャパン | 本社 |
| 株式会社イトーヨーカ堂 | 本社、川崎港町店 |
| 株式会社そごう・西武 | 本社、そごう 横浜店、西武百貨店 船橋店 |
| 株式会社ヨークベニマル | 本社、大槻店 |
| 株式会社セブン&アイ・フードシステムズ | 本社、デニーズ北池袋店 |

レビューの結果

1. グループ内の各拠点からセブン&アイHLDGS.へ報告されたデータにはいくつかの軽微な誤りが発見されたが、全て修正された。
2. セブン&アイHLDGS. CSR Report 2009に記載されたエネルギー使用に由来するCO₂排出量データ(物流を除く)とセブン&アイHLDGS.が収集したデータとの間に矛盾する内容は認められなかった。

General Overview of the Report

This year's CSR Report was created by three employees in their 20s and 30s, who were recently placed in charge of the CSR Management Committee Office.

When I was their age, from the middle of the 1960s to the 1980s, the term "environmental issue" was scarcely used, let alone "CSR." The term used frequently in this field in those days was "pollution," which is represented by the Minamata disease. The substance hexavalent chromium was highly publicized on the front pages and in the domestic news sections of newspapers in those years.

At the end of the 1980s, public concern about environmental issues began to increase rapidly. Before long, the idea of sustainability emerged, which looks at the non-financial aspects of business corporations as well as their environmental impact. It was just after the turn of the century that the idea of CSR gradually started to take root.

I wonder how the idea of CSR will have developed and in what form it will have taken root in society by the time these three reach the age I am now.

Four years after we founded the holding company, we believe that we have a responsibility to provide explanations to all the communities in which we work on CSR issues and undertake business operations.

This year's Report also covers our activities in China and the United States, along with our financial services.

Our operating company in the U.S. undertakes highly interesting CSR activities indicative of the national culture.

In selecting the issues to be covered by the Report, we referred to the expert opinions of professional external advisors. Consequently, this year's Report covers the following: (1) supply chain; (2) CSR management; (3) environmental burdens; (4) safety and reliability; (5) local communities; and (6) motivating workplaces. These fields are extremely important for our Company at present.

I believe that the structure of the Report is clear-cut, making it readable. In the current ISO 26000 draft, the proposed items in the CSR(SR) field are: (1) organizational governance; (2) human rights; (3) labour practices; (4) the environment; (5) fair operating practices; (6) consumer issues; and (7) community involvement and development.

Our Group will continue to incorporate the idea of CSR in our regular operations and seriously consider what we need to do to improve our corporate value as a result.

We look forward to your continued support.

Minoru Inaoka

Chairman of CSR Management Committee
Managing Executive Officer
Seven & i Holdings Co., Ltd.

Postscript by the Editors

Thank you very much for reading this CSR Report 2009.

During the four years since Seven & i Holdings was established, new operating companies have joined our Group, and we have been expanding our operational areas. Given this, in creating the Report each year, we have sought a method of disclosure that will show the details of the activities of our operating companies, while delivering a sense of unity as the holding company.

In creating this Report, we intended to clarify the roles played by the holding company and the activities of each operating company. We also obtained objective opinions from professional external advisors in selecting the information to include in the Report. As a result, the format of this Report is different from the previous ones, which showed their opinions as "Third Party Comments."

We could not fully reflect many of the opinions from

the advisors in this Report, such as clarification of the policies and goals of the Group as a whole. We feel, however, that the process we followed this time has clarified the CSR issues that our company needs to work on. In the years to come, we would like to advance our efforts by further scrutinizing the details of each issue.

We will continue to strive to create Reports that clearly show how Seven & i Holdings and our Group companies are working on CSR issues.

We would like to develop the CSR Report as a means of dialogue with all of you. We would therefore appreciate it if you would provide us with your frank opinions in the questionnaire.

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CSR Management Committee Office



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