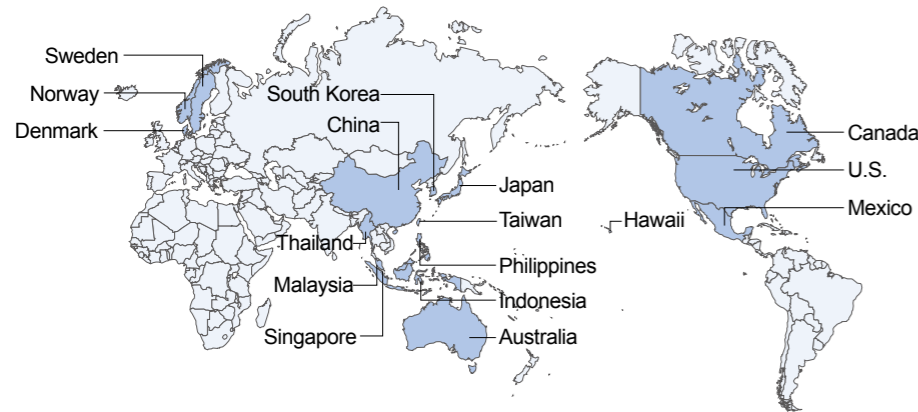


# Overseas initiatives

The Seven & i Group operates globally, in 16 countries and regions around the world.



**Worldwide Store Network**  
**41,800 stores (approx.)\***  
 \* The number of stores (end February 2011 for Japan; end December 2010 for all other countries/regions) includes the following:  
 • Stores operated in various countries and regions by subsidiaries  
 • Stores operated by companies in each country granted a defined area license by 7-Eleven, Inc.  
 • Stores operating under contract with Sogo & Seibu and using the Sogo & Seibu name

## Initiatives in the United States

**7-Eleven, Inc.**

The Southland Corporation, the predecessor of 7-Eleven, Inc., was established in the United States in 1927. The store name was changed to 7-Eleven in 1946, to reflect the store hours, which ran from 7 in the morning to 11 at night. As of the end of December 2010, there are 6,145 7-Eleven stores in the United States, and 465 in Canada. (Below, initiatives are for the United States, unless they are specifically indicated as being for Canada.)

### Replacing lights with power-saving LED

7-Eleven, Inc. has sought to reduce its burden on the environment, as exemplified by reductions in resource consumption, waste, and CO<sub>2</sub> emissions.

In 2010, 7-Eleven made a significant investment, mainly to replace lighting with LED lights. LED lighting fixtures designed for existing stores were developed jointly with a business partner. Also in 2010, a target of installing LED lighting fixtures at 3,102 stores, equivalent to 75% of non-gas station stores, was exceeded. These lighting fixtures have been installed at 3,118 stores.



Exterior gas canopy with LED lighting

### Estimated LED Retrofit Project results for 2010:

| Initiative                 | Number of Stores Implemented | Estimated Annual CO <sub>2</sub> Reduction (Metric Tons) |
|----------------------------|------------------------------|--|
| LED Vault Doors            | 5,604                        | 12,719   |
| LED pole sign              | 1,664                        | 2,911  |
| Ext LED lighting (non-gas) | 3,118                        | 32,566   |
| Ext LED lighting (gas)     | 430                          | 8,651  |

### Environmental data of the United States and Canada

|  | FY 2008 | FY 2009 | FY 2010 |
|--|---------|---------|---------|
| Number of stores   | 6,196   | 6,389   | 6,610   |
| CO <sub>2</sub> emissions from store operations*1 (1,000 ton-CO <sub>2</sub> ) | 1,139   | 1,128   | 1,117   |
| per store (t)  | 184     | 177     | 169     |
| Water consumption (1,000 m <sup>3</sup> )                                      | 4,656   | 4,997   | 5,123   |
| per store (m <sup>3</sup> )  | 751     | 782     | 775     |
| Plastic bag consumption in the US (ton)*2                                      | —       | —       | 1,927   |

\*1: Calculated based on the emission coefficient that conforms to the standards of the Environmental Protection Agency (EPA) of the United States  
 \*2: Only in the United States

### Opinion.....



Director - Engineering & Energy Management, 7-Eleven, Inc.  
**James Chemp**

Our approach is to seek continuous improvements for our energy- efficiency programs. We are proud of our performance and progress in driving our environmental sustainability platform.

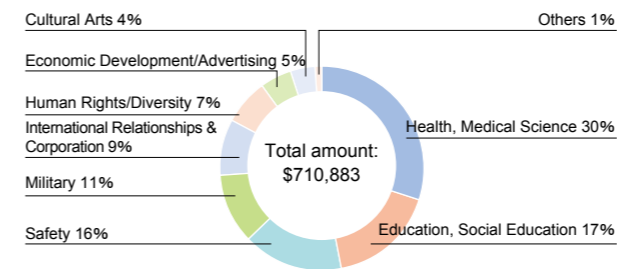
### Making A Positive Impact through Community Involvement

7-Eleven, Inc. and franchisees have long supported their regional communities. Our primary missions include youth education, ensuring safety in regional communities, offering hunger relief, and supporting military families. The focus has been on helping to build a strong foundation for the next generation.

We support a number of locally active organizations with networks across multiple locations in the country. Outcomes of activities are evaluated based on the number of participants, the amount of funds raised, and feedback on the activities.

In FY2010, more than \$3.9 million in cash-equivalent value has been donated to more than 130 organizations, including cash donations from customers, franchisees, employees, and the company, as well as in-kind contributions and volunteer hours for local initiatives.

#### Amount of cash donations in the United States by 7-Eleven, Inc. (FY2010) \*



\* This is the budget. In addition, food write-off donations (in-kind value of approx. \$40,000) were offered.

#### Our community relations activities include:

- Contributing proceeds from the sale of select products
- Canister campaigns that raise awareness and funds
- Donating surplus food to hunger-relief agencies
- Sponsorships of programs and events
- Operation Chill® - donating Slurpee® coupons to local police to ticket kids for good behavior
- Donating product coupons to schools and youth sports
- Volunteering in local initiatives and community-service days

### Fund-raising campaigns through product ales for social issues and the communities we serve

In FY2010, 7-Eleven, Inc. continued the Coffee Cup with a Cause campaign throughout the year.

The Campaign was held five times together with entertainment and sports celebrities. In the Campaign, cups designed by the celebrities were sold exclusively at participating domestic 7-Eleven stores for a limited period. Part of the proceeds was donated to youth organizations chosen by the celebrities.

Participating celebrities not only offered their names and artistic talents, but they also promoted sales of the coffee cups through live events and broadcast and social media channels. Customers responded positively to the call to action, and purchased over 12 million cups. This enabled us to donate a total of \$1.27 million to five organizations.

In addition to the Campaign, products were also sold in the Breast Cancer Awareness campaign. The total amount raised in these two campaigns was an impressive \$1.6 million.\*

7-Eleven, Inc. will continue with campaigns to improve the quality of life for our communities, tapping into the power of our outstanding products.

\* Not included in the amount of cash donations shown in the diagram to the left.

#### Description of activities by recipient organizations

- 1 Building a playground for underserved children
- 2 Offering safe and educational after-school programs to children
- 3 Promoting team building and physical activities through youth sports
- 4 Granting wishes to young children with life-threatening diseases
- 5 Offering university scholarships to students who overcame cancer



2 Designed by Jennifer Hudson



3 Designed by Will Ferrell

Cups of Coffee Cup with a Cause campaign



• Donating school materials

7-Eleven, Inc. has focused on educational support activities that contribute to the overall well-being and future success of youth.

At stores in the Chicago region, a campaign was held to support children from low-income families in the back-to-school season.

In the campaign, packages of 10 pencils were donated to match customer purchasers as gifts to children. The pencils gathered were donated to public schools in Chicago and neighboring school districts. In addition, 7-Eleven offered 1,500 backpacks filled with stationery goods to a back-to-school event sponsored by the City.



• For safer communities

7-Eleven has supported the local police, in the hope of making the communities safer for residents.

Stores in the greater Philadelphia area support the \$2 million dollar-fundraising campaign of the Philadelphia Police Department as it aims to revive its mounted patrol unit. They also launched a canister campaign called "Drop a Quarter for Law & Order." Also, magnets were sold at two dollars each, with all of the proceeds donated to the mounted patrol unit fund. The amount raised and the profits from the sales of magnets, which totaled \$10,711, were donated to the Mayor of Philadelphia and the Chief of the Philadelphia Police Department.

The Fort Dix Street 7-Eleven located in Wrightstown, New Jersey established a Police Community Network Center (PCNC) for policemen. Local residents were concerned about possible criminal activity, as there was no police force stationed in the town. The establishment of the center created opportunities for residents to make contact with police. Also, 7-Eleven, Inc. donated \$711 to the Fort Dix Boy Scout Troop, an appropriate amount in light of the company name.



• 7-Eleven employees and franchisees offer food

In FY2010, 7-Eleven employees took part in volunteer activities to make sure needy families had food on the table. Employees and franchisees working in the Sierra Nevada Market participated in a food-drive community-service project, to provide holiday meals to needy families and the elderly. The team donated some 500 cases of food, including 100 loaves of bread, 20 cases of water, and other such food products.

Employees and franchisees of 7-Eleven, Inc. in Suffolk County, New York, served coffee and bakery goods to County police and community residents who distribute meals to those in need in the Yaphank area. In FY2010, approximately 500 turkeys and hams were offered to needy families.



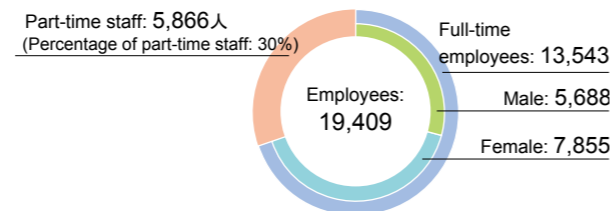
• Honoring veterans at community events

7-Eleven, Inc. believes that participation in community events celebrating military personnel who have dedicated their lives to serving their country must be an important focus of its community outreach.

Employees in the Nassau County Market in New York greeted visitors at the Dignity Memorial Vietnam Wall community exhibit in Huntington, and distributed about 300 sandwiches to veterans. Excess food items were donated to the Northport Va., homeless veteran's shelter.

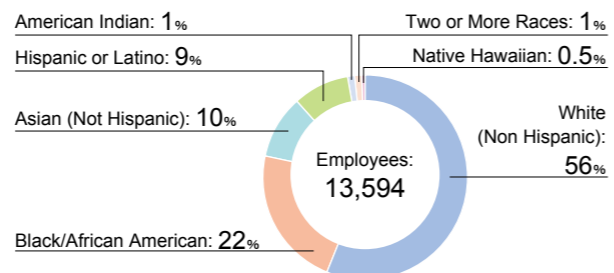
Personnel Data (as of December 31st 2010)

Employee composition in the US and Canada



- Percentage of employees with disabilities: 2.2%
• Percentage of women in management positions excluding executive officers: 24%

Racial composition of employees in the US



TOPICS

7-Eleven in the world

\* The number of stores is as of December 31, 2010

7-Eleven, Inc. is responsible for granting area licenses to overseas operators of 7-Eleven stores. In countries and regions not covered by Seven & i subsidiaries, leading corporate groups operate 7-Eleven stores. Royalty fees paid by area licensees are included in other income of 7-Eleven, Inc.

At the end of February 2011, the number of 7-Eleven stores in the world reached 40,000. Here are CSR initiatives implemented by three companies of licensees.

• Thailand (5,790)

CP ALL Public Company Ltd.

The Company is determined to create new alternatives for education and develop youths by developing an educational system that provides opportunities for students to learn about professions from practical experiences. One example is the establishment of a school with the objective of creating retail professionals. The retail program's practical training at 7-Eleven stores enables students to earn income while studying. In addition, the Company gives scholarships.

• Taiwan (4,750)

President Chain Store Co. Ltd.

The company has been involved in CSR initiatives for many years. One example is the "Good Neighbor Foundation" set up in September 1999. Every year, 0.5% of the net profit (after tax) is transferred to the foundation as part of its operating funds. The foundation holds neighborhood cleaning activities every third Friday of every month. Not only all store keepers and supporting staff in the headquarters can participate but also general people can join.

• Malaysia (1,212)

7-Eleven Malaysia Sdn. Bhd.

The company set up a non-profit entity, Community Care, to support underprivileged groups and to sustain environmental conservation efforts. Money raised from donation boxes are donated to selected welfare homes. During Ramadan, it holds annual campaign which enables shoppers to donate items to welfare homes easily. By referring to the proposed list, they can grasp which items are most needed and purchase those items then drop into collection boxes.

SEVEN-ELEVEN (HAWAII), INC.

In 1989, Seven-Eleven Japan purchased the Hawaii Division from the Southland Corporation (7-Eleven, Inc. today).

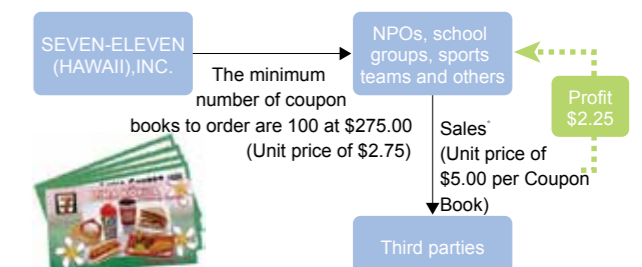
As of the end of December 2010, 55 stores are in operation in Oahu, Maui, and other islands.



Social contribution through the sale of coupons

Since 2001, SEVEN-ELEVEN (HAWAII), INC. has sold Lima Kokua (Helping Hands) Coupon Books to schools, sports teams, and other non-profit organizations. The organizations that purchased these coupons, which can be used in all Hawaii stores, earn a profit by selling them to third parties. Over 55 organizations have used the system each year, and SEVEN-ELEVEN (HAWAII), INC. has supported the activities of these organizations through the sales of the coupons. In FY2010, 59 organizations used the system.

Lima Kokua Coupon Book system



The coupon is worth about \$25.00 of products at retail prices, against the unit price of \$2.75

\* When organizations that purchased the coupons sell each coupon book at \$5.00 each as suggested by SEVEN-ELEVEN (HAWAII), INC., a profit of \$2.25 per book is obtained.



## Initiatives in China

In June 2010, sales of our private brand Seven Premium products, made exclusively for customers in China, got underway. The products were developed jointly by the three superstore companies and 7-Eleven stores in Beijing, Tianjin, and Shanghai, to meet the needs of the Chinese market. These products are being produced at local plants, in collaboration with Japanese manufacturers that have developed Seven Premium products in Japan and understood the concept.

In the production processes, a system for integrated management of information on products and source materials has been adopted to ensure safety and

reliability. In addition to high quality, reasonable prices have been achieved by procuring source materials in a style that taps the synergies of the Seven & i Group.



### SEVEN-ELEVEN (BEIJING)

The first Seven-Eleven store opened in Beijing in 2004. Since then, new store development has progressed steadily. As of the end of December 2010, 100 stores were in operation in China.

For the expansion of its business, it is necessary to develop local staff. Therefore, SEVEN-ELEVEN (BEIJING) motivates Chinese employees by assigning them to key posts.

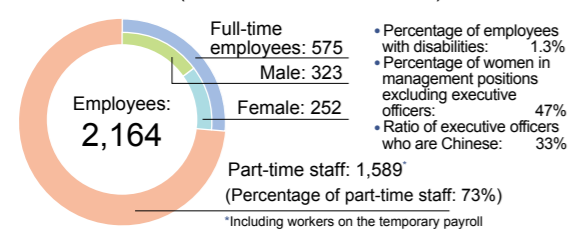


### Employee composition

SEVEN-ELEVEN (BEIJING) aims to employ and appraise workers faithfully, and to establish a fair, appropriate, and equal work environment.

As of the end of December 2010, there were 2,164 employees and 16 persons dispatched from Seven-Eleven Japan are on duty. Ten employees with disabilities have been employed. They are in charge of cleaning and cooking at stores, as well as cleaning, general affairs and other roles at the head office. Expert instructors (able-bodied staff) provide on-the-job training in methods of training and instruction to able-bodied employees working with employees with disabilities, in the hope of developing a working environment comfortable for both.

#### Personnel Data (as of December 31st 2010)



### Personnel evaluation

All employees, including part-time staff, are interviewed for appraisal every month and are appraised once a year for their annual performance. In the monthly appraisal, each employee and his or her direct manager (the primary manager) discuss the achievement level of the targets set for the month by each of them. In the annual appraisal, the primary manager appraises the self-evaluation results by each employee first, and then the secondary manager conducts an appraisal and interviews. In the interview for the annual appraisal, discussions are held taking into consideration the future career plans, and employees are asked about requests for improvement in performance and duties, how subordinates are being educated and instructed, whether lessons learned in seminars have been put to use, and so on. By listening to the opinions of employees in detail, we attempt to improve employee satisfaction and the content of seminars.



### Cultivating human resources

As a measure for human resources development, special early development plans are created to allow capable employees to be promoted quickly, and in-house training systems have been established accordingly. Normally, about two years are needed before a new employee is promoted to a store manager, and then to OFC (Operations Field Consultants). Excellent employees, however, are asked to participate in unique training called Express Training to promote them in about half the normal time. Currently, employees working in the Store Operations Department are considered for the early development plan. But we are expanding the scope and include departments other than the Store Operations Department in near future. Other human resources development plans include having employees who have been working for three years or more, ranking as chiefs at the head office (equivalent to Managers) or above, participate in outside training programs, and in-house seminars taught by outside experts.

#### Opinion of the local employee who participated in the early development seminars.....



Li wei  
Store Manager,  
Store Operations  
Department  
Seven-Eleven (Beijing)

Through the training, I have understood that our company is being operated by mutual cooperation among various departments. I have also realized the importance of working as a team. Until now, I was thinking only about improving my own skills. But after taking the seminars, I am also hoping to see my associates and subordinates improve. In the future, I hope to be an OFC who functions as a link between the head office and stores, and then become the leader of OFCs for cultivating younger employees. For this purpose, I need to learn many things. I hope the company will offer even more opportunities for training.

### Energy conservation initiatives

In China, electricity charges have gone up because supply has not kept pace with the growing demand. Electricity conservation is indispensable for business entities to reduce the costs in addition to the environmental burden. At Seven-Eleven (BEIJING), efforts are being made daily to conserve electricity by turning off lights and signboards in certain time zones. Energy-saving facilities are being adopted for tests, and the test results are verified to judge whether to introduce more such facilities.

In FY2010, inverter air-conditioners that showed high electricity conserving effects at trials conducted in FY2009 were adopted at new stores and those replacing air conditioning facilities. Also, energy-saving eHF lighting fixtures are being adopted at new and renovated stores. This resulted in a 30% reduction of fluorescent lamps used per store compared to the previous year—from 68 to 43. Since the service life of the fluorescent lamps is long at 12,000 hours, the frequency of replacement and the amount of waste are also reduced.

In FY2011, we will expand these initiatives and study trial use of LED for store lighting to conserve energy even more.

### Store-front fund raising

A charity box has been set up in each store since November 2006, soliciting contributions from customers. The funds raised are being donated to the government-certified environmental organization Beijing Green Foundation.

#### Changes in the amount raised

|        |             |
|--------|-------------|
| FY2007 | 55,567 yuan |
| FY2008 | 60,291 yuan |
| FY2009 | 95,295 yuan |
| FY2010 | 80,931 yuan |





Hua Tang Yokado, Chengdu Ito-Yokado, Beijing Wang fu jing Yokado

Starting with Chengdu Ito-Yokado Co., Ltd. established in Chengdu of Sichuan province in December 1996, Ito-Yokado has established Hua Tang Yokado Commercial Co., Ltd. in Beijing in September 1997, and Beijing Wang fu jing Yokado Commercial Co., Ltd. in Beijing in November 2004.

Aiming to be stores of Chinese people, by Chinese people, and for Chinese people, a product lineup and services that meet the local needs, local product procurement, and store operation by local staff are being emphasized.



Hua Tang Yokado Commercial Co. Ltd.



Chengdu Ito-Yokado Co. Ltd.



Beijing Wang fu jing Yokado Commercial Co. Ltd.

Hiring and training Chinese employees

As of the end of December 2010, more than 90% of the people working as managers or in higher positions with the general supermarket companies and a food supermarket company in China were Chinese nationals. Career development has been encouraged for women, and about half of the managers working at stores are women. Especially with Chengdu Ito-Yokado, Chinese people have worked as General Managers of the Administration Department at the head office, store managers, General Managers of divisions for apparel, household goods, and food products. Fourteen Japanese employees support them in their operations.

All of the companies call for suggestions on business improvement measures each year, to reflect employees' opinions in business operations. At Chengdu Ito-Yokado, 437,093 suggestions were sent in during FY2010. Among them, a suggestion to install a bell for calling store clerks at fitting rooms was adopted, for example. As can be seen, employees' opinions are being used to improve customer service.

Each company sends their executives to Japan each year. They participate in the policy briefing of the Seven & i Group, and make observations at stores of Group companies on the methods of store operation.

Opinions of local employees



Zhang quxiu  
Buyer of bedding products,  
Merchandise Department,  
Chengdu Ito-Yokado

At stores in Japan, the smiles and service of employees that considers every detail left a deep impression on me. Also astonishing were the ways to make work processes visible and methods of schedule management. In the future, we should change the way we handle our work.

After participating in observations at stores in Japan and the briefing on administration policies, I have decided as a buyer to strive to gather information at my own initiative, precisely understand constantly changing customer needs to enable new and valuable products to be developed, and fill the sales floors with new products before anybody else does.



Zhang jing hui  
General Manager of Food  
Products  
Shilipu Store, Hua Tang  
Yokado

At our store, we strive to respond to customers expectations on safe, reliable, and high-quality products. It truly makes us happy when customers say they are glad to have come to the store and will come again. Questionnaires are distributed regularly to learn more about customer needs. Also, customers are directly asked to state their opinions and comments in the store.

Interest has grown in safety, reliability, and environmental issues in China as elsewhere. Under these circumstances, stringent management is necessary not only covering the day of production and the freshness period of products, but also in terms of the production ground, storage status and conditions, and inspection reports. We will also aim to communicate product features using different POP.

Cooperation with business partners

Hua Tang Yokado and Chengdu Ito-Yokado purchase about 90% of the products they handle, and Wang fu jing Yokado purchases all products from business partners in China. Team merchandising is pursued, referring to product development efforts in collaboration with business partners. In FY2010, Chengdu Ito-Yokado developed and sold the primary processed seafood products, in response to customer opinions that they like eating seafood but it is too bothersome to cook it. This approach to product development has led to improvements in development capabilities and in the productivity of business partners.

At Chengdu Ito-Yokado, persons in charge check the level of quality control by business partners. In FY2010, observations were made on 150 occasions at plants of apparel and household goods, to confirm the environment at the plants and product quality. In addition, food production grounds were visited 25 times to confirm the methods of cultivation and farming, soil quality, and production processes.

Sales of organically-grown vegetable and traceable products

Ito-Yokado has sought to promote sales of locally produced and organically-grown agricultural products. Wang fu jing Yokado sells vegetables with traceability, in collaboration with Xiaotangshan Farm that specializes in vegetable cultivation with reduced agrichemicals. As of the end of FY2010, about 40 items were being handled, all of which have enjoyed customer appreciation for their freshness, better taste, and reliability with low agrichemical use.

Hua Tang Yokado has expanded the number of organically-grown vegetables being handled. In FY2010, about 224 items were sold, of which sales accounted for about 12% of those from the fruit and vegetable floor. Efforts are also being made to disclose information to customers. At the corner for organically grown vegetables, POP is being used to convey information on the producers and production management. Terminals are also installed for information searches, such as the production grounds.



Terminals for searching installed at sales floor



Vegetables and fruits floor

Enhancing customer service

Customer Opinion Boxes have been set up at each of the stores, to gather customer opinions. Opinions sent in are being shared among departments and stores, and used to improve our stores. At Hua Tang Yokado, store and head office representatives meet every other week, to discuss the current situation and future measures for each store.

Efforts to enhance customer service have also been strengthened. At Chengdu Ito-Yokado, staff practice how to smile during the morning and lunchtime assemblies, aiming to offer customer service with the best smiles in China. In addition, employees who received comments of appreciation from customers are commended at the morning assembly held each month, and they are also featured in the in-house newsletter. With these measures, we seek to enhance employee motivation and distribute examples of excellent customer service.



Customer Opinion Box

Number of customer opinions accepted (FY2010)

|                             |       |
|-----------------------------|-------|
| Hua Tang Yokado             | 4,900 |
| Chengdu Ito-Yokado          | 2,088 |
| Beijing Wang fu jing Yokado | 150   |

Introducing energy-saving facilities

All companies have sought to introduce new, energy-saving facilities. In addition to replacing lighting fixtures with energy-saving equipment, freezer and refrigeration facilities are being renovated by attaching inverters and other devices.

At Wang fu jing Yokado, all lighting was replaced with LED in March 2011. Hua Tang Yokado will incorporate LED for lighting fixtures at Majiapu Store, scheduled to open in FY2012, and plans to gradually replace all lights with LED at existing stores as well.