

# Message from the President

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The Seven & i Group strives, in accordance with its corporate creed,<sup>1</sup> to be a sincere business enterprise that earns the trust of all stakeholders including customers, business partners, shareholders, local communities, franchisees, and employees.

The distribution and retail environment in Japan today is undergoing rapid changes as a result of a falling birthrate, aging population, smaller households, decline in retail stores and social centers, labor and personnel shortages, the appearance of various new technologies and means of payments, and various other factors. These changes in the social environment give rise to a host of management challenges.

The United Nations adopted the Sustainable Development Goals (SDGs<sup>2</sup>) as shared targets of international society to be achieved by 2030 in order to address increasingly serious global issues such as climate change, resource depletion, poverty, inequality, and human rights. In Japan, the Sustainable Development Goals Promotion Headquarters, chaired by the Prime Minister and made up of all Cabinet members, was established within the Cabinet Office and other measures have been taken to respond to the extremely high expectations and demands for solutions to issues in Japan and overseas.

Investment in the environment, society, and governance (ESG) has been increasing rapidly in management strategies that factor in social and environment factors as a means of sustainably increasing corporate value, curtailing risks, and creating opportunities.

The Government Pension Investment Fund (GPIF), the world's largest pension fund, began investing in three ESG indices in 2017 and commenced passive investment in domestic and foreign stocks based on environmental stock indices that target global shares at a scale of 1 trillion yen in 2018. These and other developments show that ESG information is seen as a highly significant element for discerning the long-term growth potential of a company. Companies are being called on to disclose information even more proactively than in the past.

It is becoming increasingly important to promptly reflect in the management decision-making process the opinions and requests of stakeholders determined through dialogue and carry them out in order to respond to these changes in the times and demands from society.

The Seven & i Group signed the United Nations Global Compact<sup>3</sup> in 2012 and practices its 10 principles. We also identified five priority topics (material issues) that are particularly important for society and the Group through dialogue with stakeholders so that we can respond to social expectations and demands, taking into consideration the diverse range of issues relating to our expanding business domains and sustainability.

In line with the material issues, we need to work to mitigate the negative impacts that we have on society and appropriately manage the risks that threaten corporate sustainability. I would also like each Group company to raise awareness of the SDGs and take independent and concrete action with a focus on the five material issues, taking into account their unique business attributes, in accordance with our management policy of pursuing both corporate and social value.

We will also establish deliberative bodies to plan and carry our business that will create value for both society and the Group and through our core business will seek to create new business models with social issues as the starting point.

Looking to the future, the Seven & i Group will respond to the various changes in the social environment with a spirit of "reliability and sincerity," using the Group strengths such as business infrastructure and expertise that it has accumulated. We will implement the PDCA cycle as we carry out management intended to create a sustainable society in order to solve social problems and raise corporate value over the medium to long term.

Ryuichi Isaka  
President and Representative Director

\*1 The Seven & i Group Corporate creed:

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

\*2 Sustainable Development Goals:

The SDGs are targets for all of international society adopted unanimously by the 193 member states of the United Nations at the Sustainable Development Summit in September 2015. There are 17 goals and 169 targets regarding priority, global-scale issues, creating a clear vision for the world to be achieved by 2030.

\*3 United Nations Global Compact:

A voluntary initiative whereby companies and organizations participate in a global framework to act as good members of society by displaying responsible and creative leadership to achieve sustainable growth. The Compact comprises 10 principles in four fields (human rights, labor, the environment, and anti-corruption) recognized by international society and globally adopted and agreed upon as universal values.



**Ryuichi Isaka**  
President and  
Representative  
Director