

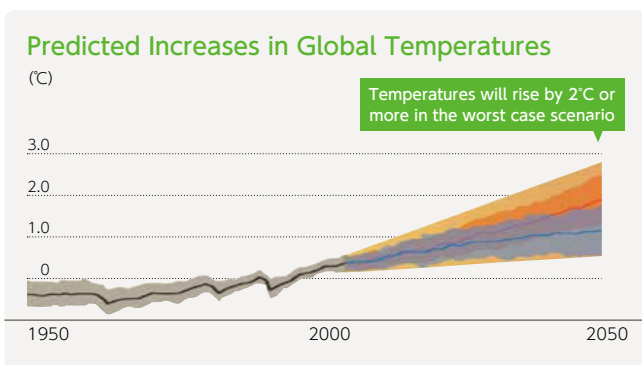


We will eliminate waste in terms of products, materials, and energy and contribute to the preservation of the environment.

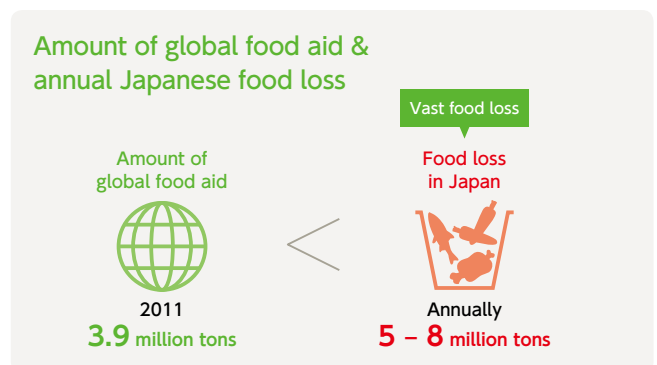


Climate change is a global issue. The projected worst case scenario for business as usual is a temperature rise of almost 2°C by 2050. The main cause is thought to be CO<sub>2</sub> emissions.

Another serious problem is food waste. In 2011, the global amount of food aid reached approximately 3.9 million tons. By comparison, over 17 million tons of food is wasted every year in Japan. From 5 to 8 million tons of this is food loss—food that is likely to be still edible, such as half-eaten food or food that has passed its expiry date.



Taken from the IPCC "Fifth Assessment Report" on the Japan Center for Climate Change Actions website (<http://www.jccca.org/>)



Ministry of Agriculture, Forestry and Fisheries: "Working to Reduce Food Loss"

To realize sustainability for the global environment and corporate activities, we are taking steps to reduce the environmental impact of our business activities, while working together with our customers, business partners, and local communities to eliminate waste in resource use.

### Reducing CO<sub>2</sub> Emissions at Stores

About 90% of Group CO<sub>2</sub> emissions are attributable to the use of energy for equipment vital to store operations. We are therefore promoting the introduction of energy-saving equipment.

### Reducing CO<sub>2</sub> Emissions from Logistics Operations

Due to the need to control CO<sub>2</sub> emissions from delivery vehicles, we are promoting a range of measures that include the introduction of eco-friendly vehicles.

## Action on the Promises

### Promoting Food Recycling

We have established "improving food recycling rates" as an important theme and are promoting initiatives for effective use of food waste.

### Reduce Packaging Material

We are reducing waste from packaging materials used for supplying products by simplifying packaging and promoting reduced provision of plastic bags.

Created Value

Value for Society

Effective use of resources

Reduced CO<sub>2</sub> emissions

Value for Seven & i Holdings

Reduced energy costs

Increased recycle rate



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## Attaining an Appropriate Grasp of Environmental Impact

### Setting CO<sub>2</sub> Emission-Reduction Targets

Seven & i Holdings has established "CO<sub>2</sub> emissions reduction targets" for the purpose of preventing global warming. By introducing the latest energy-saving equipment and renewable energies, and other measures, the Group has set a CO<sub>2</sub> emission reduction target that represents a 10% reduction from the projected CO<sub>2</sub> emissions in the fiscal year ending February 28, 2018 under the same level of environmental measures set for the nine Japanese operating companies\*<sup>1</sup> in the fiscal year ended February 29, 2012, and is working to reduce energy usage.

### Third-Party Audit of CO<sub>2</sub> Emissions

To correctly assess and verify the initiatives taken to reduce environmental impact, Seven & i Holdings has undertaken third-party audits of CO<sub>2</sub> emissions from store operations at the 10 main Group operating companies\*<sup>2</sup> since the fiscal year ended February 29, 2012. The sales of the 10 audited companies account for about 96% of the Group's total, helping to increase the accuracy and reliability of quantitative data internally and externally. (A Greenhouse Gas Emissions Verification Statement is on page 64).

\*1 Included companies: Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems, York Mart, Akachan Honpo, THE LOFT, and SHELL GARDEN

\*2 Ten companies comprising the nine companies in \*1 with the addition of 7-Eleven Inc.

### ISO 14001 Acquisition

Seven & i Holdings is promoting ISO 14001 acquisition to strengthen its environmental management systems. We maintain the certification at Sogo & Seibu stores, SEJ Head Office, offices nationwide, and directly managed stores within the Greater Tokyo Area.

In the fiscal year ended February 28, 2015, Seven & i Food Systems acquired ISO 14001. All departments will continue to use management systems to reduce environmental impact through our business activities.

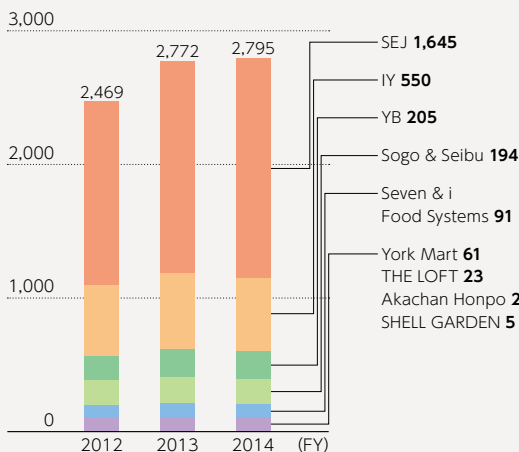
### Raising Environmental Awareness among Employees

To raise employee environmental awareness, Seven & i Holdings has conducted a campaign to allow employees to obtain "Eco Test"\*<sup>3</sup> certification. This campaign involved employees who passed the Eco Test receiving a certain amount as a support subsidy. At the testing conducted in July 2015, across the Group 951 people sat the test and 753 passed.

\*3 The Certification Test for Environmental Specialists is conducted by the Tokyo Chamber of Commerce and Industry. The official name is the Certification Test for Environmental Specialists\*

### CO<sub>2</sub> Emissions\*

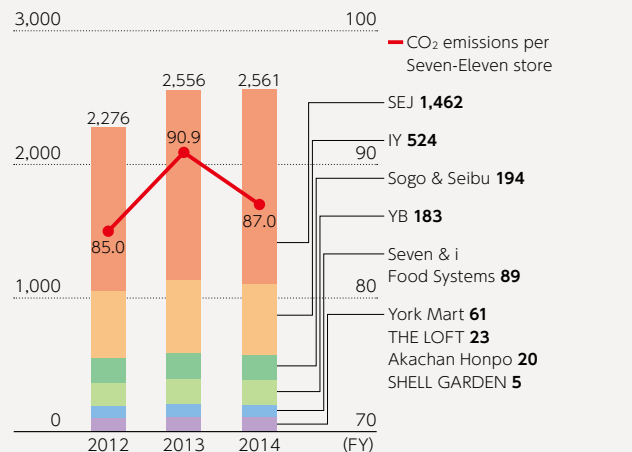
(1,000 t-CO<sub>2</sub>)



\* CO<sub>2</sub> emissions from store operations plus CO<sub>2</sub> emissions caused by the use of energy for logistics and Head Office activities. For calculation methods, please see the data posted on the website.

### CO<sub>2</sub> Emissions Resulting from Store Operations\*

(1,000 t-CO<sub>2</sub>)



\* For calculation conditions, please see the data posted on the website.

### ● Scope 3 Calculation\*1

Seven & i Holdings has calculated the CO<sub>2</sub> emissions (“Scope 3”) throughout the supply chains at six of its major Group companies\*2 for the fiscal year ended February 28, 2014 for the first time. In making the calculations, we used the “Supply Chain Emissions Accounting and Public Support” project of the Ministry of the Environment, making the calculations in accordance with the “Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.1.” In this support project, the calculation by Seven & i Food Systems was the first example of its kind in the food and beverage industry. We calculated Scope 3 emissions in the same way for the fiscal year ended February 28, 2015. Based on this calculation result, we will aim to achieve further reductions of CO<sub>2</sub> emissions across the entire supply chain.

The six companies’ calculation results are disclosed on the following website. (Japanese Only)  
[http://www.env.go.jp/earth/ondanka/supply\\_chain/gvc/business/case\\_smpl.html](http://www.env.go.jp/earth/ondanka/supply_chain/gvc/business/case_smpl.html)

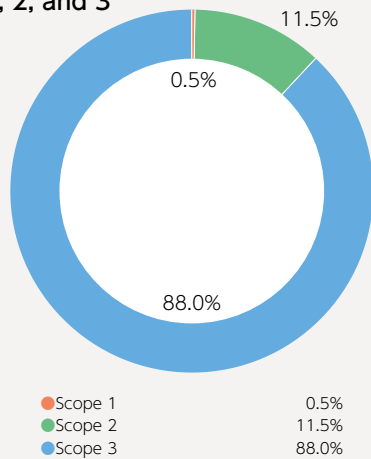
- \*1 “Scope 3”: CO<sub>2</sub> emissions other than those from the company, emitted from its procurement of raw materials and products, transportation, product use, and CO<sub>2</sub> emissions from waste disposal processes
- \*2 Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York Mart, Seven & i Food Systems, and Seven Bank

### Breakdown of Greenhouse Gas Emissions throughout the Supply Chain in the Fiscal Year Ended February 28, 2015

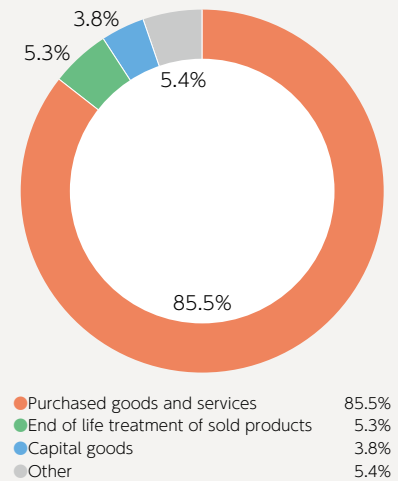
Calculation Period: March 2014 – February 2015

Category	Description	Example	Composition ratio
Scope 1	Direct emissions from owned/controlled operations	Fuel used for onsite generation	0.5%
Scope 2	Indirect emissions from the use of purchased electricity, steam, heating, and cooling	Electricity consumption	11.5%
Scope 3	Other indirect emissions	Below	88.0%
Category 1	Purchased goods and services	Procurement of raw material	85.8%
Category 2	Capital goods	Investment in equipment	3.8%
Category 3	Fuel-and-energy-related activities (not included in Scope 1 or 2)	Procurement of energy used	0.9%
Category 4	Upstream transportation and distribution	Delivery from delivery center to stores	1.4%
Category 5	Waste generated in operations	Processing of store waste	0.4%
Category 6	Business travel	Employees’ business trips	0.0%
Category 7	Employee commuting	Employees’ commutes	0.2%
Category 8	Upstream leased assets	Electricity use in data centers	0.0%
Category 9	Downstream transportation and distribution	Deliveries from stores to customers	0.2%
Category 11	Use of sold products	Use of sold products	0.7%
Category 12	End of life treatment of sold products	Disposal of sold products	5.3%
Category 13	Downstream leased assets	Tenants’ energy use	1.4%

FY2015 Breakdown of Emissions under Scopes 1, 2, and 3



FY2015 Breakdown of Scope 3





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## Reducing CO<sub>2</sub> Emissions at Stores

### Promoting Introduction of Energy-Saving Equipment

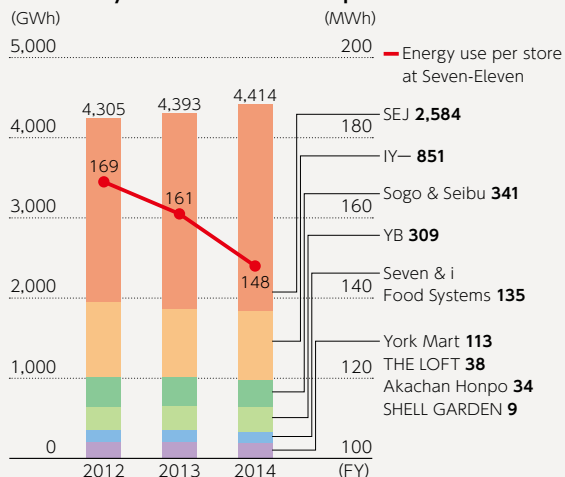
Seven & i Holdings is taking steps to control the proportional increase in environmental impact that accompanies the growth in the number and size of stores, and the expansion of products and services. One approach is to installed energy saving equipment such as LED lighting and solar panels when opening new stores or remodeling existing ones.

To promote the creation of environmentally friendly stores at SEJ, all types of lighting are being converted to LED, including store signage, sales area lighting, and exterior lighting. By changing over to LED, stores that previously used 85 fluorescent lights can achieve an annual energy saving effect of 11,508 kWh per store. We are also promoting the installation of solar panels, which are now used in 7,278 stores (as of August 31, 2015).

At IY, to reduce the load on the environment from store operations, LED lighting has been installed at almost all stores as of February 28, 2015, and solar panels have been installed at 14 stores.



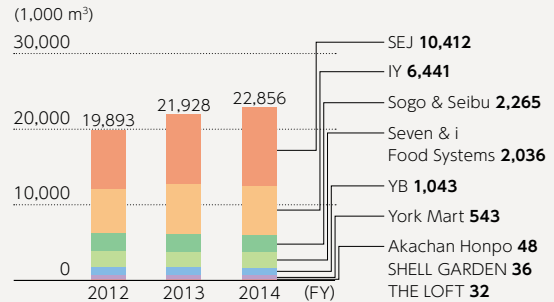
### Electricity Use from Store Operations



### Measures to Conserve Water

At Seven & i Holdings stores, in addition to the daily efforts made to conserve water, water-conserving faucets and energy-saving flushing toilets are also being introduced. Furthermore, through utilizing rainwater, etc., we are working to reduce the volumes of water used.

### Water Usage Resulting from Store Operations



### Management of CFCs

At Seven & i Holdings stores, devices using CFCs are replaced with ones using CFC alternatives during remodeling and so forth. Moreover, in compliance with the Act on the Protection of the Ozone Layer Through the Control of Specified Substances and Other Measures, which was implemented in April 2015, devices undergo regular inspections required by the government. Devices using CFCs are disposed of by professional companies in compliance with the law, and stores receive collection certificates from these contractors as proof of appropriate disposal.

We also plan to further promote the introduction of non-CFC devices in freezing and refrigeration devices used at our stores. At SEJ, refrigeration devices that utilize CO<sub>2</sub> refrigerants have been introduced at 75 stores (as of August 31, 2015) and we are trialing them at 3 IY stores.

### ● Installation of Electric Vehicle Chargers

Seven & i Holdings and NEC Corporation have installed 3,380 chargers for electric vehicles (EV) and plug-in hybrid vehicles (PHV) in parking lots at 45 stores in Japan, including IY, Ario, and Sogo and Seibu department stores to provide a fee-based charging service.

This project is the largest scale introduction of EV and PHV chargers ever attempted in Japan. Services are scheduled to be gradually launched from November 2015 in stores where chargers have been installed. The initiative aims to increase the convenience of the commercial facilities and establish a pattern for using EVs and PHVs of charging them while shopping, as well as to contribute to the realization of a low-carbon society by promoting the spread of environmentally friendly, next-generation cars.

The charging service will support payment with a charging card issued by Nippon Charge Service LLC, a joint venture established by four Japanese automakers, as well as Seven & i Holdings' electronic money "nanaco."

### ● Convenience Stores with Hydrogen Stations

SEJ has signed a comprehensive agreement with Iwatani Corporation regarding the installation of hydrogen stations together with convenience stores. The companies plan to open two stores with hydrogen stations in Tokyo Metropolis and Aichi Prefecture in 2016.

The two stores will conduct a trial test on the environmental impact reduction of stores using pure hydrogen fuel cells to verify the potential for the use of fuel cells in SEJ stores. Moreover, the project also aims to promote the creation of "close-by, convenient stores" that are closely tied to local communities, while creating sites that can serve as social infrastructure able to provide products, services, and clean energy at a single point.

SEJ will continue actively striving to make total energy savings while creating environmentally friendly stores through "energy saving, energy creation, and energy storage."



Image of the convenience store with hydrogen station

## TOPIC

### 7-Eleven, Inc. 2014 Environmental Initiatives

In 2014, 7-Eleven, Inc. (SEI) continued to roll out LED lighting and an energy management system (EMS) in stores to reduce energy consumption. The EMS monitors, controls, and optimizes the performance of heating, ventilation, and air conditioning (HVAC) and refrigeration equipment, which have significant energy consumption. It also enables remote control of HVAC and other energy-consuming equipment. Real-time data obtained by the system is used to perform frequent self-diagnostic and optimization routines to reduce energy consumption and manage costs. Since 2011, more than 5,000 stores have installed LED lighting and more than 3,600 stores have installed the EMS. In 2014, SEI achieved an annualized reduction of CO<sub>2</sub> emissions of an estimated 298,422 tons and annualized energy cost savings of approximately \$45 million.



LED lighting



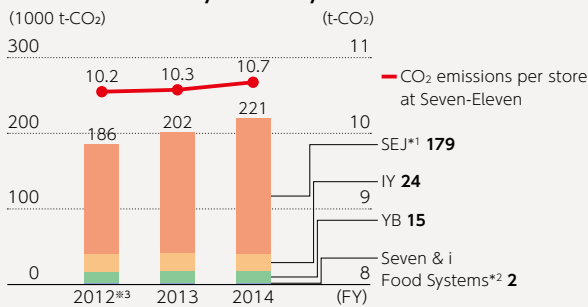
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## Reducing CO<sub>2</sub> Emissions from Logistics Operations

### Reducing CO<sub>2</sub> Emissions from Deliveries

In addition to promoting the introduction of ecofriendly vehicles, Seven & i Holdings is working to improve fuel efficiency and reduce store delivery frequencies. Furthermore, progress is also being made in the introduction of drive-data terminals in trucks, which record driving conditions. Based on the collected data, drivers are instructed and eco-driving seminars carried out.

#### CO<sub>2</sub> Emissions by Delivery Trucks

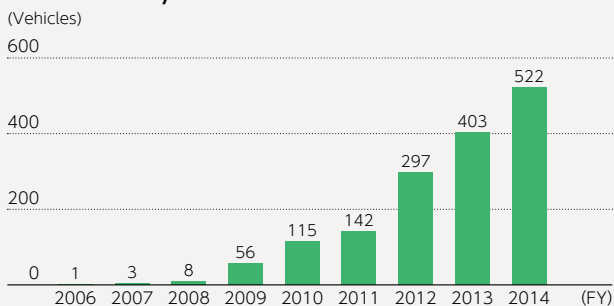


\*1 SEJ data includes CO<sub>2</sub> emissions from distribution center operations.  
 \*2 The values are for Denny's only  
 \*3 Some data is missing due to the impact of the Great East Japan Earthquake.

### Introduction of Eco-Friendly Vehicles

We are replacing delivery vehicles with hybrid trucks at SEJ. These are capable of recuperating energy generated during deceleration and then using it as secondary power to drive motors when pulling away and accelerating. Through this technology, we hope to realize fuel-efficiency improvements and reduced CO<sub>2</sub> emissions, etc. There are 4,856 delivery vehicles in the fleet (as of February 28, 2015), and hybrid trucks account for 522 of these. We plan to replace 20% of the total fleet with eco-friendly trucks by 2020.

#### Number of Hybrid Vehicles Introduced



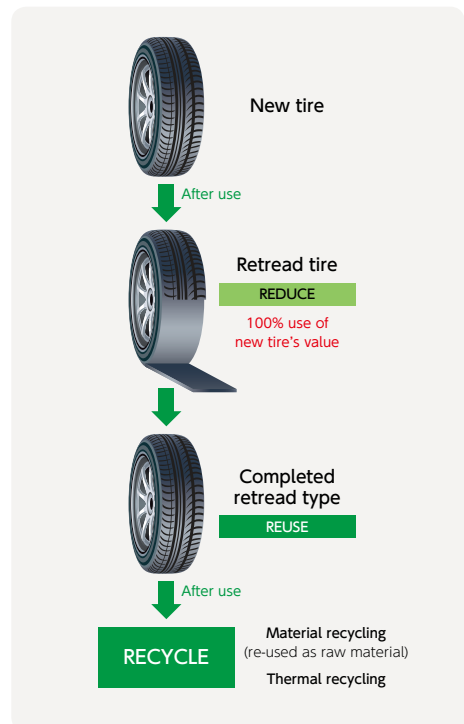
### Promoting Introduction of Eco-Friendly Tires

SEJ is promoting the introduction of eco-friendly tires that reduce the rolling resistance of the tires of delivery vehicles. As of February 28, 2015, we have installed eco-friendly tires on 4,707 delivery vehicles, representing approximately 95% of the total fleet.

Moreover, SEJ has also introduced retread tires to 6,013 vehicles as of February 28, 2015. These tires are made from tires that have finished their service life by removing a certain amount of the tire surface that contacts the road and applying new rubber and tread. In this way, they can be re-used as rear tires for delivery vehicles.

SEJ will promote the use of retread tires to contribute to resource conservation and waste reduction by reusing them as rear tires.

\*1 Tires may be removed and refitted several times for each vehicle, so the number is the total number of vehicles.



## Promoting Food Recycling

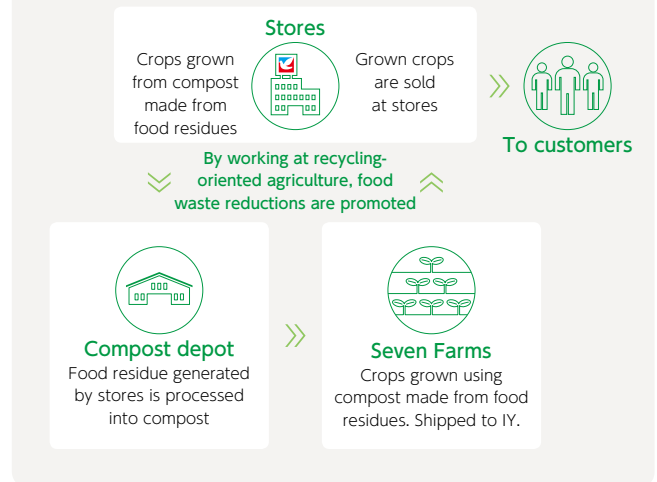
### ● Recycling-Oriented Agriculture (Seven Farms)

To improve food recycling rates and invigorate regional agriculture, in August 2008 IY established “Seven Farm Tomisato” as an agricultural production corporation in Tomisato City, Chiba Prefecture, thereby becoming the first player in the retail sector to engage in “recycling-oriented agriculture”. This involves composting food residues (garbage) generated by stores, and using it at Seven Farms. The produce that is grown at the farms is then harvested and sold at the stores. The initiative is being carried out at 11 locations throughout Japan.

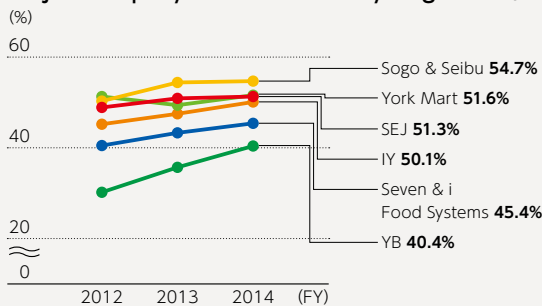
This initiative has been well received. In the Environmental Division of the Fiscal 2014 35th Food Industry Best Company Awards, we were awarded the Minister of Agriculture, Forestry and Fisheries Award by the Japan Food Industry Association and the Organization of Food-Marketing Structure Improvement.

(This is an event sponsored by the Ministry of Agriculture, Forestry and Fisheries).

### Seven Farms Outline



### Major Company Food-Waste Recycling Rates (FY2015)



### ● Installing Systems to Treat Garbage

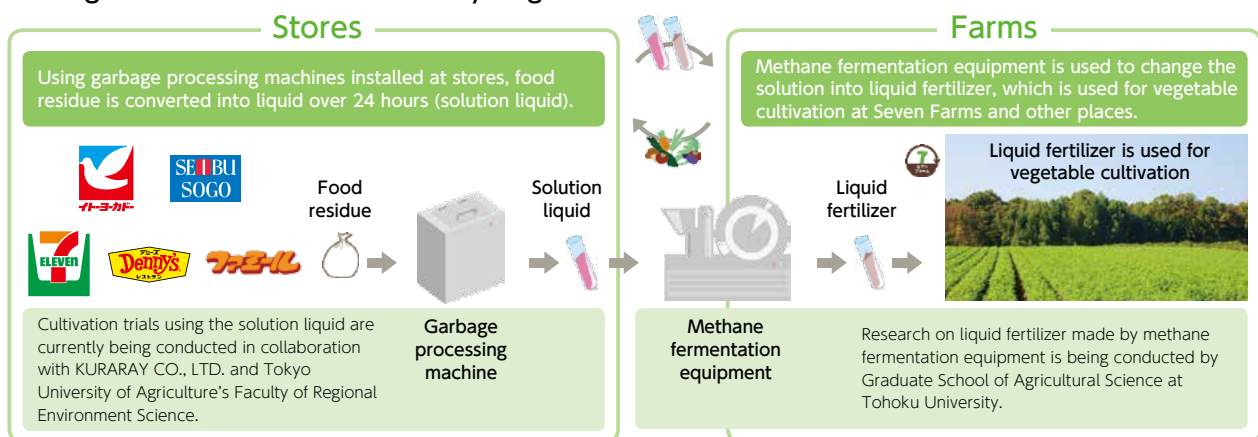
At IY, a “biodegradable garbage processor” system that breaks down garbage using microorganisms was introduced in October of 2011 and has been installed in 12 stores. Through the power of microorganisms, the devices break down into water and CO<sub>2</sub> garbage that is ill-suited to recycling (such as highly fibrous substances, etc.). This process results in reduced CO<sub>2</sub> emissions when compared to incineration processing, and it offers an effective reduction of waste volumes.

## TOPIC

### Start of Research on Converting Food Residue to Liquid Fertilizer

SEJ has started research toward the creation of a new food recycling loop where food residue from stores is converted to liquid fertilizer, which is then used in vegetable cultivation and so forth.

### ● Envisaged Next Generation Food Recycling







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### Reducing Packaging Materials, etc.

#### ●Installing Automatic PET Bottle Collection Machines

IY, YB, and York Mart have had automatic PET bottle collection machines installed at stores since 2012. Because PET bottles inserted into the machines undergo an automatic process of foreign-matter removal and volume-reduction (by either compression or crushing), large volumes of bottles for recycling can be sent to recycling plants on each occasion, which reduces the delivery frequency from stores. Moreover, by utilizing Seven & i Holdings logistics routes, more efficient transportation is possible and the volume of CO2 emissions resulting from the operations can be reduced.

Additionally, some of the collected PET bottles are made into new PET bottles for the domestic market. This “closed-loop recycling” system of recycling PET bottles into new PET bottles is the first attempt by a major retail chain in Japan to be implemented on such a large scale. As of the end of July 2015, across the three companies collection machines have been installed in 254 stores.

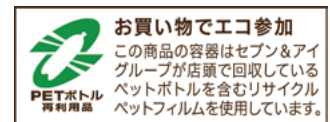
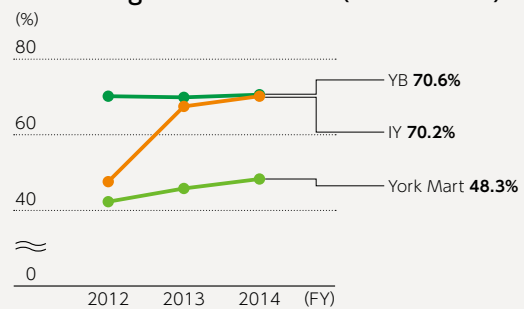
The recycled material from PET bottles recovered at stores is used in the containers of the private brand Seven Premium Refillable Body Soap and other environmentally friendly everyday household products.

#### ●Reducing the Use of Disposable Plastic Bags

Seven & i Holdings promotes the reduced use of disposable plastic bags by posting posters and POP signs, and by holding other events to encourage customers to bring their own shopping bags when shopping at stores.

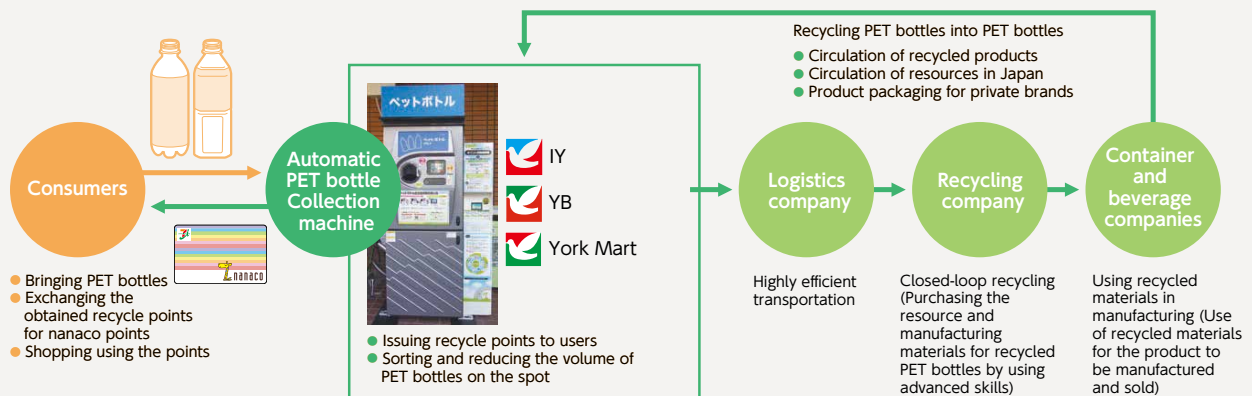
For example, IY has discontinued the free distribution of plastic bags on the food floors of all its stores. In the fiscal year ended February 28, 2015, the turndown rate of disposable plastic bags at cash registers on food floors reached 70.2%.

Plastic Bag Turndown Rate (Food Floors)



Products Using Recycled Material from PET Bottles

#### PET Bottle Recycling System Using an Automatic Collection Machine



## Aggressive Development of Environmentally Friendly Products

### ●Use of Forest Thinning Materials in SEVEN CAFÉ Cups

Forest thinning materials are being phased in for use in the outer sleeve section of the hot cups used for SEVEN CAFÉ, which is sold mainly at Seven-Eleven stores throughout Japan. As of August 31, 2015, the change has been implemented nationwide, except in Shikoku, and all stores are expected to have completed the change by the end of 2015. This is the first initiative undertaken in convenience store coffee.

For information about original products made using forest thinning materials from Nagano Seven Forest, please see page 56.



A SEVEN CAFÉ cup and the Forest Thinning Material Mark

### ●Recycled PET Used in Salad Cup Container

Moreover, the original Salad Cup Container sold in the chilled cases of Seven-Eleven stores is being replaced with containers that use environmental PET made from recycled or biomass PET rather than oil-based PET. The changeover is scheduled to be completed by December 2015. The CO<sub>2</sub> emission reduction resulting from the change is expected to be 1,790 tons in the fiscal year ending February 29, 2016. This is the first initiative of this scale in the convenience store industry.

For further information about original products with containers made using recycled PET material recovered at stores, please see page 43.



Example of Salad Cup Container using environmentally friendly PET

### ●Change to Non-Aluminum Paper Cartons for Alcohol

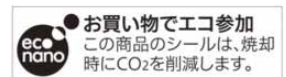
Since July 2015, we have been phasing in a change in the paper cartons used for Seven Premium alcohol products from the previous aluminum carton material to a non-aluminum carton material. This change enables the cartons to be recycled as paper, just like milk cartons. Moreover, the volume of CO<sub>2</sub> emissions per carton from the raw material procurement and manufacturing process is around 12% lower compared with the aluminum packs, making the non-aluminum packs more environmentally friendly.



The identification mark also changed from the Paper Mark to the Paper Carton Mark

### ●Change to Eco-Friendly Materials for Product Labels

For Seven Gold: Golden Bread and Seven Premium Select Fresh Eggs product series sold in the Group's stores, we have been phasing in "eco nano labels" since February 2015. The new labels are made of an eco-friendly material that emits only half the amount of CO<sub>2</sub> upon combustion compared to a conventional label.



Example of product labels using CO<sub>2</sub> absorbing agents