

With a business model that leverages the we will embrace the challenges of achieving



Committed to being a “sincere corporation trusted by all stakeholders,” we are advancing operations based on “multi-business format Group management” as a business model, allowing us to address the various life stages of our customers (see figure at right).

We consider various social issues and the changing environment surrounding the Group business opportunities. By combining and utilizing our key management resources—know-how cultivated by Group companies in various businesses, as well as our diverse human resources—we are creating new products and services (value) that are unparalleled.

In addition, we gather information on the shopping histories, opinions and other data about customers who patronize our Group companies. We analyze this information from multi-faceted perspectives to identify new needs and develop and improve services. This “information deployment power,” derived from our ongoing connections with customers, also helps us create new levels of corporate value for the Group.

Furthermore, we have established close relationships (a team collaborative development system) based on mutual trust with our business partners, including producers (such as farmers), manufacturers, vendors (wholesalers) and logistics companies. Harnessing the know-how and skills of these partners, we have amassed “innovation power,” which forms the source of the Group’s unique corporate value creation efforts.

We also adopt the viewpoints of customers to understand their various needs and subtle preference changes. This gives our employees “hospitality power,” which allows them to serve each and every customer more meticulously. We have carefully cultivated such power since our founding.

In a spirit of trust and sincerity, we will strive to improve sustainable corporate value by using our unique business model to continue providing value to customers and society.

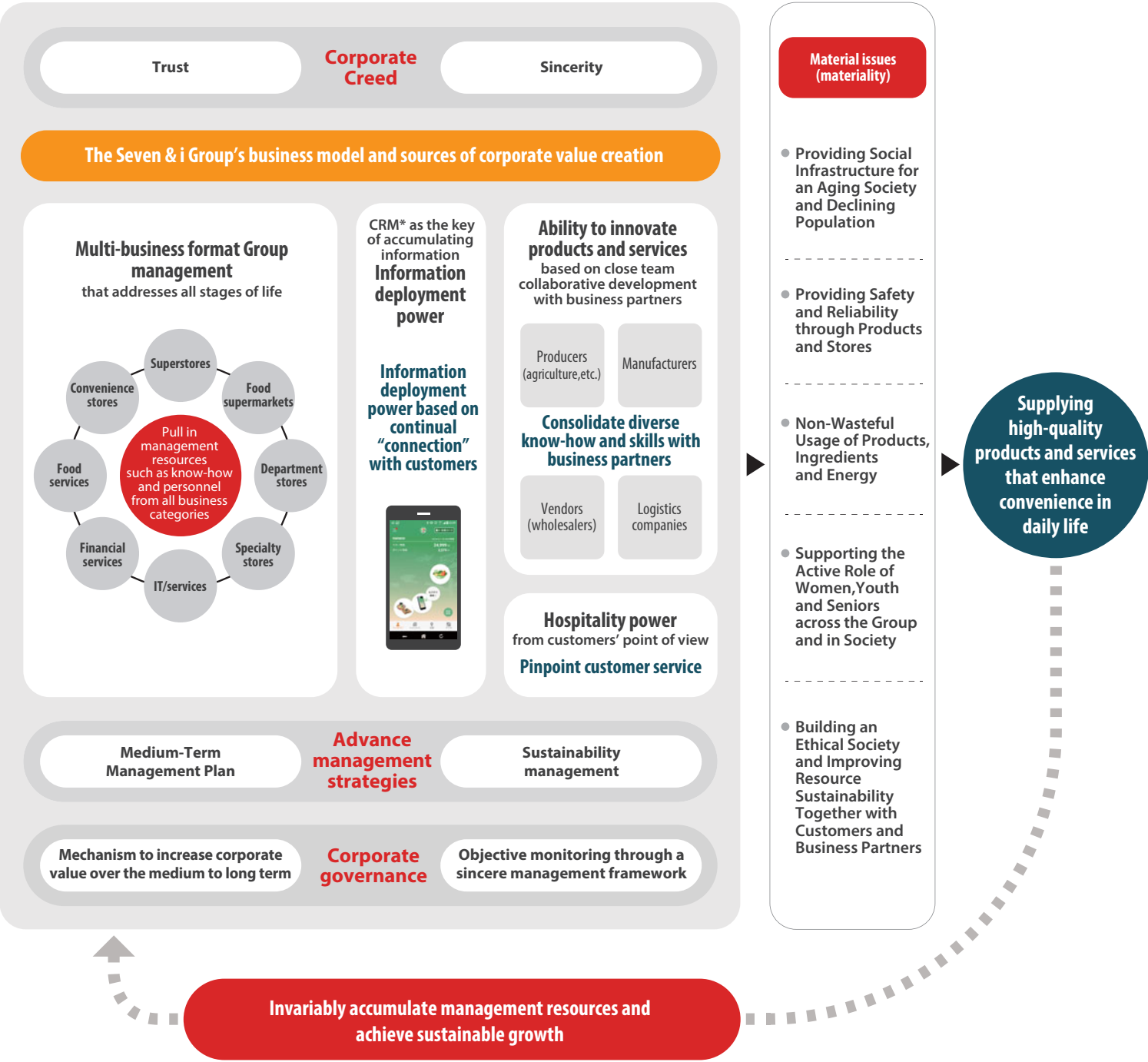
Social issues/environment/ opportunities encompassing the Group

- Fewer children and an aging population
- Increasing number of working women
- Shopping more inconvenient, as retailers close up stores
- Increased preference for eating out and more demand for take-home meals
- Heightened awareness of food safety
- Risk of climate change
- Food waste

Junro Ito
Director and Managing Executive Officer

Joined SEVEN-ELEVEN JAPAN CO., LTD. in 1990. Appointed Director and Managing Executive Officer in 2002. Transferred to Seven & i Holdings as Director in 2009. Became Director, Managing Executive Officer and General Manager of the Corporate Development Division in 2016.

Group's unique attributes, sustainable growth and creating value.



*Customer Relationship Management: A management approach that utilizes information capture, such as customer purchasing history, to personalize such processes as sales, marketing and customer support, and promote continuous contact with customers.

We will deploy our core business to convert “social issues” to

Identifying Material Issues (Materiality)

The Group’s business domains are expanding, and social issues and demands related to its businesses are diversifying. Against this backdrop, we need to confirm issues revolving around sustainability and address all of the expectations and requests of stakeholders as a group. For this reason, through dialogue with stakeholders we have identified Five Material Issues (Materiality) that we should address.

We recognize the negative impacts of our business on the environment and society, and we are striving to minimize such impacts. At the same time, we are promoting CSV (Creating Shared Value) initiatives to resolve material issues through our main businesses, including the provision of products and services and the operation of stores. Also through our business, we are aiming to help achieve SDGs (Sustainable

Development Goals), adopted at a United Nations summit in 2015 as a set of common goals for the international community. To this end, we collated the SDGs according to their relevance to our material issues and incorporated them into our sustainability initiatives (see figure below).

While various issues related to the environment and society pose threats to corporate sustainability, we believe that efforts to resolve social problems will lead to new business opportunities.

We have clarified risks and opportunities related to our identified Five Material Issues and are working to reduce risks. By creating new businesses that resolve social problems, we aim to realize a sustainable society and deliver sustainable corporate growth.

<p>Material Issue 1 Providing Social Infrastructure for an Aging Society and Declining Population</p> <p>Risk</p> <ul style="list-style-type: none"> Delays in responding to changing needs associated with the aging population, leading to a falling incentive to visit stores, etc. <p>Opportunity</p> <ul style="list-style-type: none"> Create convenient shopping environments and services (including goods for the elderly and online shopping), leading to increased sales opportunities, etc. 	
<p>Material Issue 2 Providing Safety and Reliability through Products and Stores</p> <p>Risk</p> <ul style="list-style-type: none"> Decline in trust due to product- and/or store-related accidents and/or legal violations, etc. <p>Opportunity</p> <ul style="list-style-type: none"> Conduct strict safety and quality controls and offer health-promoting items and other new products that meet customer needs, leading to increased sales opportunities, etc. 	
<p>Material Issue 3 Non-Wasteful Usage of Products, Ingredients and Energy</p> <p>Risk</p> <ul style="list-style-type: none"> Physical damage to stores and logistics network due to climate change, etc. <p>Opportunity</p> <ul style="list-style-type: none"> Reassess energy saving, waste reduction and recycling efforts, as well as energy supply sources, leading to cost reductions, etc. 	
<p>Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society</p> <p>Risk</p> <ul style="list-style-type: none"> Labor shortages and rising personnel costs due to declining workforce, etc. <p>Opportunity</p> <ul style="list-style-type: none"> Promote diversity-oriented management to strengthen competitiveness, develop new businesses and attract exceptional talent, etc. 	
<p>Material Issue 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners</p> <p>Risk</p> <ul style="list-style-type: none"> Human rights problems in the supply chain leading to interruption of product supply, deterioration of product quality and/or loss of social trust, etc. <p>Opportunity</p> <ul style="list-style-type: none"> Increase competitiveness through sustainable raw materials procurement and provision of products and services emphasizing ethical consumption, leading to increased sales opportunities, etc. 	

Please refer to the CSR section of our corporate website for more details. <http://www.7andi.com/en/csr/theme/theme.html>

“shared value,” aiming for sustainability (sustainable society)

Addressing ESG (New Evaluation Criteria for Corporate Value)

Traditionally, financial performance has been the main measure of corporate value, but financial factors alone are insufficient for judging the sustainability of corporate management. This has increased momentum to incorporate non-financial business evaluation criteria in the form of ESG (environment, social, governance), and investments in ESG are growing rapidly as a result. Long-term investors have a particularly strong interest in how companies integrate ESG elements into their business strategies. This includes how companies pursue SDG-related initiatives as a common global corporate evaluation method.

Even before this increase in momentum, the Group took assessments from ESG-related evaluation organizations seriously and maintained ongoing dialogue to incorporate the perspectives of long-term investors into management.

In addition to improving our evaluation by long-term investors, ESG-related initiatives are beneficial from the perspectives of solving environmental and social issues through new business, attracting stable shareholders and securing exceptional talent. For these reasons, we are actively pursuing ESG initiatives as investments in sustainable growth, rather than as business costs.

Seeking to utilize social issues as opportunities in our own business and to hone our competitive superiority, in June 2016, we established the Social Value Creation Subcommittee under the CSR Management Committee. Through the new subcommittee, we are working as a Group to develop and strengthen systems for creating new businesses that generate value for both society and the Company.

Going forward, we will strive to disclose information on our ESG initiatives in an easier-to-understand manner by setting KPIs to measure the progress of initiatives and quantifying their effects on the environment and society, as well as their relationship to our business performance, as much as possible.

Inclusion in ESG indexes*

(as of April 30, 2018)

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



FTSE4Good



FTSE Blossom
Japan

MSCI

2017 Constituent
MSCI ESG
Leaders Indexes



*Investment indexes that use environmental and social considerations, rather than financial aspects, as important elements for making investment decisions.



Improving Corporate Value in the Value Chain

The Seven & i Group delivers products and services that closely reflect customers' lifestyles in collaboration with business partners. One outcome of this is *Seven Premium*, a common Groupwide private brand launched more than 10 years ago.

Our mission is to always embrace the needs of individual customers and continue the challenge of creating new value by

Seven & i Group Value Chain

1

Procurement



We procure raw materials in collaboration with multiple partners to deliver safe, secure, high-quality products to our customers at reasonable prices.

- Ensure product safety and traceability (distribution history) with a unified system
- Cultivate "Fresh Foods with Traceability" together with producers
- Use environmentally friendly raw materials, containers and packaging

Main Initiatives

2

Product Planning and Development



Anticipating the ever-changing needs of society and customers, we harness the Group's exceptional product development capabilities to plan and develop original, high-value-added products.

- "Team Merchandising" that deploys expert knowledge of business partners
- Timely responses to market conditions and customer needs
- Premium Life Enhancement Committee, which reflects customer feedback in product development
- Developing safe, secure, health-oriented products

3

Manufacturing



Through our manufacturing infrastructure, which takes advantage of business scale merits and partnerships with manufacturers, we use rigorous safety and quality control processes to make products.

- Dedicated production facilities provide strong product appeal and quality control
- CSR audits of business partners' production facilities

through wide-ranging business formats.

exploring ways to foster better lifestyles and a better society.

 <p>4 Logistics</p>	 <p>5 Marketing and Sales</p>	 <p>6 Disposal</p>
<p>In addition to ensuring the freshness of products throughout the supply chain, we are improving our environmental responses and worker-friendliness by enhancing the efficiency of logistics and introducing new technologies.</p>	<p>We are enhancing our service and support systems with the aim of making our stores more attractive as places where customers do their daily shopping and as places for individual employees to work.</p>	<p>Seeking to realize a circular economy and reduce food waste throughout society as a whole, we are pursuing integrated environmental efforts across the board, from product design to usage, disposal and recycling.</p>
<ul style="list-style-type: none">● Promoting use of hydrogen by introducing trucks and generators powered by fuel cells● Using cold chain technologies to preserve quality● Improving logistics efficiency by using joint distribution centers	<ul style="list-style-type: none">● Providing service that gives customers peace of mind every day● Creating a work environment with substantial education and training to help diverse employees advance● Using radio-frequency identification (RFID) to save energy during product inspections at stores	<ul style="list-style-type: none">● Efforts aimed at reducing food waste● Operation of Seven Farms (for environmentally sustainable agriculture)● Emphasis on recycling of containers and packaging

1

Procurement



Procuring raw materials that are safe, secure and cost-competitive



Distinctive factors that support our value chain

- Joint procurement for stable product quality and cost-competitiveness
- Traceability system to give consumers peace of mind

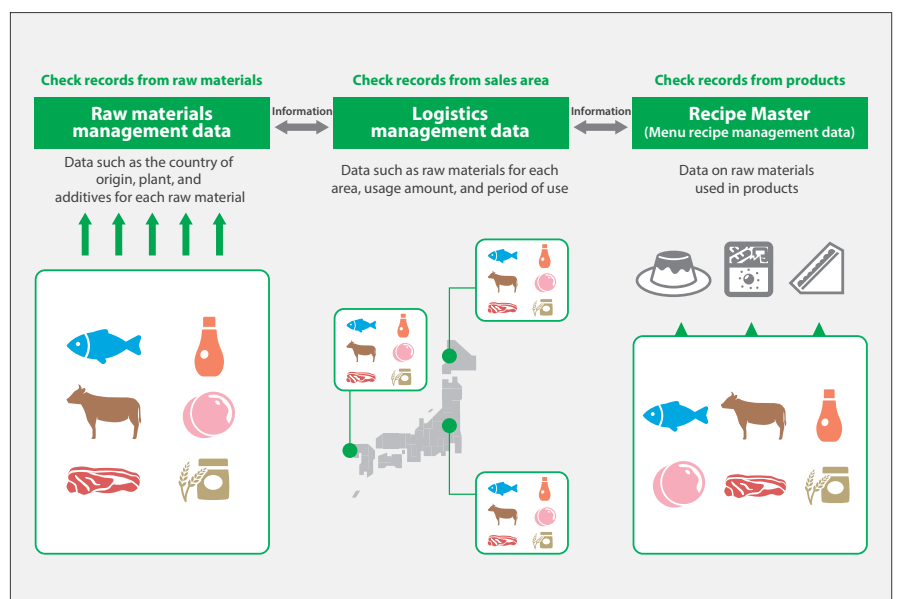
Joint procurement provides economies of scale

The Seven & i Group utilizes its network and merits of scale to jointly purchase materials, goods, equipment and other items. In addition to stabilizing product quality/volume and enhancing cost-competitiveness in the procurement stage, this enables us to achieve product traceability.

Even for the Group's private brand, *Seven Premium*, we have an integrated manufacturing system covering all processes—from raw materials procurement to product development and quality control—to realize high quality at prices that are consistent Groupwide.

Unified control of product creation history

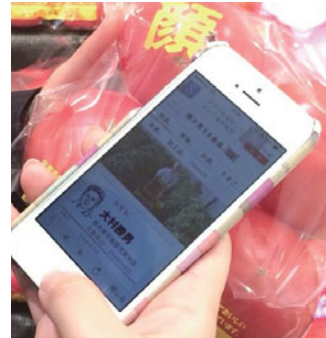
With respect to daily products such as steamed rice and prepared dishes, Seven-Eleven Japan introduced its Recipe Master System, which uses a database to accurately monitor and control various aspects of food creation. These include the factory of manufacture and the type and volume of raw materials used, as well as the stores to which products containing specific raw materials are delivered.



Accurate grasp of fresh food production/ distribution history

Ito-Yokado's "Fresh Foods with Traceability" is limited to domestic agricultural, livestock and fishery products. Here, we accurately monitor each product's manufacturing location and method, as well as the distribution route, and convey this information to customers.

With York-Benimaru's "Products with Visible Production Areas," information about the producers is displayed in the stores, and customers can also input the production number on the product label to confirm an item's production history.



High-quality value chain built on environmentally friendly products

The Seven & i Group operates around 21,800 stores in Japan and handles a large number of products. Ensuring environmentally friendly products is one way to create shared value with our diverse stakeholders.

Packaging materials, in particular, help increase the value of products but also directly impact costs related to materials, energy consumption and disposal. For this reason, we have set high targets and are switching to packaging materials with a low environmental impact.



2030

All packaging materials to be environmentally friendly

950 items

(as of February 28, 2018)
Introducing environmentally friendly packaging materials

1. Use of recycled PET bottles



Reduced CO₂ emissions

2. Use of wood from forest thinning



3. Switch to non-aluminum paper packaging



2

Product Planning and Development



Gathering know-how in Group product development while meticulously monitoring social needs



Distinctive factors that support our value chain

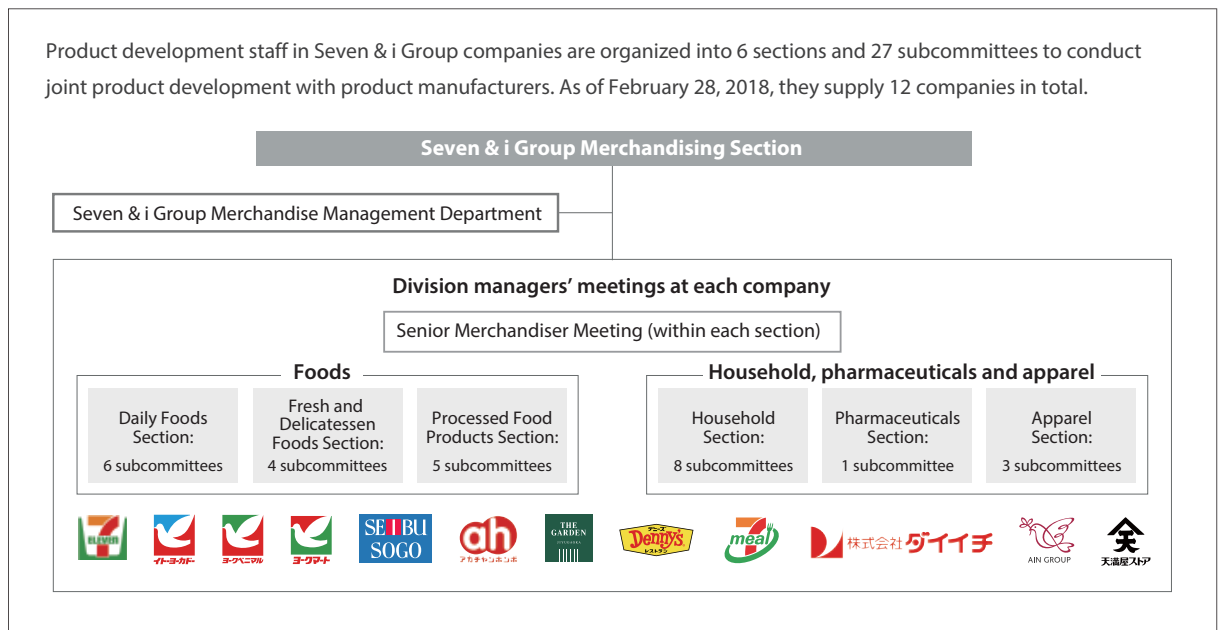
- Strong product development capabilities through “Team Merchandising”
- Product planning and development sensitive to social needs and customers’ opinions

“Team Merchandising”: Our original product development method

In developing *Seven Premium* products, we use an original product development method cultivated by Seven-Eleven Japan called “Team Merchandising,” which also combines the product expertise and development know-how of Ito-Yokado, York-Benimaru and other Group members.

Team Merchandising is a method by which the Group’s product development division works with a team—made up of manufacturers and business partners best suited to the target product—to share information and know-how and develop the product. The aim of Team Merchandising is to develop the best products for customers in terms of quality and price. Deriving and making maximum use of the expertise of each manufacturer and business partner in this way enables us to create high-quality products on a par with national brands.

Seven Premium product development system



Timely responses to changing customer needs

Japan's low birthrate, aging population, together with increases in single-person households and the social advancement of women, are some factors underscoring our changing society that will also bring major changes in customer purchasing behavior, needs and other value standards. To swiftly address these changes, we have adopted a strategy of renewing half of our *Seven Premium* product lineup every year, even items that are selling well.

Through the Premium Life Enhancement Committee, our official community site for customer participation, we solicit requests, comments and impressions about products from customers to reflect in product development. We repeatedly undertake product prototyping and monitoring and constantly make improvements to always develop products that continuously keep our customers satisfied.



Developing products that reflect rising health-related needs

Recent years have seen more and more interest in and concern about health and nutrition among customers. With respect to *Seven Premium*, we actively develop products that support customers' healthy lives, citing "Health conscious" as one of the seven key points for product development.

In addition, Seven-Eleven Japan attaches the symbol mark on the right to its health-oriented food products, indicating that they were made with care for your health.



No preservatives

Synthetic coloring and preservatives are not used in the rice balls, boxed lunches, sandwiches and other original daily food products at 7-Eleven (around 2,000 items in total), as well as in *sozai* prepared dishes, boxed lunches and sushi rolls prepared on-site in Ito-Yokado stores.



Allergy information displayed

For original products such as boxed lunches, *sozai* prepared dishes, bread and desserts, we display allergy-related information on the seven items mandated by law, as well as on 20 items for which display is recommended.

No emulsifiers or yeast foods

Since fiscal 2018, when we added 7-Eleven's freshly baked bread to our *Seven Premium* range, we have sought to eliminate the use of emulsifiers and yeast foods in all bread and pastry products. We are also working to reduce the use of trans-fatty acids, which are the source of health concerns.



名称 弁当
原材料名 麦飯(国産米使用)、豚カルビ焼き、ねぎ塩たれ、ごま入りもやし小松菜人参ナムル、調味料(アミノ酸等)、pH調整剤、グリシン、増粘剤(加工澱粉)、(原材料の一部に卵・鶏肉・ゼラチンを含む)

3

Manufacturing



Utilizing the Group’s comprehensive strengths, we undertake rigorous safety and quality control processes in manufacturing our products.



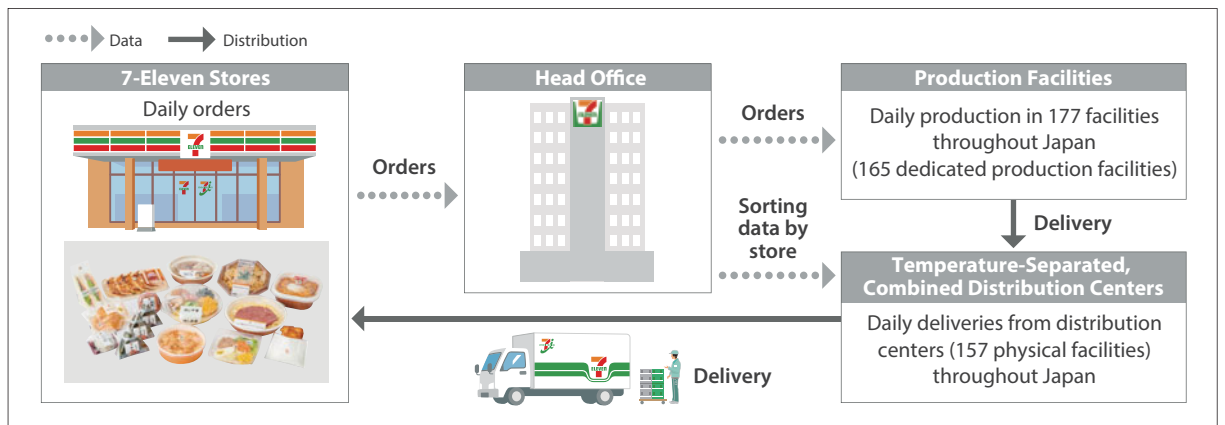
Distinctive factors that support our value chain

- Dedicated production facilities provide strong product appeal
- Establishment of an efficient, short lead-time product delivery system with strict safety and product quality standards
- Collaboration with business partners to promote human rights, labor and environmental considerations across the supply chain

Manufacturing infrastructure that includes dedicated production facilities for 7-Eleven stores

One of Seven-Eleven Japan’s strengths is its manufacturing infrastructure of dedicated production facilities fitted with exclusive equipment that uses exclusive materials and exclusive recipes. This enables us to provide high levels of safety and quality while responding to customers’ needs.

Products made at dedicated production facilities are delivered to our stores via temperature-separated, combined distribution centers. Orders received by stores are shared with production facilities and temperature-separated, combined distribution centers to realize efficient deliveries in a short time.



Uniting with business partners to take care of society and the environment

Since fiscal 2013, the Seven & i Group has conducted CSR audits to confirm compliance with its Business Partner Action Guidelines. These audits are performed once a year, mainly at our business partners’ production facilities of private brand products in developing countries. In addition, we have compiled the responses to self-check sheets—which cite specific details necessary for compliance with the guidelines—into a database that we use as a reference when making decisions on ongoing transactions.

4

Logistics



Deploying efficient logistics to improve product freshness and business profitability



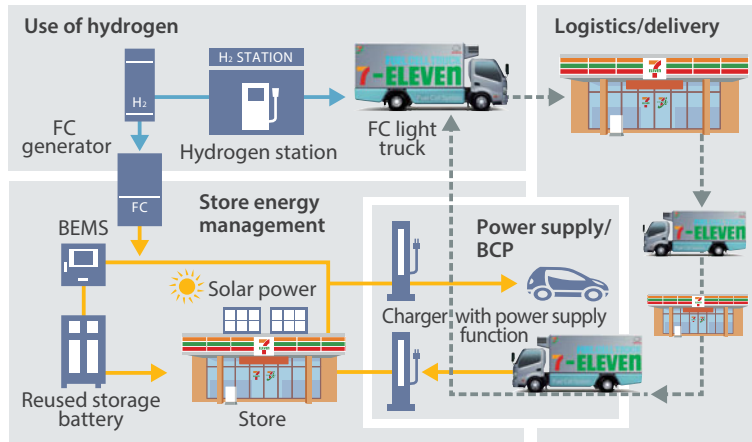
Distinctive factors that support our value chain

- Maintaining product freshness and business profitability through efficient logistics
- Using latest technologies to provide efficient, worker-friendly environments

Deploying latest technologies to improve efficiency and environmental responses

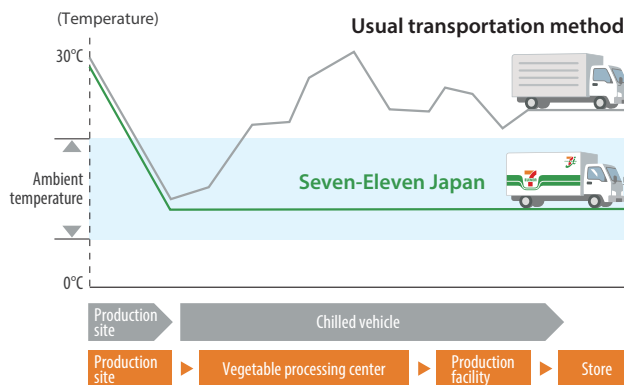
In August 2017, we began discussions with Toyota Motor Corporation aimed at helping realize a low-carbon, hydrogen-based society.

Going forward, we will introduce fuel cell trucks to our fleet of delivery vehicles (for refrigerated/frozen goods) and install fuel cell generators in our stores. In addition, we will introduce stationary energy storage systems that use automobile batteries at our stores. In addition to saving energy and reducing CO₂ emissions, we will consider using these systems as an emergency power supply in the event of a disaster.



Freshness control from farms

To transport and process freshly harvested vegetables from farms, Seven-Eleven Japan is introducing cold chain (low-temperature logistics network) technologies to maintain freshness. The harvested vegetables are cryopreserved on the spot and transported to stores via delivery cars, sorting centers and production facilities under consistent temperature controls. This system enables us to maintain high quality and deliver fresh products to customers at our stores.



5

Marketing and Sales



Competitiveness created by a variety of services and diversity in human resources



Distinctive factors that support our value chain

- Providing service to ensure the safety and convenience of everyday life
- Removing the burden of shopping to further improve convenience
- Creating attractive workplaces where diverse human resources can excel and grow

Diverse services to support customers' shopping

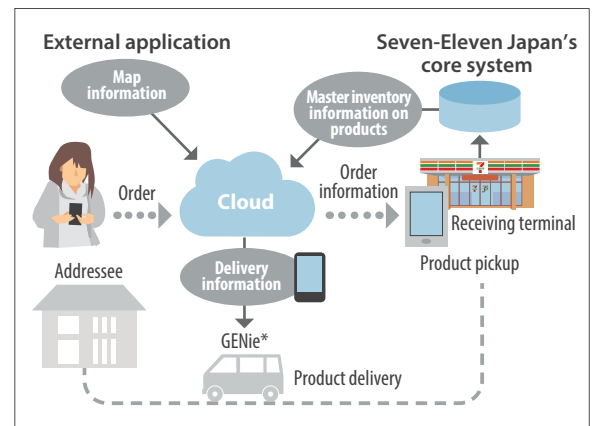
■ Net Convenience Store

In light of Japan's aging society, the number of people who feel that shopping is inconvenient is expected to increase in the future. To eliminate such inconvenience, since October 2017, Seven-Eleven Japan has conducted field tests of its *Net Convenience Store* service. These tests involve 15 stores in Sapporo and Otaru in Hokkaido, where the population density is low and the weather in winter is severe. With this service, customers place orders for products at physical stores via the Internet, and the products are delivered in as little as two hours. Responding to requests from customers who used the service, we are making various improvements, including accepting orders for specially reserved items and providing responses 24 hours a day. We will expand this service to all stores in Hokkaido during the current fiscal period (ending February 2019), with coverage of all stores nationwide planned for the following year (the end of February 2020).

■ Seven Anshin Delivery

Seven-Eleven Japan operates its *Seven Anshin Delivery* mobile store service in areas where shopping is inconvenient, such as places with large elderly populations and disaster-affected locations. With this service, mobile vehicles loaded with various products—from room-temperature items to frozen foods—circulate around an area to provide people with shopping opportunities. As of February 28, 2018, 7-Eleven had 58 trucks and Ito-Yokado had five trucks providing this service.

Order placed to physical store via the Internet



*GENie: A company that exclusively serves 7-Eleven stores in collaboration with Seino Holdings Co., Ltd.



■ Seven RakuRaku Delivery

With this service, we deliver items purchased in stores or products ordered by telephone and the like to customers' homes or designated addresses via "COMS" (super-compact electric vehicles) and electric bicycles, which are environmentally friendly with low CO₂ emissions.

In April 2018, we started experimenting with voice-based orders in cooperation with Google's voice AI service, "Google Assistant."

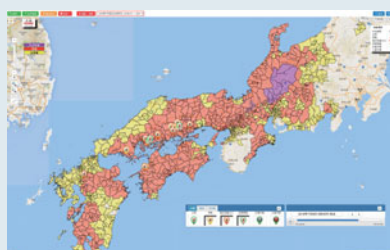


Seven VIEW

Initial responses are extremely important to minimize damage in times of natural disasters, such as typhoons, earthquakes, heavy snow and rain, tsunami and floods. With this in mind, the Seven & i Group is developing a system called Seven VIEW, which will provide and share disaster information via Web-based maps. We collect information from public agencies, business partners and Group companies, enabling us to obtain material—including disaster updates, road traffic information and the status of each store—that is highly accurate. Our aim is to help build social infrastructure and restore supply chains in the aftermath of disasters.

Reasons to use Seven VIEW

1. Obtain pre-disaster forecasts to formulate relevant predictions
2. Accurately grasp and visualize status of damage in event of disaster
3. Formulate response measures based on a grasp of damage after a disaster occurs



Supporting the advancement of diverse human resources

In Japan, the shortage of labor has become a serious problem in the retail sector in recent years. As a developer of stores in diverse businesses, the Seven & i Group places importance on securing the required number of employees for its stores and improving the capabilities of each and every employee. To this end, we work actively to foster human resources.

In 2012, the Group opened the Ito Training Center with the aim of conveying the spirit of the Group's founding and cultivating human resources who will represent our next generation. To date, more than 300,000 people have used the training center, which plays a key role in developing the Group's human resources.

■ Supporting the advancement of women

Around 60% of the employees working at 7-Eleven stores are women, the majority of whom are housewives aged 30 to 60 years. We believe that creating environments that are work-friendly for women is an important business strategy. For this reason, we operate Seven *Nanairo* Childcare centers for employees of franchised stores, and we have started field-testing Spot Day Care as temporary childcare facilities.



■ Supporting the advancement of seniors

In Japan, where the workforce is shrinking, companies are facing more and more pressure to actively deploy senior human resources. Many seniors feel uneasy about working in convenience stores, which they regard as workplaces for young people. Seven-Eleven Japan actively participates in joint corporate briefings hosted by local governments on employing the elderly and holds "work explanation meetings" through government agencies. We also offer "hands-on cash register experience" sessions using real cash registers to help explain work content, as well as "work consultation corners" that enable seniors to speak directly to Seven-Eleven Japan employees. In these and other ways, we convey information about the job and its challenges. We will continue these initiatives in the future to help create local employment and realize active participation by the whole society.



■ Supporting the advancement of non-Japanese employees

7-Eleven is increasing the number of foreign employees in response to the rise of inbound tourist visitors. As of February 28, 2018, we had around 28,000 foreigners (more than the number of seniors) working at franchised stores, accounting for 7.4% of the total workforce. To promote 7-Eleven as a good workplace for international students who live in Japan and have a strong work ethic, we hold part-time job explanatory sessions at Japanese-language schools. Because the Japanese-language skills and country of origin differ according to the individual at the time of employment, it takes some time to educate workers at our franchised stores. To address this issue, we prepare and distribute preliminary educational documents to foreigners and offer them cash register and customer interface training sessions. Employees who aim to further improve their skills can also participate in Seven-Eleven Academy seminars for part-time student workers.



■ Using RFID* technology to enhance work efficiency

Seven-Eleven Japan is conducting field tests using radio-frequency identification (RFID) technology at its stores to save store-inspection labor costs. We started using RFID on room-temperature items in 2017 and expanded it to daily products in 2018. Through the tests, we have obtained a major benefit by shortening product inspection times at our stores. With RFID, the inspection time for daily products, which are delivered four times each day, takes less than one minute, far below the 60 minutes previously required.

We plan to expand RFID-based inspections of daily products to all stores in Hokkaido in the current fiscal year and further broaden the coverage thereafter.

*Radio-frequency identification (RFID) is a technology for contactless reading of data from an IC chip through the transmission of radio waves.



6

Disposal



Rigorous waste reduction aimed at realizing a circular economy



Distinctive factors that support our value chain

- Reducing food waste (control at source, reuse, conversion to animal feed, conversion to fertilizers)
- Saving product resources and reducing use of expendables
- Recycling systems that support the creation of a circular economy

Reducing food waste through products with long expiration dates

The Seven & i Group rigorously controls the freshness of products at its stores in order to deliver safe, secure and fresh products to customers. While these efforts are important for protecting product quality, they are also burdensome for store owners and employees, and disposal costs for expired items are high.

Seven-Eleven Japan has reviewed its materials, manufacturing processes and temperature control processes to develop chilled boxed lunches with longer expiration dates than ever before, as well as bread, *sozai* prepared dishes and noodles that stay fresh longer, without relying on additives or sacrificing taste or quality. Making the product cycle longer than before helps us better support store operations. Moreover, we believe that prolonging the expiration date will have a positive impact on reducing food waste, and we will continue working actively on this in the future.

Extending the freshness of salads

Low-temperature, continuous process

1. Longer periods of freshness
2. Improved vegetable quality
3. Lower manufacturing costs
4. Improved appearance



Kept at constant temperature below 4°C from procurement to manufacture

Longer periods of freshness

Before (1.5 days) → Now approximately 2.5 days **for a gain of 1 day**

Performance in pilot area

Sales: **Approx. 20% increase** Disposal loss: **Approx. 2% improvement**

*Difference in disposal rate compared with existing products



Two-part container separating vegetables from other materials, topped with a seal-type lid



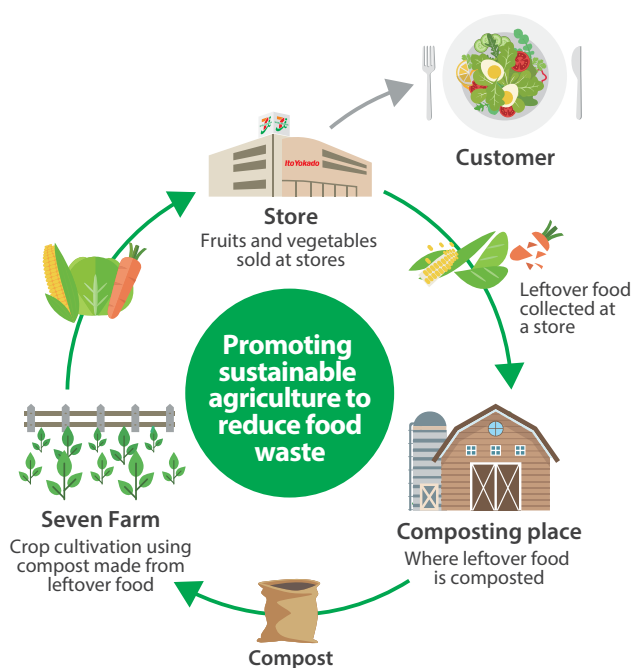
Technological innovation worthy of dedicated production facilities for 7-Eleven stores

Expanding coverage sequentially from April 2018 (7,000 stores in first half of fiscal year, 13,000 by fiscal year-end and 19,000 in spring of 2019)

Seven Farms (environmentally sustainable agriculture)

Following the idea of treating food that has just passed its expiration date as a resource, we operate a network of environmentally sustainable farms called Seven Farms.

At these farms, we compost leftover food into fertilizer, which we use to grow vegetables that are subsequently sold at our stores. As of February 28, 2018, we had Seven Farms in 13 locations across Japan.



Waste minimization and recycling

Seven-Eleven Japan, Ito-Yokado, York-Benimaru and York Mart have had automatic plastic bottle collection machines at their stores since 2012—ahead of others in the industry. Plastic bottles inserted into the machines are automatically compressed and crushed, allowing them to be transported to recycling facilities in large volumes at one time and reducing the number of collections required. Some of the recovered plastic bottles are recycled into containers and used in household goods in the *Seven Premium* line.

SEVEN CAFÉ, which sells around one billion cups of coffee per year, is also working to utilize resources effectively. Here, we strive to minimize use of resources in containers, packaging materials and consumables. For example, we use a mixture of thinned wood and recycled plastic in our cups, and we use biomass raw materials in our coffee filters as part of our overall environmental initiative.



Automatic collection machine

Using environmentally friendly plastic

The Seven & i Group uses part of recycled plastic bottles collected at its stores in the packaging of household goods such as body soap refill packages in the *Seven Premium* line.



We aim to resolve social issues through store development.

Next-generation store themes



Seeking stores to represent the next generation

Since 2017, Seven-Eleven Japan has been introducing new layouts at every store to address changing customer needs, leading to certain results. Looking further into the future, however, we thought it important to lay the foundation for stores that should represent the next generation. Particularly in light of future demographics, we are seeking to establish workplace environments where diverse staff, including women and the elderly, can work easily, while creating stores where diverse customers can enjoy shopping in comfort. These conditions are indispensable for maintaining our competitiveness, we believe.

With this in mind, in December 2017, we completely renovated and reopened the 7-Eleven Chiyoda Nibancho store as a flagship next-generation outlet that broadly addresses social issues. This was followed by the 7-Eleven Sagamihara Hashimotodai 1-chome store, which opened in May 2018.

Harnessing the latest technologies of domestic and overseas companies

Both stores revolve around three key themes: reduce the environmental impact, improve worker-friendliness and provide a comfortable in-store environment. To achieve these objectives, we received proposals regarding the latest technologies and equipment from many domestic and overseas companies in wide-ranging fields. For the Chiyoda Nibancho store, we adopted 58 technologies from 38 companies, and for the Sagamihara Hashimotodai 1-chome store, we adopted 90 technologies from 50 firms. By incorporating in each case the technologies of multiple companies into one facility, we were able to achieve a higher level of perfection.

We will test and verify the new technologies adopted at both stores, then look to roll out those that appear highly promising to stores across the nation.

We will continue embracing the challenge of expanding nationwide our network of “people- and environment-friendly stores” that can continue to create value into the future.



Initiatives at 7-Eleven Sagamihara Hashimotodai 1-chome store (example)

People friendly

Deep-fryer range hood with "Oil Smasher" technology



Work-time comparison

Reduction of around **14** minutes a day

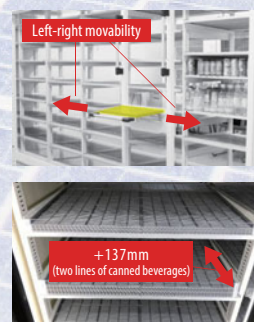
Incorporates a disk with a special coating that uses water to extract oil. The disk rotates at high speed to block oil from entering the equipment, which greatly reduces cleaning time.



Walk-in replenishment racks and merchandise display shelves



The walk-in refrigerator is equipped with a left-right movable rack to facilitate replenishment of items. The display shelves can also be extended depthwise, enabling around 800 more products to be displayed, compared with the past.



Back-door chilled case



Work-time comparison

Reduction of around **56** minutes a day

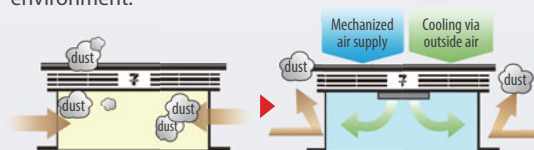
A new chilled case, behind which items can be replenished from the walk-in refrigerator. The "Roller Mat" mechanism uses gravity to help products slide to the front of the display.



Air-conditioning ventilation plan with positive in-store pressure



Controlling the quantity of the air supply in a timely manner helps maintain a state of positive pressure, where the pressure inside the store becomes higher than that outside. This helps stabilize the store temperature and reduce in-store cleaning, providing a more comfortable environment.



Environment friendly

Renewable energy ratio **46.0%**

Wind- and solar-powered signboard

Electricity generated (actually used):

Approx. **473 kWh/year***

(Approx. 0.3% of store electricity consumption)

Wind and solar power generation equipment is installed in the signboard (advertisement tower) in front of the store, and electricity thus generated powers nighttime illumination.



Solar panels on carports and rooftop

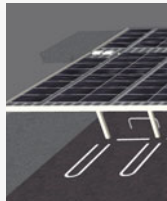


Electricity generated (actually used):

Approx. **64,608 kWh/year***

(Approx. 36.6% of store electricity consumption)

We have built carports in the parking lot to make it easy for customers to visit by car in wet weather. On top of the carports, and on the store rooftop, we have installed wide, highly efficient solar panels to generate electricity.



Road-type solar panels

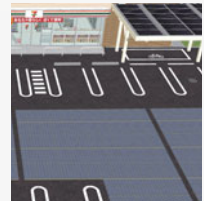


Electricity generated (actually used):

Approx. **16,145 kWh/year***

(Approx. 9.1% of store electricity consumption)

We have installed solar panels with a highly permeable, highly durable coating over the 201.6 m² surface of the parking lot to generate electricity.



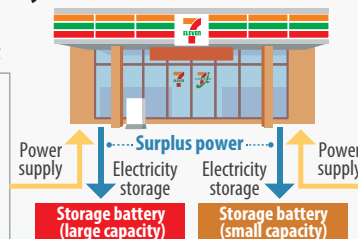
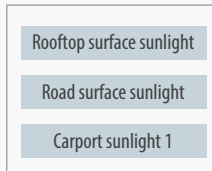
*All generated electricity is the calculated value and excludes losses that are expected to occur during electricity storage and discharge.

High-efficiency power generation/storage system



To use power more efficiently, we have built an optimal energy supply system that takes into account the specifications and arrangement of each piece of power generation/storage equipment.

Power generation equipment



Power generation equipment



Large-capacity lithium ion storage system

Two large-capacity (176kWh) storage batteries have been installed, making it possible to store surplus electric power generated from daytime solar power for use at night.



Electricity stored by secondhand rechargeable batteries

We have built two battery banks fitted with 10 secondhand Toyota Prius rechargeable batteries, enabling a total of 20kWh of surplus power, generated from solar panels, to be stored.



7-Eleven Chiyoda Nibancho store: Next-generation flagship store

The 7-Eleven Chiyoda Nibancho store, which we renovated and reopened in December 2017, is positioned as our next-generation store. Embodying the concept of “stores that are friendly to people and the environment,” it features numerous cutting-edge technologies aimed at reducing the environmental impact, improving worker-friendliness and providing a comfortable in-store environment. Located on the first level of the Seven & i Holdings head office building, the store also functions as a base for disseminating information on creating new stores to address social issues.

Site attributes of 7-Eleven Chiyoda Nibancho store

- Location within Group head office building facilitates dissemination of information.
- Because the store is inside the building and does not have a large parking lot or roof, it is difficult to introduce large-scale environmental equipment.

	Previous		New	
Sales floor space	201.3m ²	▶	213.3m ²	+ 12m ²
Number of products	3,000	▶	3,300	+ 300 items

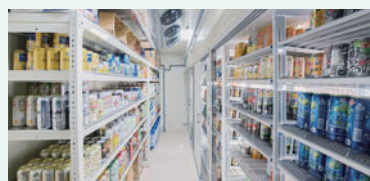


Stores that are friendly to people (example)

New-model walk-in refrigerator



We have introduced a method that uses cold air in an optimal manner to cool products on walls and shelves. With this method, workers are no longer directly hit by cold air.



Sliding shelves and brackets



We switched completely to sliding-type product display shelves, which increased work efficiency. We also adopted a bracket that converts existing display shelves into sliding ones.



Plant-derived store display stickers



Stickers in our store displays are polyethylene made from bioethanol derived from sugarcane. This helps reduce CO₂ emissions because plant-derived materials absorb CO₂ in the atmosphere during plant growth, and the sum of emission at incineration and absorption during plant growth is regarded as zero.

