

We will always propose new values for society and meet the expectations of our stakeholders.

The operating environment in the retail industry presented positive signs in some areas, following a course of gentle economic recovery due in part to the government's economic stimulus measures and other factors. However, the outlook for consumer spending remains unclear due to a large number of uncertain factors including further tax increases and the issue of pensions. Meanwhile, looking at the overall social situation surrounding Seven & i Holdings, the global environment is presenting issues including climate change, resource depletion, and inequality and human rights. In Japan, meanwhile, companies are facing more diverse social issues such as the decline in the birthrate and the aging population, population decline, and the decline of retail stores and service centers.

Against such a background, last year was a landmark year in terms of sustainability as the UN adopted the Sustainable Development Goals*1 and the Paris Agreement was concluded at the end of the year as a framework convention at the COP21 meeting on climate change. Moreover, Japan's Corporate Governance Code also started operating in Japan last year and requires corporate management to take a medium- to long-term view, including by clearly stating the principle that "companies should take appropriate measures to address sustainability issues, including social and environmental matters." To respond to these changing times, the Seven & i Group began two years ago to engage in multiple dialogues and discussions with stakeholders and identified five material issues for the Group to address. While leveraging the strength of our diverse business formats responding to the needs of about 22.0 million customers visits per day in Japan, we are also advancing various initiatives such as supporting shopping as a social infrastructure, reducing the impact that stores have on the environment and promoting diversity. However, taking into account the recent further rise in expectations and demands that society makes of companies, we believe that there is a need to further strengthen initiatives to create value among both society and companies toward sustainable development. One way we responded to this challenge was to establish the Social Value Creation Subcommittee under the CSR Management Committee. We became a signatory to the UN Global Compact*2 in 2012, and in addition to abiding by its 10 principles, we are working with even greater intensity to work as a Group to resolve social issues through our operations in such ways as by creating new products, services, and business opportunities. We will remain close to our ever-changing society and customers to constantly propose new values to society. Going forward, we will continue to follow the corporate creed of "We aim to be a sincere company that our customers trust."

- *1. Sustainable Development Goals (SDGs): The SDGs were adopted by all of international society in a unanimous vote of 193 member countries at the UN Sustainable Development Summit in September 2015. There are 17 goals and 169 targets comprising priority issues on a global scale and making clear a vision for the world in 2030.
- *2. UN Global Compact:
This is a voluntary participation initiative within a global framework whereby companies or organizations act as good members of society by displaying responsible and creative leadership to realize sustainable growth. There are 10 principles in four fields (human rights, labor, environment, anti-corruption) recognized by global society and globally adopted and agreed up as universal values.



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