

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.

Corporate Governance System Supported by Executive Officer and Corporate Auditor Systems

The Board of Directors of Seven & i Holdings is composed of 16 Directors (of whom three are independent outside Directors). The term of Directors has been set to one year, to reflect the intentions of shareholders in a timely manner. The Executive Officer system has been adopted for prompt decision making and operations. The Board of Directors is responsible for formulating business strategies and supervising operations, and 17 Executive Officers, including those who also serve as Directors, are in charge of operating performance.

The Audit & Supervisory Board is composed of five members (of whom three are independent outside members), and monitors administration. In addition to attending Board Meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Director and interview Directors regarding the status of operational performance. They share information with Directors, Members of the Audit & Supervisory Board, and other officers of operating companies, and strictly audit Directors' performance of duties. They also exchange information with Independent Auditors, and collaborate closely with them in auditing.

Outside Directors and Audit & Supervisory Board Members supervise and audit operating performance by presenting advice

and suggestions to ensure the validity and appropriateness of decisions made by Directors and their operating performance, and by exchanging opinions with Directors and others at meetings concerning company operations, corporate governance, and other matters.

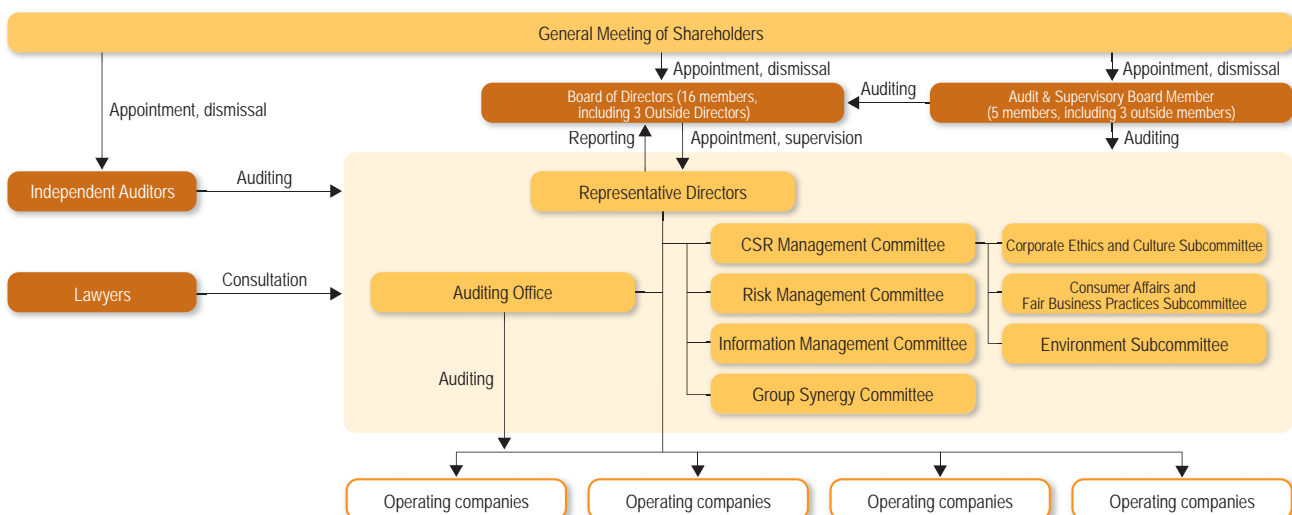
- *1 Seven & i Holdings emphasizes on the independence of outside Directors and Audit & Supervisory Board Members. Individuals who are selected are unlikely to be in a conflict of interest with general shareholders and who are capable of offering supervision, auditing, advice, and suggestions based on expert knowledge and experience, from objective and neutral standpoints.
- *2 The number is as of the end of July 2012.

Internal Control Systems

Seven & i Holdings has worked to improve and reinforce Internal Control Systems, to ensure the following: (1) effectiveness and efficiency of business operations; (2) credibility of financial statements; (3) compliance of business activities with laws and regulations; and (4) proper conservation of assets.

The Auditing Office, which is the independent internal auditing division, has the management function to confirm and instruct internal auditing by operating companies, and the internal auditing function for auditing the holding company Seven & i Holdings. In addition to the persons in charge of business audits for performing these operations, persons in charge of internal control and evaluation have been appointed, and they evaluate internal control by the entire Group.

Corporate governance and CSR Management System



Committees

Seven & i Holdings has established the CSR Management Committee, Risk Management Committee, Information Management Committee, and Group Synergy Committee which report to the Representative Director in order to strengthen corporate governance. Each committee cooperates with the operating companies for determining and disseminating Group policies.

CSR Management Committee

The CSR Management Committee endeavors to maintain compliance with the Seven & i Holdings Corporate Action Guidelines, with the basic motto of "acting sincerely" with respect to customers, business partners, shareholders, local communities, employees, and various other stakeholders as advocated by the Corporate Creed. To ensure compliance with the Action Guidelines, three Subcommittees have been established under the CSR Management Committee. (See pp.12-13)

Risk Management Committee

The Risk Management Committee regards all phenomena that threaten continuation of our businesses as risks, measures them quantitatively wherever possible, and verifies whether they may be fully absorbed in view of equity capital. Then, priority is set from the perspectives of seriousness and urgency, to implement countermeasures.

During FY2011, the Business Continuation Plan was reestablished assuming an earthquake with its epicenter in the Tokyo metropolitan area, information security management was strengthened with regard to the Internet businesses in

collaboration with the Information Management Committee, and compliance organization was strengthened in collaboration with the CSR Management Committee.

In FY2012, fusion with the administrative management will be attempted for improving the enterprise value of our Group, in addition to strengthening risk management of each operating company, while at the same time refining the indicators for evaluation of business efficiency.

Information Management Committee

The Information Management Committee aims to control issues related to information management.

In FY2011, efforts were made to fully enforce the information reporting rules and regulations to prevent insider trading for reinforcing information security, in addition to formulating the Guidelines Related to IT Information Security and Internet Businesses.

In FY2012, voluntary and third-party checking will be promoted on the status of compliance with the above guidelines, for configuring even more precise organization of information reporting.

Group Synergy Committee

The Group Synergy Committee is composed of subcommittees on merchandising, systems, building equipment, sales promotion, etc. By sharing and utilizing the expertise in product development, sales, promotion, etc. that each operating company has separately cultivated, our Group creates safe, reliable, and useful products and services of high quality; of which Seven Premium products are the leading example. Making use of the scale merit brought about for the Group, significant cost reductions have also been attempted through collaborative purchasing of commercial and construction materials.

TOPICS

Measures for assuring business continuity in times of large-scale disasters

To further improve disaster-response capabilities building on our experience with the Great East Japan Earthquake, a disaster prevention project has begun, with each division of Seven & i Holdings participating, in efforts to develop organizations and systems for dealing with disasters. Based on the fundamental policies of saving lives and ensuring safety, cooperating with local communities in rescue efforts, and promptly restarting store operations, we will strive to secure products in times of emergency through collaboration between operating companies and major business partners, secure transportation means for goods by establishing emergency cooperative systems with logistics partners, and establish sales structure in times of emergency

utilizing the Group's capabilities.

To maintain communication networks in times of emergency, we have also established doubled telecommunications networks and installed satellite mobile telephones in the homes of main executives, while at the same time installing wireless communication systems at the headquarters, main stores, and distribution centers. Efforts are also being made for establishing organization for continuing business, by stockpiling emergency food, drinking water, blankets, portable toilets, and other items needed in times of emergency in the headquarters and major offices.

Activities are being pursued in line with the Challenges Facing the Seven & i Group

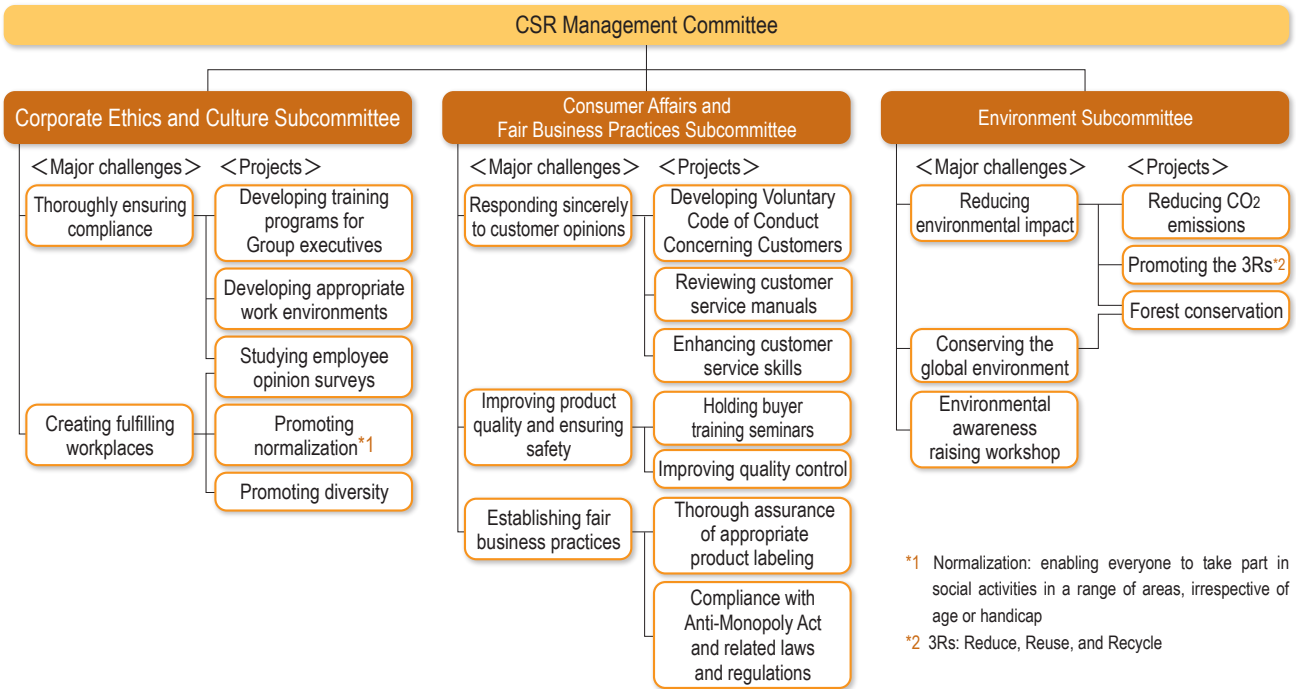
CSR organization

To ensure the effectiveness and viability of the Group's CSR activities, Seven & i Holdings revised the CSR organization and in September 2011 established the Corporate Ethics and Culture Subcommittee, Consumer Affairs and Fair Business Practices Subcommittee, and Environment Subcommittee under the CSR Management Committee. Each subcommittee extracted and prioritized the main challenges to be addressed from the

standpoint of the business features of the Group. A project team was established for each priority challenge for formulating specific measures for achieving solutions. The formulated measures are reported at quarterly Subcommittee meetings for approval by the subcommittee and instructions are made to all the operating companies of the Group to implement the measures.

Targets and progress by each subcommittee

Results of major activities in FY2011 to first half of FY2012	Evaluation*
Corporate Ethics and Culture Subcommittee	
(1) Thoroughly ensuring compliance <ul style="list-style-type: none"> Revised the Seven & i Holdings Corporate Action guidelines and formulate guidelines for each operating company Held a training seminar by lawyers for Group buyers concerning prevention of bribery in overseas transactions Conducted a questionnaire survey for Group companies concerning labor management Formulated training programs for the Group's executives for thoroughly disseminating the management philosophy and cultivating a common sense of values Held briefings on the Seven & i Holdings Business Partner Action Guidelines with business partners of Seven Premium products and direct overseas suppliers of Ito-Yokado (p.15) 	
(2) Creating fulfilling workplaces <ul style="list-style-type: none"> Conducted opinion survey on the work environment for female employees, and listed issues and formulated measures to be addressed Organized the Diversity (of human resources) Promotion Project (p.32) Conducted questionnaire surveys with Group companies for clarifying issues related to employment of persons with disabilities Personnel in charge of hiring at each operating company visited special-needs schools for observation 	
Consumer Affairs and Fair Business Practices Subcommittee	
(1) Responding sincerely to customer opinions <ul style="list-style-type: none"> Formulated the Seven & i Holdings Voluntary Code of Conduct Concerning Customers and disseminated them among operating companies Held seminars by outside lecturers for personnel in charge of customer service of all Group companies 	
(2) Ensuring the quality and safety of products and services <ul style="list-style-type: none"> Conducted joint seminars mainly for buyers in all Group companies (First seminar: Regulations on harmful substances in fiber products; second seminar: Household Goods Quality Labeling Act; third seminar: Act against Unjustifiable Premiums and Misleading Representations) Formulated the Group's common Check Sheet for Business Partners' Factories for food factories Formulated the Group's common Appropriate Product Labeling Guidelines for food products 	
(3) Establishing fair business practices <ul style="list-style-type: none"> Established Fair Trade (FT) Committee at each Group company and appointing personnel in charge of FT Held seminars for Group FT personnel regarding abuse of dominant bargaining position 	
Environment Subcommittee	
(1) Reducing the environmental impact <ul style="list-style-type: none"> Conducted third-party verification on CO2 emissions from stores (p.64) 	
(2) Conserving the global environment <ul style="list-style-type: none"> Started the Seven & i Forest Project in Nagano Prefecture (p.27) Employee volunteers conducted forest improvement in the Seven & i Forest 	



* Evaluation : ○ : Target achieved △ : Target nearly achieved × : Fell significantly short of target

Plans for latter half of FY2012

- Making the Guidelines thoroughly known among employees
- Study conducting employee opinion surveys
- Study measures to address revisions to the Labor Contract Act
- Consider revising employee training programs for each company and tier of workers
- Conduct CSR audits with business partners
- Sharing of career plans and life plans through interviews with managers
- Adopting the mentor system
- Promoting communications with employees on parenting leave via use of social networking services (SNS)
- Conducting interviews by managers with employees before taking parental leave and when returning to work
- Consider obtaining the next generation authorization mark by Seven-Eleven Japan to support raising children
- Holding an event for developing networks among women
- Starting awareness-raising activities utilizing in-house newsletter, etc.
- Study holding joint briefing for the Group for promoting employment of persons with disabilities
- Developing employee education tools common to all Group companies and strengthening education
- Holding regular seminars on customer service
- Improving customer service skills of the customer service offices of all Group companies
- Holding seminars on product safety
- Holding seminars for each product category
- Adopting the Check Sheet for each Group company
- Making the Guidelines thoroughly known among buyers and sales promotion personnel of each Group company
- Developing and strengthening daily and regular monitoring systems for each Group company
- Holding seminars on Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors
- Improving CO2 management taking third-party verification into consideration
- Promoting reduction of packaging materials
- Deciding on the subsequent candidate forests of forest conservation project
- Continuing with employee volunteer work
- Planning use of wood from forest thinning for store construction, with office supplies, and for product development

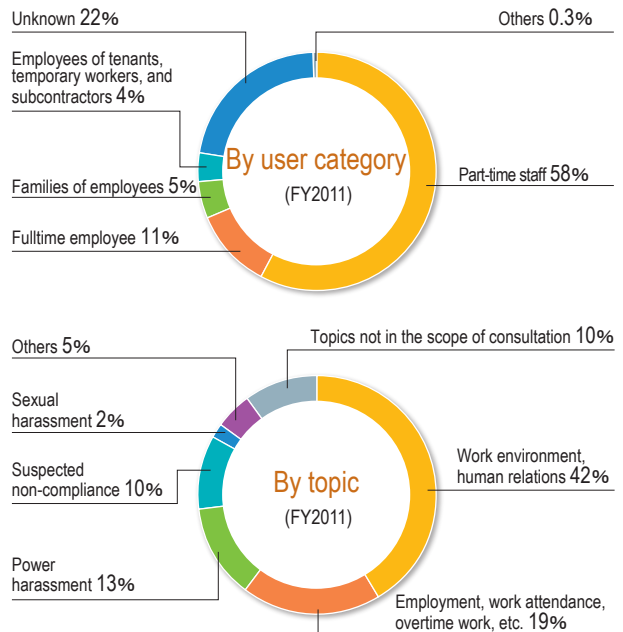
Help Line for employees

We have established the Group-Wide Help Line in a third-party organization. In view of the increasing number of contacts regarding mental health-related issues, the contact number of mental health consultation services, at which expert consultants are available, was indicated on a poster informing of the Help Line in FY2011.

Number of consultations in FY2011: 589 (93% year on year)

* The number indicates the total of those accepted at the consultation desk shared by Group companies and those established by respective operating companies. Some operating companies have established their own consultation desk in addition to that shared by Group companies.

* The Data for Consultation Services for Employees in the Data Section (pp.46-63) report on the situation regarding consultations received during FY2011 for each operating company.



We work jointly with our business partners for performing CSR in the entire supply chain

Seven & i Holdings Business Partner Action Guidelines

Since 2007, Seven & i Holdings has advocated the Seven & i Holdings Business Partner Action Guidelines that summarize the nine CSR items that it wishes to be promoted by business partners, requesting their understanding and compliance thereof.

We have asked the contract manufacturers of our Group's private brands and original products of operating companies, among our business partners, to submit a Self-Check Sheet with items related to the Guidelines. The Sheet allows us to understand the status of implementation of CSR measures by the entire supply chain, including our business partners. At the same time, we are hoping that our business partners will promote understanding and measures concerning CSR.

Also, by asking our business partners to understand and

comply with the Guidelines, we aim to build stable business relations for them and for our company by averting risks of business stoppage caused by violation of laws or regulations, as well as customer boycotts and other damaging situations.

Revision of the Self-Check Sheet

Referring to ISO 26000, Keidanren Corporate Behavior Charter, and the revised OECD Guidelines for Multinational Enterprises, items mainly related to product safety were reviewed and the number of check items was revised from 52 to 61 in June 2012. Advance implementation of the revised Self-Check Sheet began in June 2012 with business partners involved with Seven Premium products, which are the Group's common strategic products, as well as direct overseas suppliers of Ito-Yokado.

Seven & i Holdings Business Partner Action Guidelines

1. Legal Compliance
2. Respect for Human Rights and Dignity
3. Human Resources and Workplace Environment
4. Environmental Management
5. Relationship with Society and Local Communities
6. Information Management
7. Products Safety Assurance
8. Fair Business Practices
9. Monitoring

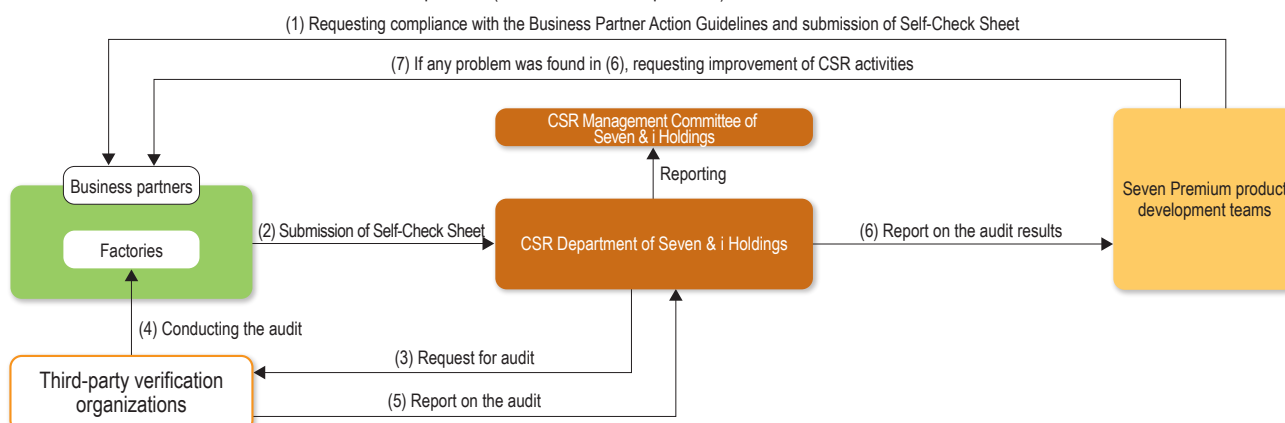
For the full text, please visit the following site:

<http://www.7andi.com/en/csr/suppliers/guide.html>

Upon start of CSR audit

In the latter half of FY2012, the CSR audit is scheduled to start with about ten factories owned by business partners who implemented the revised Self-Check Sheet. In the CSR audit, outside verification organizations check the status of business partners' compliance with the Guidelines in accordance with about 140 audit items established independently by Seven & i Holdings (see chart example on p.15). For non-compliance matters found in the audit, corrective measures will be implemented pursuant to the Corrective Action Plan (CAP) issued by the business partner within 10 days of completion of the audit and under the guidance of the verification organization. A compliance certificate will then be

Process flow of Business Partner Action Guidelines operation (for Seven Premium products)



issued when corrective measures on the important and quality-related non-compliance issues and the chief minor non-compliance issues have been completed. In view of the start of the CSR audit, in May 2012 briefings on compliance with the Guidelines and the audit were held for business partners located in Tsingtao and Shanghai that are involved with apparel and household products, which are imported directly by Ito-Yokado, and in June for business partners of Seven Premium products in Japan.

The CSR audit was conducted in advance on a trial basis with some of the business partners in China. Executive Officer and Officer of CSR Department of Seven & i Holdings accompanied the verification organization to confirm the audit methods and procedures.

Also, a joint seminar was also held in June 2012 for buyers of the Group to raise their awareness of the importance of CSR for the entire supply chain. The Seven & i Holdings Corporate Action Guidelines to be complied with by all employees of the Group, which were revised in 2011, were again made thoroughly known among Group employees, while at the same time explaining the importance of fulfillment of social responsibilities in collaboration with business partners, to about 500 people working with the 17 operating companies.

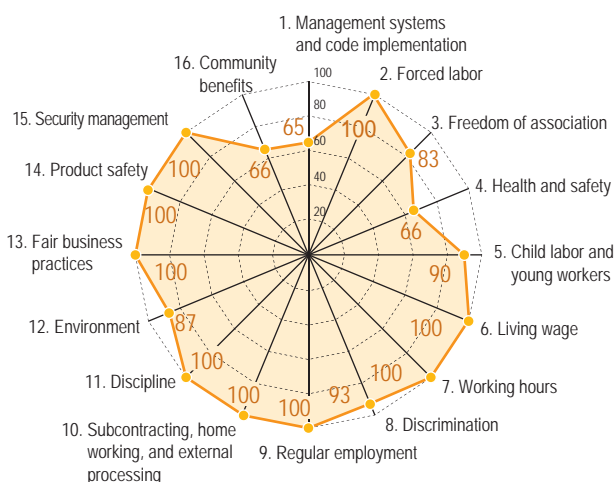


Briefings held in China



Trial CSR audit at factories

Chart example of audit results



Operating Business Partner Help Line

We have established the Business Partner Help Line for accepting questions and opinions regarding transactions and promptly making improvements, with the aim of establishing fair business practices.

A subcontracting agreement and confidentiality agreement have been concluded with third-party organizations that run the Help Line, in order to strictly protect personal information and privacy of individuals who made contact and reports. Reports can be made anonymously to Seven & i Holdings by submitting one's name and affiliation only to the third-party organization. To ensure that individuals who ask consultation and do whistle-blowing are subjected to no unfair treatment by Seven & i Holdings and/or Group companies, about one month after the handling of the report the third-party organizations check in with the contacting party as to whether any retaliatory action has been taken.

For the details, please visit the following site:

<http://www.7andi.com/en/csr/suppliers/helpline.html>

Number of consultations in FY2011: 15 (12 in FY2010)

By user category

Business partner employees	11
Business partner sales representatives	1
Suppliers to business partners	1
Unknown	2

By topic

Suspected noncompliance (the Group companies)	5
Suspected noncompliance (business partners)	3
Communications	3
Others	4