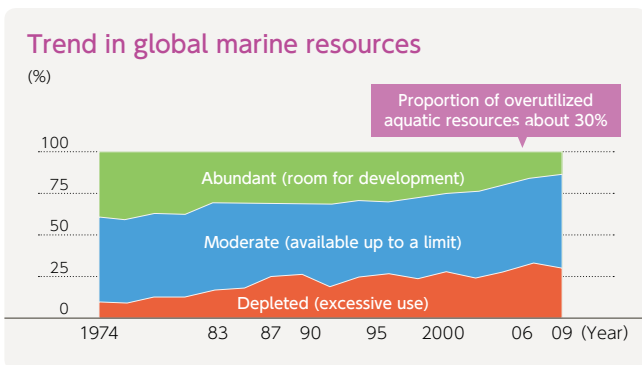




We will work to build an ethical society together with customers and business partners.

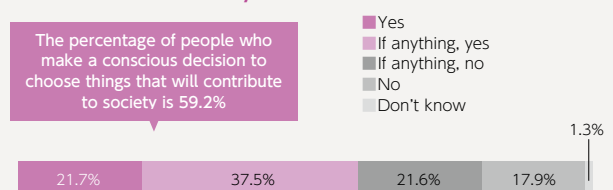


Over 20,000 varieties of fauna and flora are said to be facing extinction around the world today. Production plants in developing countries are considered to be troubled by human rights issues relating to workers, such as low-paid labor and child labor. This environment is driving an increase in ethical consumers,* who seek to buy products are considerate to the environment and human rights in their areas of production. Companies are expected to respond by building sustainable business models.



Source: FAO, The State of World Fisheries and Aquaculture 2012

When you choose product or services, do you make a conscious effort to select those that will contribute to society?



The FY2013 Shōhishagyōsei no suishin yorochōsha (Opinion survey for promoting consumer administration of consumer affairs), Cabinet Office, Government of Japan

We will respond to the recent increase in awareness of “ethical consumption” by providing products and services that have value in terms of environmental and social consideration. In doing so, we will also involve our customers and business partners in our efforts to create an ethical society.

Creation of Basic Guidelines of Sustainable Procurement

For procurement of natural capital products, sustainable procurement across future generations is required, and we have created a sustainable procurement action plan on the urging of stakeholders.

Ensuring implementation of Business Partner Action Guidelines

We will ensure implementation of the Business Partner Action Guidelines in order to provide customers with safe, reliable products and to fulfill our societal responsibilities in cooperation with our suppliers on matters such as human rights, labor issues and the environment.

Action on the Promises

Sustainable Forest Conservation Activities

We have created the Seven & i Forest project to contribute to the prevention of global warming and conservation of biological diversity.

Awareness-Raising Activities Aimed at Customers

We develop and supply environmentally friendly products that help our customers to understand the need for a sustainable society through the prevention of global warming, conservation of biodiversity, and so forth.

Created Value

Value for Society

Improve resource sustainability

Increase customers' and business partners' social and environmental consideration

Value for Seven & i Holdings

Reduce supply chain risk

Ensure stable supply of materials



We will work to build an ethical society together with customers and business partners.

Sustainable Forest Conservation Activities

● “Seven Forest” forest conservation project

Seven & i Holdings works together with the Seven-Eleven Foundation to help prevent global warming and contribute to the maintenance and conservation of biodiversity, mainly through the Seven & i Forest Conservation Project at 15 locations across Japan. The project aims to create healthy forests by conducting not only tree-planting, but also systematic undergrowth clearing, thinning, and other operations. In addition, Group employees and franchisees of SEJ also conduct volunteer activities to help maintain the forest. During the fiscal year ended February 28, 2015, a total of 1,848 volunteers participated in 19 maintenance activities.

Moreover, wood material collected from these activities in the Nagano area is used within the Group for store materials and office supplies, as well as commercialization to promote use of national resources.



Overview of “Seven Forest” Forest Conservation Project



Seven-Eleven Foundation

The Seven-Eleven Foundation was established in 1993 for Seven-Eleven stores and Head Office to work together as one on environmentally themed CSR activities. Using money collected from in-store donation boxes and donations from Head Office, the foundation addresses the themes of prevention of global warming, support of community activities, protection and conservation of the natural

environment, disaster reconstruction assistance and public relations.

In the fiscal year ended February 28, 2015, in-store donations totaled ¥430 million and ¥170 million was used to give grants to 268 projects (including ongoing projects).



TOPIC

Takao Forest and Nature School

The Seven-Eleven Foundation opened the Takao Forest and Nature School in Ichikawa-machi, Hachioji City, Tokyo, as a collaborative project with the Tokyo Metropolitan Government. Under the basic principle of “learning from nature about the co-existence and co-prosperity between people and nature, and between the natural environment and the local community.” The school aims to preserve an approximately 26.5 ha section of forest in a health condition to contribute to the realization of a low-carbon society. The school’s program will enable students to learn about the appeal and importance of nature through activities to protect rare fauna and flora experiential learning.



Awareness-Raising Activities for Customers

● Use of Forest Thinning Materials from Nagano Seven Forest

Seven & i Holdings sells environmentally friendly *Seven Premium* private brand products with packaging that incorporates forest thinning material from the Nagano Seven Forest at approximately 18,000 Group stores such as Seven-Eleven stores. We are now promoting the use of this material beyond beverages and cup soup offerings as an initiative to promote forest development and prevent global warming.



Products that use forest thinning materials

● Sales of Rice Cultivated while Protecting the Environment and Biodiversity

Seven & i Holdings sells a rice series that not only uses fewer pesticides and chemical fertilizers, but also encourages “biodiversified farming,” in which rice fields also service as wildlife habitats. Part of the sales are donated for environmental improvements; in the fiscal year ended February 28, 2015, sales of Koshihikari Rice Nurturing White Storks provided approximately ¥140,000 for nurturing oriental white storks, while sales of Sado, Niigata Prefecture–Produced Koshihikari Rice Certified by the Creating Villages Coexisting with Crested Ibis Program provided approximately ¥220,000 to the Fund for the Improved Habitat for the Japanese Crested Ibises.



Rice cultivated while protecting the environment and biodiversity

● Green Wrapping

Sogo & Seibu is promoting the use of “green wrapping,” for customer when they order gifts. This involves the purchase of a wrapping ribbon with a leaf-shaped mascot for an additional price of ¥100, of which ¥50 is donated to tree planting and growing activities. In this way, the giver can also provide the recipient a chance to think about the environment. One tree is planted for every 80 ribbons sold. In addition, customers purchasing ochuugen and oseibo (summer and winter) gifts who agree to simple packaging also contribute to tree planting, with one tree planted for every 4,000 gifts that use the simple packaging option. (Between 2009 and August 31, 2015, 8,095 trees were planted).



Green Wrapping



Employees carefully plant seedlings provided by the kindness of customers

● Ethical Fashion Event Held

Sogo & Seibu held the ethical fashion item event, “WHAT’S ETHICAL-Let’s Embrace Ethical Fashion!” event at the Sogo Yokohama store in May 2015. Each product featured a display providing a clear explanation of its ethical nature, while talk shows and workshops were also used to promote interest in ethical products in a fun setting.



A collection of ethical fashion items on display



We will work to build an ethical society together with customers and business partners.

Formulation of a Basic Policy on Sustainable Procurement

● Implementing the Basic Policy on Sustainable Procurement

Seven and i Holdings aims to solve social issues while enhancing its corporate competitive edge. At the same time, we seek the sustainable development of society and business. To further these aims, in September 2014 we formulated the Basic Policy on Sustainable Procurement (the “Policy,”) to clearly state our policy for the Group’s procurement activities.

By working with stakeholders to tackle issues such as consideration for biodiversity, consideration for the problem of resource depletion, and ensuring traceability, we aim to realize a sustainable society. Looking ahead, we will thoroughly entrench this Policy throughout the Group, as well as establishing standards for each product category based on the Policy. We will also obtain the understanding and cooperation of our business partners as we promote this initiative throughout the supply chain.

Strengthening the Business Partner Action Guidelines

● Ensure Implementation of Business Partner Action Guidelines

Seven & i Holdings has formulated the Seven & i Holdings Business Partner Action Guidelines (the “Guidelines”) and requires all business partners to understand and observe them.

These guidelines are designed to not only guarantee the safety and quality of products and services, but also consideration for promote legal compliance, environmental conservation and labor conditions throughout the supply chain so that we can fulfil our corporate social responsibility together with our business partners. The Guideline is communicated to business partners of Group companies through various meetings.

● Compliance with the Guideline through the Self Check Sheet

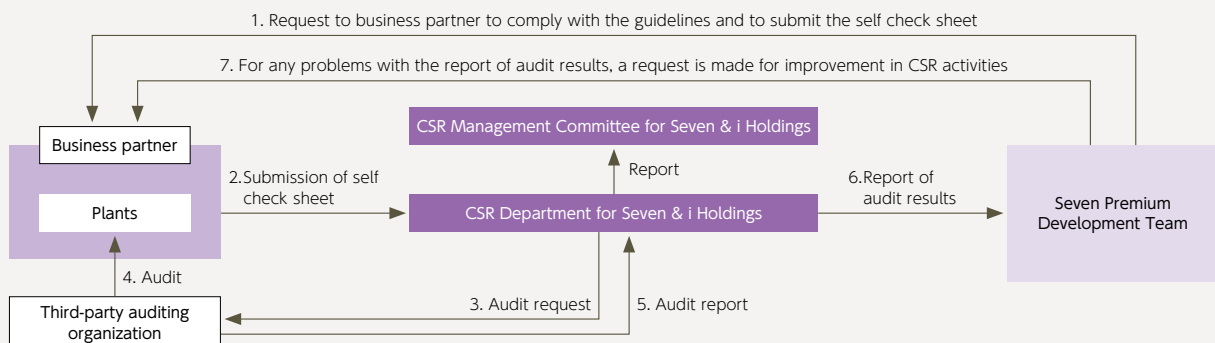
To ensure that business partners understand the Guidelines and to assist with effective CSR initiatives, Seven & i Holdings administers a self check sheet for business partners, explaining all of the specific requirements of the Guidelines.

In drafting the check sheet, we referred to sources such as the ISO 26000 standard, the Japanese Business Federation’s Charter of Corporate Behavior, and the OECD Guidelines for Multinational Enterprises. Business partners asked to submit the check sheet include manufacturers of the Group’s universal strategic *Seven Premium* products and Seven-Eleven original daily manufacturers, as well as distribution centers and IY’s direct import suppliers overseas. Administering the check sheets enables us to ascertain the status of our business partners’ CSR activities.

● Conducting Business Partners’ CSR Audits

Since the fiscal year ended February 28, 2013, Seven & i Holdings has conducted CSR audits to determine the status of compliance with the Guidelines at a selection of factories of the business partners we have asked to submit check sheets. The audit is performed by an external auditing organization based on our independently established CSR audit program (about 140 items in 16 categories). If items are found that do not comply with the audit program (unacceptable items), the external audit organization provides guidance on them to the business partner concerned. The business partners must submit a corrective action plan (CAP) to the auditing organization within 10 days after the audit is completed, and must take immediate action to improve the items.

The Flow of Business Partner Action Guidelines: Seven Premium as an example



● **Audit Results for the Fiscal Year Ended February 28, 2015**

In the fiscal year ended February 28, 2015, CSR audits were conducted at 256 factories in 11 countries, including China, Vietnam, Thailand, Indonesia, Cambodia and Myanmar. The average compliance rate across all audited factories was 88%, with re-audits at 29 factories. The majority of items for improvement were due to insufficient recognition or misinterpretation of items required under local laws and regulations, and mainly involved labor environment, safety and hygiene, and approvals and authorizations. After their audits, each factory provided a CAP that included photos showing he improvements, guarantee documents, and a re-audit, enabling us to confirm that improvements were successfully made.

Examples of Infringements Requiring Re-audit in the Fiscal Year Ended February 28, 2015

(All issues have now been remedied)

- Non-notification of long work hours or hours in excess of legal limits
- Incorrect handling and storage of hazardous chemicals
- Operation and driving of machinery without a license
- Non-performance of environmental assessment
- Use of an unlicensed waste disposal contractor

	Number of factories for audit	Number audited	Re-audit rate	Number of re-audits
FY2013	374	17	5.9%	1
FY2014		29	20.7%	6
FY2015		256	11.3%	29
FY2016 target	363	363	0%	0

* The factories for audit received their first audit between FY2013 and FY2015. From FY2016 onwards, all factories will be audited once per year.

● **Expanding the Scope of Factories for Audit**

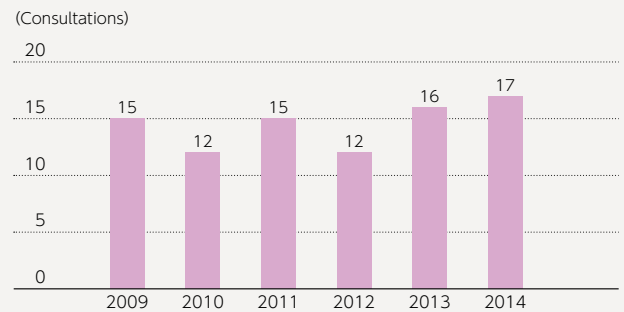
In the fiscal year ended February 28, 2015, CSR audits were carried out at 363 factories including factories producing *Seven Premium* products in developing countries and overseas factories supplying direct imports to IY. In addition, we plan to expand the scope of the audits to include some factories supplying Sogo & Seibu and Akachan Honpo.

● **Business Partner Consultation Helpline**

The helpline takes questions, opinions and other types of consultations, with the purpose of effecting rapid improvements to help ensure fair business dealings.

The third-party organization contracted to operate the consultation helpline is under a non-disclosure agreement, and protects the personal information and privacy of the persons consulting or whistleblowing. If the person using the helpline requests his or her name and affiliation to be kept confidential, that information will go no further than the third-party organization, and the content of the consultation, etc. can be anonymized before it is presented to Seven & i Holdings. To confirm that persons using the helpline to consult or report problems do not suffer from disadvantageous treatment from Seven & i Holdings or a Group company, approximately one month afterwards, the third-party organization contacts the person to check whether there has been any retaliation.

Number of consultations



Breakdown by consultation topic

- Suspected violation of rules, laws, or regulations
- Consultation regarding product safety and reliability
- Inappropriate employee behavior

- Group companies59%
- Outside of scope (consultations regarding business partners internal matters)41%