

Overseas Initiatives

Business Operations in North America

Seven & i Holdings operates convenience stores in North America.

7-Eleven, Inc.



Net sales: ¥3,134,412 million (Total store sales)
Number of stores: 8,670

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SEVEN-ELEVEN HAWAII, INC.



Net sales: ¥33,101 million
Number of stores: 64

[> More](#)

* Exchange rate USD1 = ¥112.16

* Number of stores as of December 31, 2017

Initiatives in China

Seven & i Holdings operates convenience stores and superstores in China.

Convenience Store Business

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SEVEN-ELEVEN (BEIJING)



Net sales: ¥24,458 million
Number of stores: 247
Established: January 2004

SEVEN-ELEVEN (TIANJIN)



Net sales: ¥5,364 million
Number of stores: 118
Established: November 2012

SEVEN-ELEVEN (CHENGDU)



Net sales: ¥4,042 million
Number of stores: 87
Established: December 2010

Superstore Business

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Chengdu Ito-Yokado Co., Ltd.



Net sales: ¥71,638 million

Number of stores: 7

Established: December 1996

Hua Tang Yokado Commercial Co., Ltd.



Net sales: ¥6,826 million

Number of stores: 1

Established: September 1997

* Exchange rate of CNY1 = ¥16.42

* Net sales does not include value added tax

* Number of stores as of December 31, 2016

7-Eleven, Inc.

Reducing Environmental Impact

7-Eleven, Inc. remains focused on doing its part to reduce the company's impact on the environment. In 2017, the company continued to make progress by implementing sustainability measures that focus on energy conservation and efficiency, and other environmental benefits.

【Environmental Goals(restates in 2017)】

- (1)Reduce CO_{2e} emissions in stores by 20% by 2027 (2015 baseline)
- (2)Shift to eco-friendly packaging for 100% of private brand products by 2027

※2027 is SEI's 100th anniversary.



Collaboration with External Organizations

7-Eleven, Inc. continued relationships with two organizations to help guide its environmental initiatives – Conservation International and Retail Industry Leaders Association.

Conservation International (CI), is a nonprofit organization dedicated to building a healthier, more prosperous and more productive planet through science, policy and partnerships. 7-Eleven is a member of CI's Business and Sustainability Council, a forum for corporate leaders taking positive environmental actions in their businesses, to explore mutually beneficial ways to further reduce its environmental impact. 7-Eleven is a member of the Retail Industry Leaders Association's Retail Sustainability Initiative (RSI). RSI is an industrywide educational forum for the largest U.S. retailers. It brings its members together to share leading practices, identify future trends, benchmark with peers, and collaborate on common industry sustainability challenges.

Promoting Energy Saving

7-Eleven is committed to reducing energy consumption and improving efficiency. In 2016, 7-Eleven, Inc. set a target to reduce the company's energy footprint in stores by 20% by 2025, compared with 2015 levels, measured in MTCO_{2e} per square foot. In 2017, 7-Eleven reduced its CO_{2e} emissions by 92,035 MTCO_{2e} year over year from 2016 and by 111,611 MTCO_{2e} from 2015. 7-Eleven has currently reduced MTCO_{2e} by 13.6% MTCO_{2e} per sq ft. from 2015 to 2017. This is equivalent to greenhouse gas emissions from approximately 19,800 passenger vehicles for one year. 7-Eleven reduced its environmental footprint by working with energy partners and through energy conservation and efficiency measures in stores, such as installing LED light fixtures, energy management systems and high efficiency heating, ventilation and air conditioning (HVAC) equipment. Between 2008 and 2017, 7-Eleven reduced electricity consumption in stores by an estimated 24.5%.

LED Lighting

LED lights are energy efficient, eliminate use of hazardous materials and comply with local regulations to reduce light pollution. They enhance the customer shopping experience and support store safety. 7-Eleven's LED lighting program is part of the company's energy-efficient design standard and is a significant contributor to the company's CO₂ reduction goals. As of December 31, 2017, more than 6,000 stores feature LED lighting. Stores that changed from fluorescent to LED lighting can achieve an estimated annual energy saving effect of 38,756 kWh per store.

Energy Management Systems(EMS)

7-Eleven stores energy management systems (EMS)s enable remote control of heating, ventilation and air conditioning (HVAC) and refrigerant equipment, which yield significant energy consumption. The systems monitor, control and optimize the performance of energy-consuming equipment, and generate real-time data to perform diagnostics and optimization routines to reduce energy consumption and manage costs. In 2017, the company continued to install EMS. Currently, nearly 6,000 stores have EMS installed, enabling stores to achieve an estimated energy savings effect of 16,323 kWh per store, per year.

Shifting Focus to Renewable Energy

In 2017, while maintaining the company's commitment to existing energy conservation projects, 7-Eleven, Inc. turned its focus toward renewable energy. 7-Eleven signed an agreement with TXU Energy to purchase 100 percent Texas wind energy for all its Texas stores located in competitive energy markets. This wind energy agreement, which impacts 425 stores, starts in 2018, and is expected to reduce 7-Eleven's carbon footprint by an estimated 6.7 percent while providing significant operating expense savings. With more than 10,000 wind turbines in the state, Texas ranks first in the United States for both installed and under-construction wind capacity, and is home to four of the top 10 largest wind farms in the nation.

External recognition for initiatives addressing environmental issues

■ Sustainability Choice Award

TXU Energy recognized 7-Eleven with its 2017 Sustainability Choice Award for its commitment to reduce the company's carbon footprint and choice of renewable energy for the business.

■ Stars of Energy Efficiency Award

In 2017, the Alliance to Save Energy awarded 7-Eleven® with the Alliance to Save Energy "Built Environment" award for its commitment to reducing energy consumption and improving efficiency in its stores. The award recognized 7-Eleven's for successfully decreasing electricity use in store operations by an estimated 21 percent between 2008 and 2015 through installing LED lighting, energy management systems and high-efficiency HVAC units. The Alliance to Save Energy is in its 25th year of recognizing innovators in the energy efficiency field and reward the hard work of those dedicated to saving energy.

Engaging our People in Climate Change

Climate change is a significant global problem that we encourage all our people to learn more about. At our 2017 national conference, SEI provided information on the effects of climate change, and gave pedometers to all attendees for our "Steps for Good" contest. For every 500 steps a participant took, 7-Eleven donated \$1 to help the environment. Participants walked more than 17 million steps – almost 8,600 miles – raising over \$34,000 for environmental initiatives. The money was donated to Conservation International (CI), an American nonprofit organization, to support efforts to educate people on ways to improve and stabilize the climate.

Use of Environmentally Friendly Containers and Packaging

7-Eleven is committed to continually looking for ways to improve product packaging. Many of our solutions are paper-based, derived from sustainable resources and, whenever possible, we work to reduce packaging materials without compromising product quality or safety. We focus on correct sizing and choosing materials that best fit and deliver our products in the most efficient manner. In 2017, SEI continued its commitment to packaging improvements through several packaging reduction initiatives.

2017 Highlights

- 7-Eleven evaluated several fresh food packaging designs and determined that the company could reduce materials and still maintain packaging quality and performance for breakfast and meal offerings.
- The breakfast sandwich package was switched from quilted hand wrap to a window bag, reducing the material by 25%
- The rectangle entrée package was made smaller and a plastic shrink band deleted, reducing the material by 10%.
- The large oval entrée package was reduced in size and a plastic shrink band deleted, reducing the material by 33%
- A downsized small oval entrée package without a plastic shrink band reduced materials by 37%

Number of 7-Eleven, Inc. Stores and Environmental Data Associated with Store Operations

	2015	2016	2017
Number of stores	8,500	8,707	8,294
GHG emissions* ^{1,2} (1,000t-CO ₂ e)	903	883	791
CO ₂ emissions* ^{1,2} (1,000 t-CO ₂)	899	878	787
Electricity consumption* ¹ (GWh)	2,142	2,154	2,053
Water usage* ¹ (1,000 m ³)	8,878	9,040	9,793
Shopping bag usage (t)	2,969	2,625	2,780

※1 Calculations are based on estimated electricity consumption for stores where data was not available.

※2 Audited by a third party

7-Eleven® Expands Sustainably Sourced Coffee

To provide high quality, environmentally friendly products, in 2017 7-Eleven, Inc. expanded its sustainably sourced coffee program with three Rainforest Alliance Certified varieties.

Nearly every major coffee-producing region of the world is under stress as changing weather patterns affect coffee production. By working with the Rainforest Alliance, SEI can help foster sustainable farming practices that protect natural resources.

The Rainforest Alliance is an international nonprofit organization that seeks to conserve biodiversity and ensure sustainable livelihoods. Carrying the Rainforest Alliance Certified seal means 7-Eleven stores' new coffee is sourced from coffee-growers whose farms are required to meet strict standards designed to protect the environment, conserve wildlife and promote the well-being of local communities.

- Single-Origin Coffee from Mexico

After introducing its first single-origin Rainforest Alliance Certified coffee, sourced from Nicaragua last year, 7-Eleven introduced its second single-origin sustainably-sourced coffee from Chiapas, Mexico. The Rainforest Alliance Certified coffee is made exclusively from beans harvested in the mountainous highlands of southern Mexico, an area known for its dense rain forests and ancient Mayan ruins.

- Permanent Single-Origin Colombian Coffee

7-Eleven made a significant product commitment to sustainability with the switch to a new Rainforest Alliance Certified single-origin Colombian coffee. Available year-round, the new 100 percent Colombian coffee replaced the version previously offered and is the company's first permanent coffee variety to switch to sustainable sourcing.

- Limited Time, Single-Origin Peruvian Coffee

For its next limited time, single origin coffee, 7-Eleven sourced beans from the Cajamarca region of Peru. As with its other single-origin, sustainably sourced coffee, the new coffee from Peru is Rainforest Alliance Certified. The Peruvian coffee is the third limited-time, single-origin coffee offered at 7-Eleven, the fourth largest coffee retailer in the U.S.

With the addition of the certified single-origin Colombian coffee as a permanent offering and other sustainable limited-time varieties in the future, between one-third and one-half of the 7-Eleven® coffee lineup will be Rainforest Alliance Certified.

As part of its CSR objectives, SEI will continue to seek out responsibly sourced coffees with less environmental impact. Coffee that carries the Rainforest Alliance 'Certified™ Seal and gives customers a premium cup of coffee and a feel-good way to start the day.

Coexisting with Local Communities (U.S.)

7-Eleven, Inc. aims to uphold its responsibilities as a good corporate citizen and contribute to local communities where it has opened stores. The Head Office and franchisees work together to promote social contribution activities. The main fields for these activities are support for youth development and military personnel.

In the fiscal year ended December 31, 2017, 7-Eleven, Inc. provided assistance to over 1,500 organizations totaling more than US\$3.40 million in monetary terms through donation drives and provision of supplies implemented by customers, franchisees, employees, and Head Office.

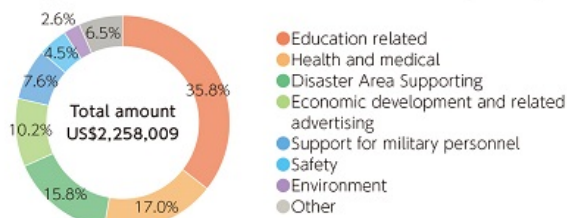
[Social Contribution Goal (restates in 2017)]

Increase corporate giving to 1% net income by 2027

※2027 is SEI's 100th anniversary.



Budgeted cash donations in the U.S. by SEI (2017)



* Budgeted amounts

Support for Youth Development

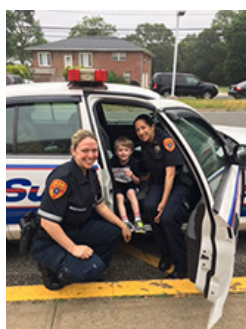
For the 22nd year, 7-Eleven® worked with law enforcement agencies across the country to distribute free Slurpee® drink coupons through Operation Chill®, 7-Eleven's popular community-service program that recognize kids for positive behavior.

Through Operation Chill, law enforcement officers from participating local police and sheriff's departments "ticket" youngsters caught in the act of doing good with Slurpee beverage coupons. The coupons help officers enhance relationships with the young people of their cities by rewarding them for good deeds, positive activities and acts of kindness.

Examples of rewarded behavior might include helping a person in need, deterring crime or participating in a community service activity. Each coupon can be redeemed for a small Slurpee drink at participating 7-Eleven stores.

In 2017, 7-Eleven issued more than 1.3 million Slurpee coupons to approximately 1,000 law enforcement agencies which, in turn, distributed most of those during the summer months and back-to-school season.

Since the program's inception in 1995, more than 19 million Operation Chill coupons have been distributed to hundreds of law enforcement agencies across the country in areas where 7-Eleven operates stores.



Support for Children's Education

Developing our youth is an important investment to ensure kids have a strong foundation to become responsible and productive citizens. 7-Eleven's Project A-Game program helps kids develop their full potential by funding education, fitness, safety and hunger relief programs that can set them up for success.

Franchisees who identify a need in their community can apply for a Project A-Game grant on behalf of a school, youth sports program or community organization in their store's neighborhood. The grant is jointly funded by Franchisees and the company and helps provide critical funding for program expenses.

In 2017, more than 620 grants were awarded - a community investment of approximately \$515,000. Grants helped underwrite a variety of initiatives that help kids stay focused, in school and on track including, positive behavior programs, athletic teams and after school activities. Since the program's inception in 2012, nearly 3,500 grants have been awarded, totaling approximately \$2,000,000.



Fighting Youth Hunger

In the United States, 13 million, or 1 in 6 children, face hunger and may not know where they will get their next meal. Getting the energy kids need to learn and grow can be a daily challenge. Fresh produce is in high demand by food banks and is important to good nutrition, especially for children.

In 2017, for the 4th consecutive year, 7-Eleven, Inc. joined the Feeding America network of food banks in a pay-it-forward campaign to buy bananas for food-insecure individuals and families in the U.S. 7-Eleven® customers were offered a quick and easy way to help by purchasing two bananas for \$1, that were donated to Feeding America and distributed through its network of local food banks to families in need. For every two bananas donated by a customer, 7-Eleven also contributed an additional dime for the Feeding America network. This program provided an opportunity for 7-Eleven customers to get involved in one of the most pressing issues our country is facing and support hunger-relief efforts at a vital time during the holiday season.

The mission of Feeding America, the nation's leading domestic hunger-relief charity, is to feed America's hungry through a national network of 200-member food banks and engage the country in the fight to solve hunger. Its member food banks supply food to more than 46.5 million Americans each year, including children and seniors. 7-Eleven and its customers donated approximately 725,000 bananas and nearly \$35,000 in cash contributions to benefit 22 regional Feeding America member food banks where 7-Eleven operates stores.

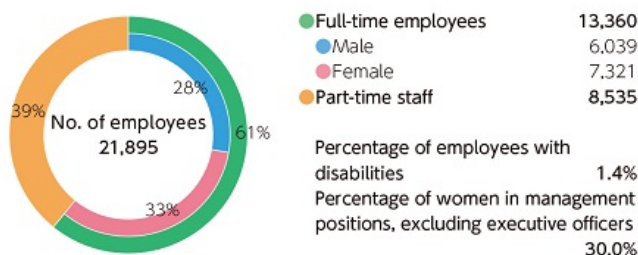
FOR ONLY \$1
TOGETHER WE'RE FEEDING AMERICA



Creating fulfilling workplaces

Employees with strong abilities are vital for SEI to achieve its business goals and objectives. SEI understands the value of learning and development to build employee competencies for personal growth and to maximize employee potential.

Personnel data in the U.S. and Canada (as of 31,2017)



Initiatives in North America

> [For information on Seven-Eleven Hawaii, please follow this link.](#)

Seven-Eleven Hawaii

In March 2016, Seven-Eleven Hawaii (SEH) added “Our Promise” to its set of company values in order to support its direction as a chain of “close-by, convenient stores,” to shape its corporate culture, and to further solidify its values. “Our Promise” is comprised of the following three specific values.

1. Bring a smile to the faces of customers, vendor partners, and employees
2. Work together as a team to achieve goals
3. Strive for greater heights

To promote “Our Promise,” the company started a program for recognizing exceptional employees. First, all employees are encouraged to nominate people they think are practicing the three values. Then, the selected people are given a badge and a bonus and are introduced in the company newsletter and on an employee-only Facebook page.

These values define SEH as a business for the community, for partners and for employees. The practice of Our Promise then becomes the cornerstone for the words and actions of employees.

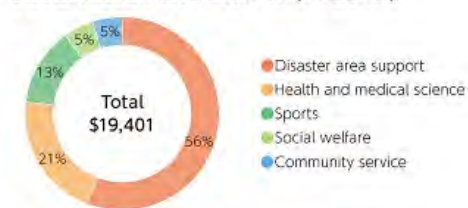


Thriving with Local Communities

As a good corporate citizen, SEH supports activities and NPOs involved with children, education, public welfare, and health.

In 2017, the equivalent of approximately \$39,000 in support was provided to 44 organizations through fundraising, material support, and volunteer activities on the part of SEH customers, stores, employees, and the company.

Amount of cash donations by SEVEN-ELEVEN HAWAII (FY2017)



Supporting NPOs through Storefront Donations

SEH has been collecting storefront donations to support various NPOs that contribute to the local community since it began operations. Organizations that wish to receive donations submit an application stating their mission and why they want to participate in the organization, and each month, one organization is selected as the recipient. The selected organizations are active in fields such as health, safety, and education, and the donated funds are used throughout Hawaii. In the fiscal year ended February 28, 2018, approximately \$80,000 were donated.

Social Contribution through the Sale of Coupon Books

Since 2001, SEH has sold Lima Kokua (Helping Hands) Coupon Books to schools, sports teams, and other non-profit organizations. The organizations that purchase the coupon books, which can be used in all SEH stores, earn a profit by selling them to third parties.

SEH supports the activities of these NPOs through the sale of the coupon books.

In the fiscal year ended February 28, 2018, 33 organizations used the system. Many of these were repeat orders, showing that the books have been popular.



Lima Kokua Coupon Book System



Supporting Solutions to Social Issues through Event Sponsorship

SEH undertakes social and cultural contribution programs to support solutions to issues concerning Hawaii's children, health, environment, and other topics. One aspect of these programs we support for the Hawaii Ag and Culinary Alliance. The mission of the Alliance is to support activities relating to culinary arts, agriculture, environmental stewardship, culture, and education in Hawaii. Its programs are exempt from taxation under US tax laws*.

In August 2017, a total of \$50,000 collected through storefront donations and a charity golf tournament was donated. The annual charity golf tournament is held in collaboration with business partners to collect funds used to support local NPOs. The 39th tournament was held at the Mid-Pacific Country Club on August 7, 2017.

Support was also provided to the Hawaii Food & Wine Festival (HFWF), one of the Alliance's events, held on November 3. Leading chefs and winemakers gather for the HFWF to present creative and artistic cuisine using local ingredients. During this program culinary school students work with leading chefs, making it a valuable experience. The collected funds are donated to NPOs that support local traditional cuisine, culture, and agriculture. Since 2011, a total of \$1.7 million has been donated.

* Under Section 501(c) of the United States Internal Revenue Code (USC 26), organizations whose purpose is religious, educational, charitable, scientific, literary, testing for public safety, to foster amateur sports competition, or prevention of cruelty to children or animals, are exempt from taxation.



The charity golf tournament

Expansion of Health-Conscious Foods

It is said that a majority of adults in Hawaii suffer from obesity or chronic disease, making this a serious issue. One of the causes is an unbalanced diet. To curtail increases in obesity and chronic disease, the Hawaii Department of Health launched the Choose Healthy Now (CHN) program to improve nutrition through education.

SEH, which seeks to be a lifestyle brand, believes that it can play an important role contributing to the improvement of health in local communities and supports the CHN program. SEH and local health authorities selected health-conscious products from among its lineup and placed the Choose Healthy Now logo on them, to make the products easier to identify. By undertaking CHN activities at the 64 stores that SEH operates throughout the state, the company is producing a positive impact by making it easier for customers to make healthier choices and lead more enriching lifestyles. Hawaii First Lady Dawn Amano-Ige, wife of the governor, submitted recipes, and SEH developed sandwiches recommended by the Department of Health.

In preparation for participation in these programs, SEH began displaying the CHN logo in stores on September 4, 2017 and held a press conference for the media on September 8. To cooperate with educational activities, SEH representatives appeared on a television program about local lifestyles and discussed how various health-conscious products can be selected at SEH stores.

These programs hold particular social significance not just for SEH, but also for customers, through the provision of healthier lifestyles, and we will continue to focus efforts in these areas.



Display of the YOU CAN Choose Healthy Now logo in a store

Reducing Environmental Impact

SEH has been working on an initiative named the Energy Smart Program, to reduce energy consumption, since 2012. Under the program, SEH has carried out many kinds of initiatives. By 2015, we had established a standard temperature to be set on all store air conditioning systems, which consume the largest amount of energy, along with installing inverters in vaults and freezers and changing vault lighting to LED illumination. To raise energy conservation awareness among employees, the company has provided them with environmental education.



Number of SEH Stores and Environmental Data Associated with Store Operations

	2013	2014	2015	2016	2017
Number of stores	59	60	63	63	65
Electricity consumption (MWh)	17,848	18,246	18,399	18,097	18,334
Water consumption (thousand m ³)	48	44	46	46	47

Initiatives in North America

> [For information on 7-Eleven, Inc., please follow this link.](#)

Chinese Convenience Store Business

Providing Safe and Reliable Products

In China, where concerns over food safety and integrity have been mounting, SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) work to provide safe and reliable products by leveraging quality management and product development capacities cultivated in Japan.



Quality Management at Plants

For the Group's private-brand products in China, strict standards are applied in selecting ingredients, and processing plants that maintain high quality levels are selected through a screening process based on whether they have experience exporting to Japan and other criteria.

We have strengthened quality management at dedicated plants producing only the Group's products by incorporating international food safety management systems and measures implemented at plants in Japan. Beijing Wang-Yang Foods and JEANAVICE factories, which are dedicated plants of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), obtained the "SC" food production license for chilled foods in February 2017, earlier than peer companies in the industry. "SC" is a regulatory requirement related to food production in China. Food manufacturers must acquire the "SC" license by switching from the existing "QS" food quality and safety license by October 2018. Beijing Wang-Yang Foods acquired HACCP*1 certification in March 2018 with the aim of raising quality levels even further. At the JEANAVICE Factory, Chinese plant managers and the manager of the quality control division attend the HACCP inspections of daily food processing plants that are implemented annually by Seven-Eleven Japan, and the manager of the quality control division obtained qualification as an internal inspector under FSSC 2200*2.

Yuanqi Food Co., Ltd., which functions as an exclusive plant of SEVEN-ELEVEN (CHENGDU), relocated to a new plant in the fiscal year ending February 28, 2019. As a result, manufacturing processes that were previously performed manually have been automated, enhancing the stability of product quality.

*1 HACCP (Hazard Analysis and Critical Control Point) food sanitation management method

*2 A food safety management system certification

Giving Consideration to Health

In response to an increase in health-conscious customers, the three companies are working to provide products with a good nutritional balance.

In 2016, SEVEN-ELEVEN (BEIJING) renewed its boxed lunches based on the concept of "Abundant vegetables, low calories and healthy." It also started display calorie information at the same time.

Also, trans-fatty acids, which are said to increase the risk of heart disease, were successfully reduced to zero in the original room-temperature bread products of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN).

In the fiscal year ended February 28, 2018, SEVEN-ELEVEN (TIANJIN) began supplying fried tomato and egg as well as eggplant dishes that use contaminant-free vegetables that meet national standards for residual agricultural chemicals, nitrates, and so on.

Improving Customer Satisfaction

The three companies are working to collect customer feedback in order to improve products and services from the standpoint of customers. Feedback obtained from customers is shared with departments and stores on a daily basis. In addition, in order to grasp changes in customer needs and reflect them in products, SEVEN-ELEVEN (CHENGDU) conducts annual surveys while SEVEN-ELEVEN (TIANJIN) conducts surveys every other year. In the fiscal year ended February 28, 2018, SEVEN-ELEVEN (CHENGDU) received responses from 1,023 customers and based on the results, launched a delivery service.

In order to further improve the customer service provided by employees, the three companies conduct training and established award programs. SEVEN-ELEVEN (CHENGDU) conducts store employee training that includes 15 minutes of customer contact simulation. Starting in the fiscal year ended February 28, 2018, SEVEN-ELEVEN (TIANJIN) has been conducting cash register customer contact training at model stores. The training has produced significant effects including improvements in cash register customer contact of 50 points or more are being seen after the training compared to before, and consequently, the company plans to introduce the training to all stores starting in the fiscal year ending February 28, 2019.

SEVEN-ELEVEN (BEIJING) created customer service awards to recognize employees who provide outstanding customer service. The awards are presented in a group ceremony every three months. We will strive to enhance motivation by presenting awards to recipients at meetings and other such forums in conjunction with striving to increase examples of best practices for employees to follow by making the award-winning activities widely known.



Presentation of awards by SEVEN-ELEVEN (BEIJING)

Thriving with Local Communities

Each company conducts social contribution activities as members of their local communities.



Environmental Preservation Measures through In-Store Donations

SEVEN-ELEVEN (BEIJING) installed collection boxes in stores and has been collecting money from customers since November 2006. The funds are donated to the Beijing Green Fund, an officially-recognized environmental preservation organization. The Fund uses donations from the public to plant trees as countermeasures against sandstorm damage and desertification, creating tree fences that prevent sand movement in and around Beijing.

In the fiscal year ended February 28, 2018, a total of 126,434 yuan was donated in July. SEVEN-ELEVEN (BEIJING) plans to implement a new program to donate a portion of product sales proceeds to the Beijing Green Fund in the fiscal year ending February 28, 2019.

Donation amounts

FY2015	FY2016	FY2017
147,763 yuan	148,189 yuan	126,434 yuan

Support for Children

Since 2013, SEVEN-ELEVEN (CHENGDU) has continuously provided support for Benevolence House, a home for children with brain disorders. In 2017, employees visited the facility in August and December to play games with the children and participate in a Christmas event and a birthday party. The employees provided entertainment and delivered toys and other presents to the residents.

In addition to supporting Benevolence House, in the fiscal year ended February 28, 2018, SEVEN-ELEVEN (CHENGDU) donated 100,000 yuan as relief aid for the landslides that occurred in Mao County, Sichuan Province in June. In recognition of this donation, the company received a Certificate of Appreciation from the Chengdu Charity Foundation.

Value of Goods Donated to Benevolence House by SEVEN-ELEVEN (CHENGDU)

FY2015	FY2016	FY2017
800 yuan	1,937 yuan	1,826 yuan



A visit to Benevolence House

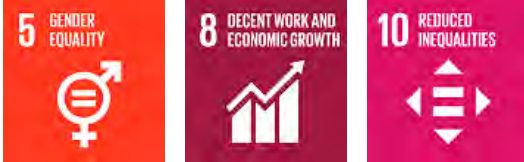
Cleanup Drives

SEVEN-ELEVEN (CHENGDU) has designated each July 11 as "7-11 Day" since 2012. On that day, all Head Office employees collect rubbish and waste in the area of the Head Office with the aim of contributing to creating a clean urban environment.



Creating Fulfilling Workplaces

In continuing to expand our network of stores in China, it is essential that we hire and train local employees. The three companies are focused therefore on raising the communication abilities of employees and train them to be able to think and act with autonomy. To this end, the three companies are working to provide various training seminars and create workplaces where employees are able to demonstrate their abilities to the fullest.



Supporting development of employee abilities

Operations Field Consultants (OFC) play an important role in connecting the Head Office with franchise store owners. They serve as store management consultants that provide multifaceted advice to franchise stores on overall management, including ordering, product lineups, and employee training. OFC candidates first gain store experience at training stores and learn the fundamentals of store management, which include the Four Basic Principles; unit control; employing, training, assigning and evaluating staff; and management indicators. SEVEN-ELEVEN (TIANJIN) conducts training of AFC (OFC assistant) candidates selected from among employees who work at stores to provide knowledge about OFC duties and enhance managerial skills. They accompany veteran OFCs during store visits and address store improvement issues. At the conclusion of the training, the candidates give presentations on proposals for store improvement and earn their AFC qualifications.

At weekly meetings of OFCs, company policies are shared and training is conducted to enhance work skills such as communicating effectively with franchise stores. SEVEN-ELEVEN (CHENGDU) conducts training of Head Office employees on corporate structures, laws and approaches regarding operations, business etiquette, PC operation, and other topics.



Systems to Raise Employee Motivation

Various initiatives are implemented to provide opportunities to raise employee motivation and resolve issues they may face in the workplace. In addition, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) have instituted internal hiring programs that allow employees to apply for desired positions. They are selected on the basis of interviews between the applicants and the relevant Head Office divisions, the Human Resources Department, and so forth. In the fiscal year ended February 28, 2018, six employees were transferred to requested divisions under this program. SEVEN-ELEVEN (BEIJING) gathers opinions from employees and has established structures for conducting interviews when renewing employment contracts and when employees separate from the company in order to make improvements. The Company conducted surveys on career motivation among OFCs and store managers in FY2016 and FY2017 and reflected the results through changes to training and pay systems and the workplace environment.

Examples of systems for raising employee motivation

- Operate a contact desk so that employees can consult with the company on issues
- Interviews with employees by personnel departments
- Interviews with new employees by supervisors
- Organize employee get-togethers to promote closer interaction and socializing among employees
- Conduct questionnaires on motivation
- Share information about role models among employees by conferring awards upon talented employees



Evaluation and Remuneration

The three companies have adopted an employee evaluation system that combines monthly interview evaluations and yearly evaluations. Monthly interviews are conducted between employees and their direct supervisors to discuss the rate of progress toward their performance goals. After self-assessments are carried out by each employee, yearly interviews and evaluations are then conducted by the direct supervisor and a secondary, higher-level supervisor. Monthly evaluations are based on company, divisional and individual performance.

For managers who perform evaluations, regular training is carried out on matters such as monthly evaluation methods for subordinates and on determining pay in accordance with these evaluations. The training enables managers to obtain the correct knowledge on these matters.

In the fiscal year ended February 28, 2018, SEVEN-ELEVEN (BEIJING) clarified and comprehensively implemented rules on company results, individual evaluations, and determination of bonuses in order to accurately reflect the company's results and individual work performance in wages.

Reducing Overtime

Barring special circumstances, employees of the three companies leave their workplaces at the appointed times when their shifts end. If overtime is deemed to be necessary, employees must seek permission from their supervisors in advance. Procedures call for supervisors to manage the daily and monthly overtime hours of employees in order to prevent employees from doing unnecessary overtime. In order to conduct thorough management, starting in the fiscal year ended February 28, 2018, each month SEVEN-ELEVEN (BEIJING) sends information on the status of overtime work and use of annual paid vacation time in the previous month to the heads of each division and reinforced the provision of guidance by supervisors to the responsible personnel. In addition, management of overtime work is an item of store manager monthly evaluations, and appropriate shift and personnel management is performed.

Promoting the Advancement of Women

In China, the labor contract laws have been designed to provide male and female employees with generous leave related to childbirth and childcare. Moreover, men and women are treated equally, and it is common practice for women to continue working after marriage. This legal system and practice of appointing managers based on ability work together to promote the appointment of women to managerial positions. In 2012, the first Chinese woman director was appointed at SEVEN-ELEVEN (TIANJIN). Appointments continued in 2017, and women currently occupy approximately half of the non-executive managerial positions at the three companies. In March 2018, SEVEN-ELEVEN (BEIJING) appointed women in the roles of vice president and director.

Internships

With the aim of hiring outstanding human resources, hiring local personnel, and promoting the education of youth, SEVEN-ELEVEN (TIANJIN) conducts internships and has been recognized by the government as a youth employment intern base that promotes the employment of young people who have graduated from high school. In the fiscal year ended February 28, 2018, SEVEN-ELEVEN (TIANJIN) accepted 27 interns, of which 10 gained employment with the company.

Employee-Related Data (As of December 31, 2017)

	SEVEN-ELEVEN (BEIJING)	SEVEN-ELEVEN (TIANJIN)	SEVEN-ELEVEN (CHENGDU)
Full-time employees (Male and female)	599 (316 · 283)	221 (90 · 131)	279 (127 · 152)
Part-time staff Number of employees	940	371	822
Ratio of employees with disabilities	2.0%	2.7%	3.6%
Ratio of women in management positions, excluding executives	58.4%	48.5%	59.2%

Reducing Environmental Impact

The Chinese government has been putting great emphasis on climate change issues. In Beijing, companies with annual CO₂ emissions in excess of 5,000 tons are subject to upper limits on emissions in each industry as major emitters and must purchase emissions credits for the excess portions. SEVEN-ELEVEN (BEIJING), which subject to this program, saw electricity consumption per store decline in the fiscal year ended February 28, 2018 compared to the previous year, but emissions exceeded the limit as a result of an increase in the number of stores and expansion of coffee machines, and consequently, the company purchased emissions credits for 7,000 tons. Similarly, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) also reported lower electricity consumption per store compared to the previous year but higher total electricity consumption.



Energy Conservation Measures at Stores

The three companies installed LED illumination in all stores in the fiscal year ended February 28, 2018. Other measures to reduce electricity consumption were also implemented, such as installing curtains in walk-in refrigerators to prevent the outflow of cold air, installing energy-saving equipment, and conducting education to raise customer awareness. In the fiscal year ending February 28, 2019, LED illumination will be installed in new stores, and SEVEN-ELEVEN (CHENGDU) plans to install inverter type refrigeration equipment.



A curtain installed in a walk-in refrigerator

The three companies also implemented the following initiatives in the fiscal year ended February 28, 2018 as part of the 7-Eleven Global Campaign to Fight Climate Change*.

(1) Seminars held for all employees

Share materials were prepared and employees were instructed on the causes and effects of climate change, international trends, developments concerning the Chinese government, measures for saving electricity as stores, and other topics. The seminars were held from June through the first week of July during portions of managerial conferences, FC meetings, and morning meetings, and were conducted at individual stores for employees.

(2) In-Store Implementation

During the week of July 11, posters in the Seven Rules of Electricity Conservation were displayed in store backrooms and energy conservation measures such as washing filters were implemented.



* SEJ and 11 overseas Seven-Eleven operating companies implemented measures to mitigate the effects of climate change around July 11 (7/11) in line with the "Seven-Eleven" name.

Environmental Data

SEVEN-ELEVEN (BEIJING)

	2013	2014	2015	2016	2017
Number of stores	150	175	187	219	247
Electricity consumption (MWh)	19,648	19,366	18,122	24,856	25,702
Water usage (1,000 m ³)	69	73	75	96	83

SEVEN-ELEVEN (TIANJIN)

	2013	2014	2015	2016	2017
Number of stores	56	60	70	82	118
Electricity consumption (MWh)	8,472	6,164	5,278	7,027	10,077
Water usage (1,000 m ³)	21	20	18	24	34

SEVEN-ELEVEN (CHENGDU)

	2014	2015	2016	2017
Number of stores	66	60	67	87
Electricity consumption (MWh)	7,319	7,746	6,031	7,892
Water usage (1,000 m ³)	28	24	18	24

Environmental Measures at Dedicated Plants

In order to avoid wasting resources, efforts are being made at the Beijing Wang-Yang Foods and JEANAVICE factories, both of which are dedicated plants of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), to utilize unneeded food materials generated by each plant as feedstock for a pig farm. The JEANAVICE Factory has a nursery collect residual bread under contract. Both plants use wastewater treatment facilities that clean water to the same or higher standard than government standards to ensure that polluted water is not discharged and conduct periodic investigations of smoke emissions from the perspective of preventing atmospheric pollution.

List of Awards Received in the Fiscal Year Ended February 28, 2018

SEVEN-ELEVEN (BEIJING)	Employer that Promotes the Employment of Disabled Persons	Dongcheng District Disabled Persons (Disabled Persons Association)
SEVEN-ELEVEN (TIANJIN)	China Best Employer Nomination Award	Sponsored by the Zhilian Recruitment and Beijing University Corporate Social Responsibility and Employer Brand Advertisement Research Center
SEVEN-ELEVEN (CHENGDU)	Most Charitable Company Award	Chengdu Charity Federation

Initiatives in China

➤ [For information on the superstore business in China, please follow this link.](#)

Initiatives in China

Message from Chairman

Ito-Yokado launched its China business with the opening of the Chunxi Store in Chengdu City in November 1997, and in 2018, we marked 21 years of business in Chengdu and Beijing. This success is due to the support of customers, business partners, shareholders, local communities, and employees, and for this I am grateful. During this period, we have adapted to various changes in the business environment based on our corporate philosophy “reliability and sincerity” and “customer first.” During the past 21 years, the Chinese economy has undergone remarkable development, consumer incomes have increased, and the middle class has greatly expanded in size. For the middle class, an “abundant lifestyle” has come to mean a “healthy lifestyle true to oneself.” People now want safe and secure foodstuffs, fashion that allows them to express themselves, highly convenient services that facilitate the effective use of time, and leisure time for engaging in sports and other interests. To meet these needs, we have focused on sales of “看得見的放心” food products with particular attention to safety and taste, hygiene management systems in plants and production sites, inspection systems, periodic confirmation of compliance with laws and regulations, and employee education on hygiene standards, quality control, safety-related laws and regulations and so on.

We are also taking ongoing measures to create comfortable shopping environments in stores by creating children play areas, expanding rest areas, and improving restroom environments, and have restaurants available for use as community areas. To do this, in May 2018, we implemented a large-scale renovation of the Asia Village Store in Beijing, the first since it opened. In the external environment, new services that make use of advances in information technology are steadily being created. In response, we established an electronic commerce company in Chengdu in 2017. We are advancing toward a retail business that integrates brick-and-mortar stores with the Internet. Furthermore, to fulfill our corporate responsibilities, we continue to implement measures to reduce CO₂ in order to curtail environmental impact and we undertake volunteer activities targeting seniors and children. Chinese society is changing at a tremendous pace. In the future, we will continue listening to the opinions of local communities and work to be a company that is trusted by local residents and grows in tandem with communities.



Ito-Yokado (China)
Investment Co., Ltd.
Hua Tang Yokado
Commercial Co., Ltd.
Chengdu Ito-Yokado
Co., Ltd.
Chairman
Makoto Imai

China Business History

Year	Event
1996	Request to establish superstore received from government of China and Chengdu in Sichuan Province
December 1996	Chengdu Ito-Yokado Co., Ltd. established in Chengdu
September 1997	Hua Tang Yokado Commercial Co., Ltd. established in Beijing
November 1997	Chunxi Store opens in Chengdu
December 2001	Asian Games Village Store opens in Beijing
September 2003	Shuangnan Store opens in Chengdu
December 2007	Jinhua Store opens in Chengdu
November 2009	Jianshe Road Store opens in Chengdu
November 2011	High-tech Store opens in Chengdu
January 2014	Wenjiang Store opens in Chengdu
2014	Then-Chairman Tomohiro Saegusa named an Honorary Citizen of Chengdu, a first for a Japanese manager of a private company
January 2017	Meishan Store opens in Meishan
April 2017	Chengdu Ito-Yokado E-commerce Co., Ltd. established in Chengdu

Company Overview

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
		
Net Sales	¥72,300 million	¥6,800 million
Number of employees	3,150	196
Number of stores	7 stores (Chunxi, Shuangnan, Jinhua, Jianshe Road, High-tech, Wenjiang, Meishan)	1 store (Asian Games Village)
Established	December 1996	September 1997
Chairman	Makoto Imai	Makoto Imai
President	Tsugumi Ko	Makoto Imai
CSR Promotion Structure	CSR Management Committee	Corporate Ethics and Culture Committee
	Corporate Ethics and Culture Subcommittee	Corporate Ethics and Culture Subcommittee
	Consumer Affairs and Fair Business Practices Subcommittee	Environmental Subcommittee
	Environmental Subcommittee	
	Information Management Committee	

* The number of employees and number of stores are as of December 31, 2017.

* Exchange rate of CNY1 = ¥16.62

* Net sales does not include value added tax

CSR Promotion Structure

In recent years, public demand for companies to take a progressive stance on CSR has been rising sharply in China. Under the policies of the Chinese government, CSR implementation guidelines and assessment benchmarks have been formulated, and CSR assessment rankings have been published. Since 2013, Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been taking steps to create structures for promoting CSR more comprehensively and holding committee meetings. The Corporate Culture and Ethics Subcommittee of Chengdu Ito-Yokado established curriculum for an online course that enables employees to acquire operational knowledge and technical awareness to ensure correct corporate behavior. Hua Tang Yokado Commercial's Corporate Culture and Ethics Subcommittee is returning to the origins of business, working to ensure that all employees are aware of the Corporate Creed and Corporate Action Guidelines. The Environmental Subcommittees at both Chengdu Ito-Yokado and Hua Tang Yokado Commercial seek to save electricity and water and have advanced discussions toward store operations that take energy conservation into consideration with specific targets for reduction. The Consumer Affairs and Fair Business Practices Subcommittee works to promote provision of safe and reliable products and services, which helps to make them even better.

Publication of CSR Reports

In July 2016, Chengdu Ito-Yokado published its first CSR Report, covering its social and environmental activities. In the course of preparing the report, the company referred to the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) developed by the Chinese Academy of Social Sciences and the international Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI). There is a comparison table of the guidelines at the end of this report. The CSR report for the fiscal year ended February 28, 2018 was published in July 2018, with plans to distribute it to attendees at the Sichuan Province CSR report presentation meeting and at meetings for the general public and to submit it to a conference of the Chinese Academy of Social Sciences.



Promise to Customers



Quality and Freshness Management

Amid a rise in public interest in safety and reliability of food, we provide products using quality and freshness management expertise developed in Japan. Sales staff, product departments, and quality control departments receive education on safety laws and regulations, production and processing standards, hygiene standards, and other aspects. About 370 employees of Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been made aware of safety and quality management.

Chengdu Ito-Yokado employees each receive a copy of the “Standard Operation Manual” to establish a unified standard for production and processes. While improving quality on one hand, a representative from Head Office regularly visits stores to check that they are providing products that meet our standards. Annual third-party audits are also conducted.

Hua Tang Yokado Commercial conducts quality control training for foodstuff employees four times annually to ensure strict compliance with quality control standards.

We also visit our business partners' farms and factories regularly to see that they are meeting our standards for facilities and equipment, hygiene and production management, inspection systems, individual hygiene, and legal and regulatory CSR. In the fiscal year ended February 28, 2018, Chengdu Ito-Yokado audited its business partners 21 times, and Hua Tang Yokado Commercial audited its business partners 6 times.

Provision of Traceability Information

From the fiscal year ended February 28, 2014, Chengdu Ito-Yokado launched sales of “看得見的放心” food products, which are based on the same concept as the Fresh Foods with Traceability products launched in Japan. Consumers can scan a QR code on these products to confirm on a dedicated website who the farmers are and where and how the products were grown. In the fiscal year ended February 28, 2018, the “看得見的放心” product range was increased further to approximately 22 lines with the addition of eight new lines. These products have proven popular with customers who have a particularly strong interest in food safety and reliability.

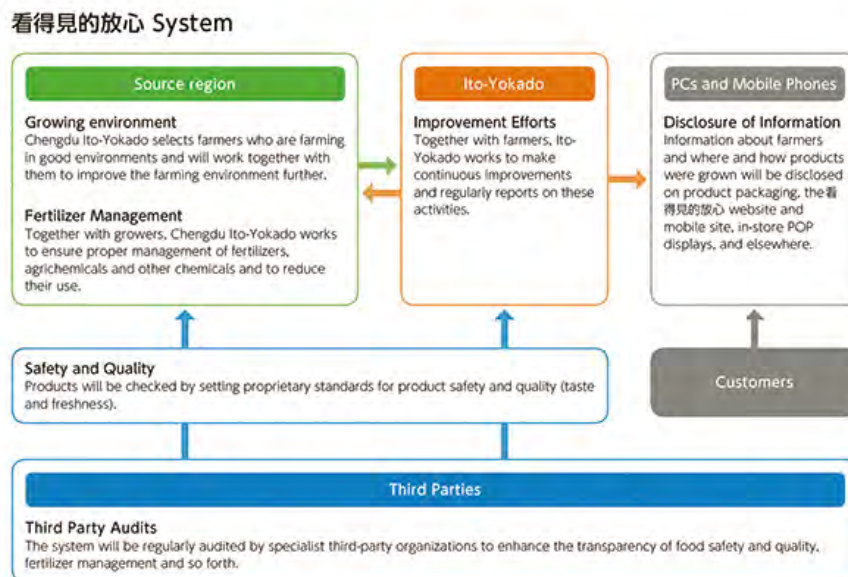
In the fiscal year ended February 28, 2015, Hua Tang Yokado Commercial started selling organic foods in cooperation with farmers by establishing rigorous food safety management systems and drawing up annual cultivation plans. In the fiscal year ended February 28, 2018, we began handling hydroponic produce that is cultivated in a safe and secure environment. Furthermore, the company continued sales of “放心肉項目” meat products (meat products that can be consumed with confidence), which enable customers to confirm the meat producer using consoles installed in sales areas.



The “看得見的放心”brand logo



“看得見的放心” product display



Quality Supervision System and Meetings with Customers

Since the fiscal year ended February 28, 2009, Chengdu Ito-Yokado has appointed 10 customers at each store to act as quality supervision officers to help improve its products and stores with the customers who actually shop at the stores as the standard. The quality supervision officers meet at each store once a quarter to give their opinions, and are encouraged to make proposals on matters that they have noticed at any time. Quality supervision officers commented on the use of mobile phones by employees during work, and a new rule on the use of mobile phones during work was established to improve the situation.

In addition to quality supervision officers, we asked for cooperation from 70 customers and received 175 opinions. Based on these, we reviewed product volumes and took other steps to provide even better products.

Other efforts included making home visits to 5,809 customers living in our stores' neighborhoods to ask their opinions. In March, June, and September we conducted customer satisfaction surveys, asking for opinions from 29,016 customers.

Chengdu Ito-Yokado and Hua Tang Yokado Commercial also collect opinions via the Internet, telephones, opinion boxes, and instore conversations. In the fiscal year ended February 28, 2018, Chengdu Ito-Yokado received 18,336 opinions and Hua Tang Yokado Commercial received 13,953. Based on the opinions received, a series of simple and reasonably-priced bedding products was created, and the products have been well-received by customers. We value customers' opinions and we are establishing systems to create stores that reflect their wishes.

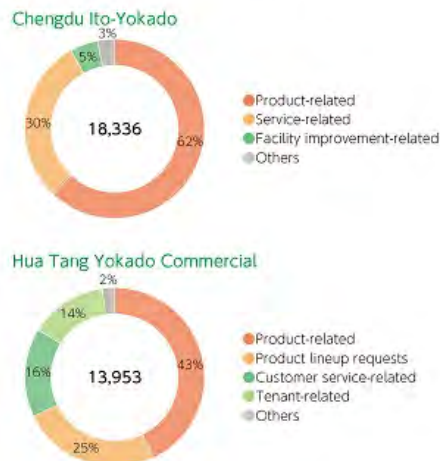


Chunxi Store: Customers taste test a new salad at a customer dialogue event



High-tech Store: Employees make breakfast sandwiches at a customer dialogue event

Breakdown of Customer Feedback



Promise to the Local Community



Donations

Chengdu Ito-Yokado is involved in providing educational support and in supporting households in poverty, among others. The company makes annual donations to Sichuan University, and as of 2017 it has made 20 donations that have supported 560 students. In the fiscal year ended February 28, 2018, the company donated 20,000 yuan to Japanese language students of Sichuan University and an additional 72,000 yuan to 30 outstanding students. Moreover, prior to Children's Day, the company donated 15,000 yuan to each of six Ito Friendship Elementary Schools to assist with activity expenses for Children's Day. The company also held summer camp events over two days and one night in which children enjoyed the experience of managing a store for a day and visiting a museum.

Again this year, the company donated printers to the Jintang Sanliecun Friendship Elementary School and received thank you letters from the school and its students. In other efforts, the stores make seasonal visits to local households experiencing poverty, people with disabilities, and elderly people living alone, giving them presents of living essentials. In the fiscal year ended February 28, 2018 the company donated a total of 1,614,000 yuan through these social contribution activities.



Donations for Outstanding Students



Participants in the summer camp event

Volunteer Activities

During the fiscal year ended February 28, 2018, Chengdu Ito-Yokado personnel visited local households in poverty, disabled persons, and elderly people living alone to give them daily necessities on the occasions of the Spring Festival, the Dragon Boat Festival, the Mid-Autumn Festival, and the Double Ninth Festival. On Wednesday of the third week of every month employees at every store clean up the areas around the stores. At the Jianshe Road Store, cleaning personnel were presented hand cream at the end of the year to express appreciation for their work. The store also created sites where cleaning personnel can drink water free of charge.

Hua Tang Yokado Commercial conducts cleanup activities every day, with employees striving to lead neighborhood beautification efforts.



Promise to Employees



Store Management by Local Employees

Since opening our first stores in China, we have been actively appointing local employees with the aim of developing stores that are deeply tied to local communities. At Chengdu Ito-Yokado and Hua Tang Yokado Commercial, Chinese store managers have been appointed. For the most part, stores are operated by local employees: the ratio of Chinese employees in management positions, excluding executives, is 97.6% at Chengdu Ito-Yokado and 87.8% at Hua Tang Yokado Commercial.

In addition, we have been making progress on the appointment of women in China. The ratio of women in management positions, excluding executives, was 59.9% at Chengdu Ito-Yokado, with female store managers at two out of the seven stores, and 44.5% at Hua Tang Yokado Commercial.

Employee Data (As of December 31, 2017)

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
No. of employees	3,417	197
Part-time employees	267	1
Full-time employee turnover	17.0%	14.5%
Ratio of Chinese employees in management positions (%)	97.6%	87.8%
Ratio of women in management positions (%)	59.9%	44.5%
Number of employees with disabilities	44	9

Placing Importance on Gratitude, Inspiration, and Motivation

In 2017, Chengdu Ito-Yokado celebrated 20 years in business. To mark this significant milestone, the company held 20th anniversary commemorative ceremonies for local communities, conducted customer appreciation sales, and held parties for employees to express gratitude and raise morale. The parties were attended by some 5,000 employees from each of the Chengdu Ito-Yokado stores and their invited family members. The events enabled the company and employees to celebrate 20 years of business and express their gratitude to one another. The participants affirmed spirit of gratitude, inspiration, and motivation, on which Chengdu Ito-Yokado places particular importance, and sang and danced in unity to express their commitment to making the company even better in the future.



An employee appreciation party



A dance pledging to practice gratitude, inspiration, and motivation toward customers

Practicing Gratitude, Inspiration, and Motivation

- (1) Courtesy and an attitude of gratitude towards customers
- (2) Products and stores that inspire customers
- (3) Customer service that motivates customers

Human Resources Development

Training programs have been enhanced to boost the motivation of local employees and enable them to demonstrate their abilities to the fullest. In the fiscal year ended February 28, 2018, Chengdu Ito-Yokado enhanced the curricula of its correspondence programs for improving employees' primary qualification capabilities and workplace operation skills and added other operational and functional curricula (from production, packaging, meat products, register operation) to foster human resources who can undertake the five strategies (Topic Strategy, Product Strategy, Private Brand Strategy, Service Strategy, and Made in Chengdu Strategy). We introduced an online remote education system to facilitate training with enhanced content at remote sites.

Furthermore, practical skills training sessions are open for all employees to observe if they wish, even if they are not undertaking training, and they are able to learn directly from the lecturer. We also hold in-store operational skills contests and have even had on-site customers score employees to select winners, encouraging employees to improve through friendly competition. At Hua Tang Yokado Commercial, on Monday of the first week of each month, awards are presented to outstanding employees and to the department of the month to motivate employees. Furthermore, five employees from each store are commended and awarded as "service stars" for providing service at or above a certain standard. The recipients may be full time, part time, or tenant sore employees.



Operation skills contest (Chengdu Ito-Yokado)

CSR Education

In 2017, Chengdu Ito-Yokado established an action plan related to CSR and moved toward implementation. During this fiscal year, particular efforts were put into waste processing: a specialized waste sorting company was invited to conduct training on waste sorting, and in-store trash bins were changed to receptacles that allow waste to be sorted. We value limited resources and convey the important of effectively using resources.

Hua Tang Yokado Commercial focused its efforts on developing human resources capable of acting in accordance with the Corporate Creed and Corporate Action Guidelines by holding internal control conferences, management conferences with each company, training conferences, and so on. Employees were trained on compliance with the "reliability and sincerity" aspect of the Corporate Creed and the social requirement that we remain a trusted company.

Self-Recommendation System

In the fiscal year ended February 29, 2016, Chengdu Ito-Yokado began operating a Self-Recommendation System as a show of respect for the autonomy of employees and to provide an outlet for their motivation. The system is for employees who have worked for the company for at least one year, and allows them to put themselves forward as candidates for the jobs they seek.

Applicants who pass assessments are assigned to their desired workplace after a training period. In the fiscal year ended February 28, 2018, 2 people were assigned to their desired workplace out of 8 applicants.

Promise Regarding the Environment



Initiatives to Reduce Greenhouse Gas Emissions

Concern over air pollution and other environmental problems is growing in China, and as the government also establishes policies as a leading environmental nation and tightens regulations, Chengdu Ito-Yokado and Hua Tang Yokado Commercial are working to reduce their environmental impact through measures such as installing energy-efficient equipment. New stores were fitted with the latest, highly-efficient refrigeration systems, and we invested in energy-saving equipment. In back rooms, we displayed posters encouraging employees not to use electricity wastefully. We also worked to save water through measures such as allowing frozen items to defrost naturally rather than using running water.

Chengdu Ito-Yokado conducted training on energy saving and performed comprehensive training and management for the Head Office and store employees on conserving electricity in particular, resulting in a reduction in electricity consumption per store to 92.5% of the previous fiscal year's level. In addition, CO2 emissions in logistics were reduced by to 90.1% of the level in the fiscal year ended February 28, 2017. Energy use per store, however, increased by 15.0% year-on-year, and we will investigate future responses. The non-paper initiative implemented since the fiscal year ended February 28, 2017 has resulted in a reduction of 2.45 tons of paper compared to that fiscal year, a reduction of 561,500 sheets.

Hua Tang Yokado Commercial works to reduce its environmental impact by gathering products centrally before sorting and delivering them to each store. By continuously operating this scheme, the company contributes to reducing CO2 emissions by cutting the number of delivery vehicles, easing urban traffic congestion, and preventing noise and atmospheric pollution.

Chengdu Ito-Yokado

	2015	2016	2017
Number of stores	6	6	7
Energy consumption (standard coal tons)	9,886	8,984	12,067
Electricity consumption (MWh)	78,582	83,110	89,743
Gas usage (1,000 m ³)	200	620	670
Water usage (1,000m ³)	747	827	965

Hua Tang Yokado Commercial

	2015	2016	2017
Number of stores	5	2	1
Energy consumption (standard coal tons)	4,340	3,418	1,414
Electricity consumption (MWh)	24,765	19,255	7,189
Gas usage (1,000 m ³)	448	4,489	380
Water usage (1,000m ³)	177	130	125

Award History (FY2018)

Chengdu Ito-Yokado and Hua Tang Yokado Commercial received the following awards in the fiscal year ended February 28, 2018, in recognition of its various initiatives.

Chengdu Ito-Yokado

Award Name	Presenting Organization
"Closest to Consumers" Award (Jinhua Store)	Chengdu Retailers' Association
2017 Chengdu Chinese New Year Shopping Season Award : Most Suited to Chengdu, Most Stylish, Most Suited to New Year, Closest to Consumers, Sales Floor with the Most Product Explanations	Chengdu Retailers' Association
Fiscal 2017 Tax Payment Grand Prize	State Taxation Bureau of Wuhou District
Fiscal 2017 "Top 10 Tax Payments by Modern Commercial Trading Field"	State Taxation Bureau of Wuhou District
Shopping Fair "Favorite Sales Area" (High-tech Store)	Chengdu Business Council
2017 Contribution Prize	Sichuan Trade Council
Model Store for Safe and Reliable Consumption (Jianshe Road Store)	Chengdu Administration for Industry and Commerce
FY2017 Citizen Service Award	
Fiscal 2017 Retailer Best 10: Award for Contribution to Differentiated Experience-Based Sales Areas and Areas that Facilitate Purchasing Annual Public Benefit Contribution Award	Chengdu Retailers' Association
FY2017 China Model Commercial Assessment Ranking, "Popular Store with a Good Reputation" Award	Huaxi City Daily
Chengdu Star Model: Commercial Popularity Ranking Top 3	Sichuan Online
Chengdu Commercial Popularity Ranking Top 10	Sichuan Daily
National Fashion Tri-Cities Fashion Industrial Zone Commerce and Industry Leader Award	Toutiao

Hua Tang Yokado Commercial

Award Name	Presenting Organization
FY2017 Class A Tax Payment Reliability Company	Chaoyang State Taxation Bureau
2017 Leading Companies with Safest Production Systems	Chaoyang District Xiaoguan Subdistrict

Initiatives in China

➤ [Further information about the convenience store business in China can be found here](#)