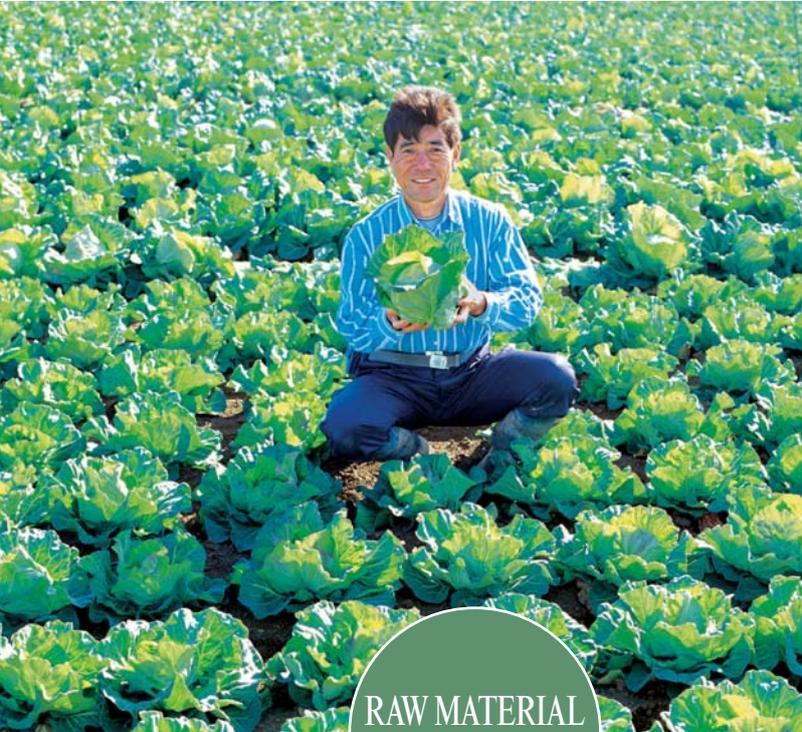


FEATURED

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

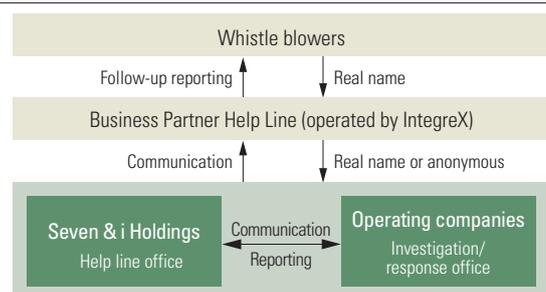
- Environmental conservation in production areas
- Use of eco-friendly cultivation methods
- Respect for the human rights of producers
- Respect for biodiversity, etc.

- 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

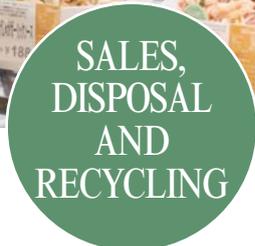
Ensuring FairTrade

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.

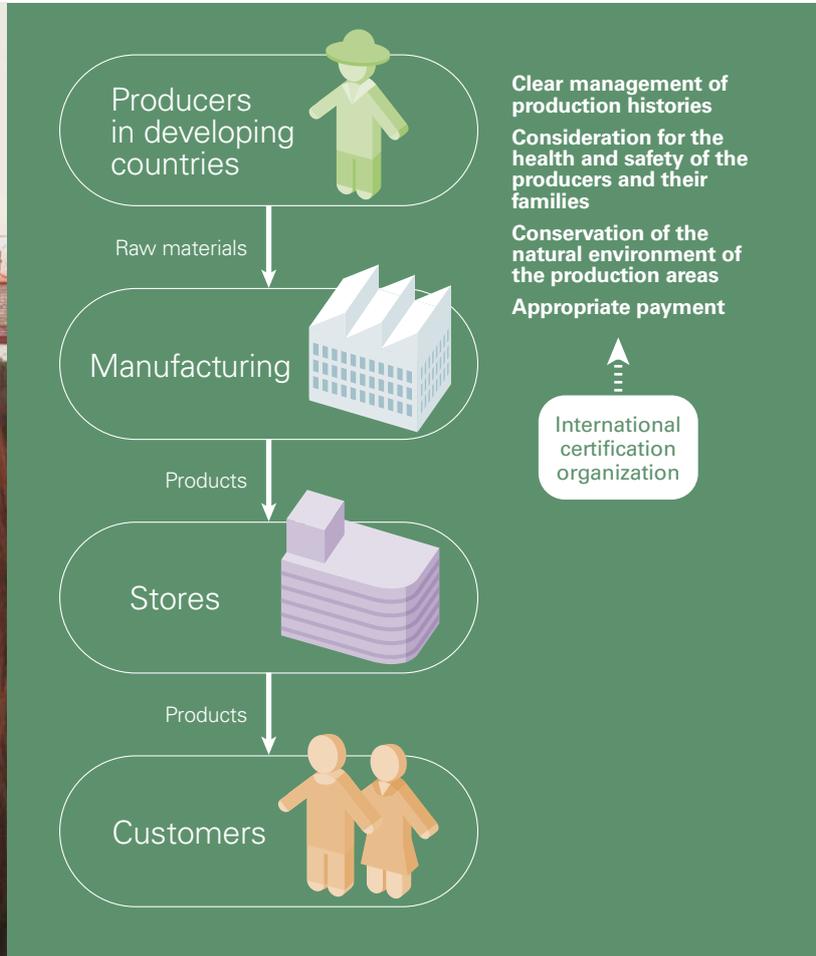
To develop this closed-loop food recycling system, Ito-Yokado established an agricultural production corporation, Seven Farm Tomisato Co., Ltd., in Tomisato City, Chiba, in August 2008. The corporation was established jointly by Ito-Yokado, Tomisato City Japan Agricultural Cooperative (known as “JA Tomisato”) 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.

