

Overseas Initiatives

Business Operations in North America

Seven & i Holdings operates convenience stores in North America.

7-Eleven, Inc.



Net sales: ¥3,993,259 million (Total store sales)
Number of stores: 8,951

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SEVEN-ELEVEN HAWAII, INC.



Net sales: ¥34,235 million
Number of stores: 64

[> More](#)

* Exchange rate USD1 = ¥112.57

* Number of stores as of December 31, 2018

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: ¥26,399 million
Number of stores: 266
Established: January 2004

SEVEN-ELEVEN (TIANJIN)



Net sales: ¥5,190 million
Number of stores: 155
Established: November 2012

SEVEN-ELEVEN (CHENGDU)



Net sales: ¥4,815 million Number of stores:
77 Established: December 2010

Superstore Business

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Chengdu Ito-Yokado Co., Ltd.



Net sales: ¥70,529 million
Number of stores: 8
Established: December 1996

Hua Tang Yokado Commercial Co., Ltd.



Net sales: ¥4,777 million
Number of stores: 1
Established: September 1997

* Exchange rate of CNY1 = ¥15.86

* Net sales does not include value added tax

* Number of stores as of December 31, 2018

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 CO₂e 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 MTCO₂e per square foot. In 2017, 7-Eleven reduced its CO₂e emissions by 92,035 MTCO₂e year over year from 2016 and by 111,611 MTCO₂e from 2015. 7-Eleven has currently reduced MTCO₂e by 13.6% MTCO₂e 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.

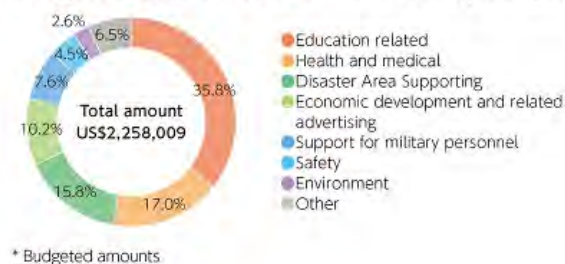
[Social Contribution Goal (restates in 2017)]

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)



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.

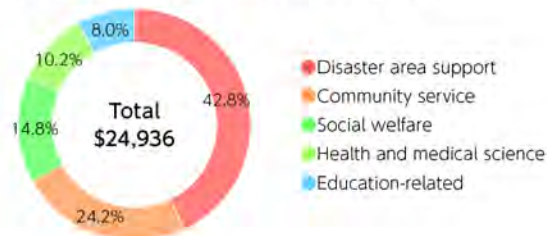


Thriving with Local Communities

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

In 2018, the equivalent of approximately \$42,500 in support was provided to 61 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 (FY2018)



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, 2019, approximately \$86,844 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, 2019, 25 organizations used the system. Many of these were repeat orders, showing that the books have been popular.



Lima Kokua Coupon Book System



“Healthy Bento Contest ” Held for Culinary School Students

SEH began a partnership with the Pacific Food Association through an introduction from the Hawaii State Department of Health. Its first initiative was to hold a healthy boxed lunch contest for the association’s students.

Students create boxed lunches that fulfill nine conditions, such as calorie restrictions (700 calories or less), using at least two local ingredients, and using SEH boxed lunch containers. The boxed lunch competition gives students an opportunity to tackle meal preparation in ways that differ from restaurant cooking. To support the students during the two-month preparation period, the SEH Fresh Food team provided SEH information as well as various boxed lunch samples. It also confirmed all samples submitted one week before the contest and provided advice for improvement.

In addition, WARABEYA U.S.A., which supplies products exclusively to SEH, provided students an opportunity to tour a plant. Seeing the process of boxed lunches being made from start to finish was very useful to the students in creating their own boxed lunch recipes.

On November 28, the eight finalists gave presentations in front of an audience of over 70 spectators, and the judges from SEH and WARABEYA U.S.A. decided the top three entries based on the appearance, taste, marketability, and presentation of the food. The first-, second-, and third-place entries, which were boxed lunches consisting of pasteles stew, vegetarian chili, and teriyaki salmon, respectively, are slated to be rolled out at all SEH stores in 2019.

Due to the large response received from people in the region, SEH plans to hold the same contest for other culinary school students in the autumn of 2019.



Contest Participants

Support for Children

Starting November 12, 2018, SEH held its third "Letters to Santa" Program. The children living near its stores brought in letters addressed to Santa asking for things that they want. The SEH Marketing Department reads all of the letters and selects 40.

Three children among those who wrote especially outstanding letters appeared on a local lifestyle program and talked about what they requested from Santa and why they requested it. SEH sends presents to the elderly every year during Christmas season, and a 7-year-old girl who requested money for such a present received a gift card. SEH also made a donation in the girl's name to a service that provides meals to senior citizens. A 9-year-old girl requested that meals be provided to the homeless, and a 12-year-old girl requested a home for abandoned animals. To satisfy this girl's kindness toward animals, SEH made a donation in the girl's name to the Hawaiian Humane Society. In addition to providing what the three asked for, SEH also gave them toys and other gifts.

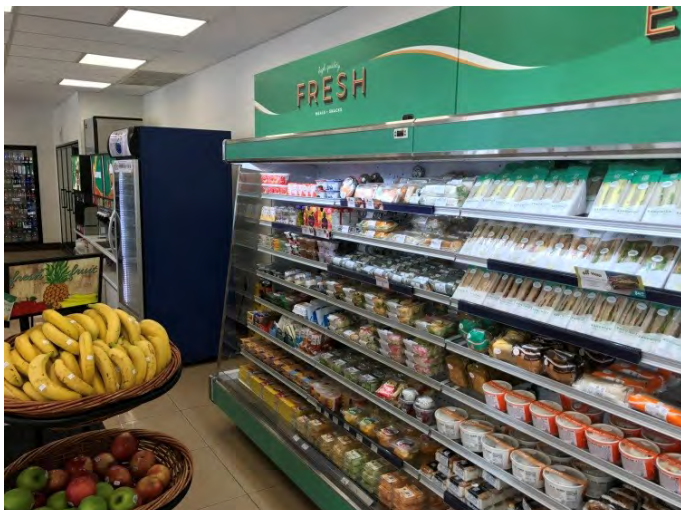
SEH plans to continue the "Letters to Santa" campaign, which brings smiles to children's faces, in the future as well. The children who participate in the campaign come from families without the financial means to grant their wishes, and they are putting into practice the Christmas spirit of "unconditional giving." SEH has learned a lot from children by lending them its assistance.



The three children introduced on television

Reducing Environmental Impact

SEH has been working on an initiative named the Energy Smart Program, to reduce energy consumption, since 2012. In 2018, many stores replaced their ice cases. In addition, they are replacing old sandwich sales fixtures as they increase the number of product displays. Despite these efforts, electricity consumption for 2018 was almost the same level as the previous year.



Number of SEH Stores and Environmental Data Associated with Store Operations

	2014	2015	2016	2017	2018
Number of stores	60	63	63	64	64
Electricity consumption (MWh)	18,246	18,399	18,097	18,334	18,425
Water consumption (thousand m ³)	44	46	46	47	51

Plastic Countermeasures

With regards to the problem of plastic, about which concern has increased throughout the world, SEH is working to reduce the usage of plastic, with a focus on containers and packaging materials .

[Examples of Initiatives]

- Not including spoons, forks, and other utensils with boxed lunches, but handing them to those who need them at the cash register
- Eliminating disposable plastic bags
- Introduce shrink wrapping* and minimize the wrapping of fresh produce
- Implement a "Bring your own cup" program to encourage customers to bring their own cups

Major Awards and Recognition in the Fiscal Year Ended February 28, 2019

Recognition or Award Name	Award Sponsor
Best of Honolulu Magazine	AIO Hawaii
Hawaii's Best	Star Advertiser

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 SEVENELEVEN (CHENGDU) work to provide safe and reliable products by leveraging quality management and product development capacities cultivated in Japan.



Product Quality Management

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 SEVENELEVEN (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. In addition, Q's Café plants acquired HACCP*1 certification in March 2017, while Beijing Wang-Yang Foods acquired it in March 2018.

The three companies are working on automating their manufacturing process to better stabilize product taste and quality. Chengdu Yonglida Food Limited Company, which supplies products to SEVEN-ELEVEN (CHENGDU), expanded its installation of rice ball molding and wrapping machines in July 2018, and it introduced noodle-making machines starting in 2019. Beijing Wang-Yang Foods has been introducing more machines at its plant dedicated to stuffed bread, which began full-scale operations in March 2019, with a focus on the bread production process and product wrapping. SEVEN-ELEVEN (CHENGDU) also began cultivation management at its dedicated production sites starting February 2019, and it began sales of salads made using very fresh vegetables by using low-temperature transportation and processing (cold chains). Similarly, SEVEN-ELEVEN (TIANJIN) began selling salads using cold chains starting July 2019.

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

Giving Consideration to Health

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 addition, since January 2019, allergens have been displayed for rice balls and sushi, and this is gradually being expanded to boxed lunches, sandwiches, and other products.

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 (BEIJING) and SEVEN-ELEVEN (CHENGDU) conduct periodic customer surveys. In the fiscal year ended February 28, 2019, SEVEN-ELEVEN (BEIJING) conducted a survey aimed at 1,000 customers. Because we learned from the survey that many customers from neighboring residential areas are making use of it, we reviewed our lineup of sundries .

The three companies have been conducting training to further improve the customer service provided by employees. For example, starting in the fiscal year ended February 28, 2018, SEVEN-ELEVEN (TIANJIN) has been conducting cash register customer contact training at certain stores, and due to the significant improvements, the company introduced the training to all stores starting in the fiscal year ending February 28, 2019.

In addition, SEVEN-ELEVEN (CHENGDU) placed trainers in charge of store training and is working to improve customer service through customer service training and daily practice.

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. Starting the fiscal year ended February 28, 2019, as an activity in which customers could easily get involved, it began an initiative in which part of the proceeds from customers' coffee purchases were donated to the Beijing Green Fund . This initiative resulted in donations of 25,639 yuan, and a total of 108,974 yuan was donated for the year.

Donation amounts

FY2016	FY2017	FY2018
148,189 yuan	126,434 yuan	108,974 yuan

Assisting with University Fundraising Activities

SEVEN-ELEVEN (BEIJING) is assisting with the China Foundation for Poverty Alleviation's "100 Good Deeds" project, a fundraising activity carried out primarily by university students. This project is a fundraising activity aimed at providing stationery and such to the children of poor families in which university students solicit donations on the streets on weekends. In the three-month period from October to December 2018, SEVEN-ELEVEN (BEIJING) has provided gathering spots and rest areas at seven stores every Saturday for university students participating in fundraising activities.



"100 Good Deeds" Fundraising Project

Support for Children

Since 2013, SEVEN-ELEVEN (CHENGDU) has continuously provided support for Benevolence House, a home for children with brain disorders. In the fiscal year ended February 28, 2019, employees visited the facility in December to participate in a Christmas event, putting on performances and playing games with the children. In addition, the employees provided daily essentials and other presents.

In addition to supporting Benevolence House, SEVEN-ELEVEN (CHENGDU) conducts support activities for communities. In the fiscal year ended February 28, 2019, SEVEN-ELEVEN (CHENGDU) donated masks equivalent to approx. 200,000 yuan to the sanitation workers of Chengdu's Wuhou District. In recognition of this donation, the company received a Most Charitable Company Award from the Wuhou District Nianxijie Office.

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

FY2016	FY2017	FY2018
1,937 yuan	1,826 yuan	1,992 yuan



A visit to Benevolence House

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.



Employee-Related Data (FY2018)

	SEVEN-ELEVEN (BEIJING)	SEVEN-ELEVEN (TIANJIN)	SEVEN-ELEVEN (CHENGDU)
Full-time employees (Men/Women)	551 (290/261)	237 (82/155)	281 (114/167)
Part-time staff	1,132	425	626
Percentage of employees with disabilities	2.24%	2.53%	3.20%
Percentage of non-executive female managers	60.3%	58.9%	65.9%

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 (BEIJING) and SEVEN-ELEVEN (TIANJIN) are focused on enhancing training of AFC (OFC assistant) candidates and AFCs. At SEVEN-ELEVEN (TIANJIN), AFC candidates selected from among employees working at the store receive training that provides knowledge about OFC duties and enhances 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. SEVEN-ELEVEN (BEIJING) has enhanced OJT by having AFCs accompany OFCs around stores and deepen their knowledge of OFC tasks. It has also adopted training for learning about related divisions such as the product department, construction, human resources, and so on.

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.



Training session

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) has 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, 2019, three employees applied and one was transferred to requested divisions. 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 company benefits in the fiscal year ended February 28, 2019 and is used the results to reform the system. In addition, SEVEN-ELEVEN (CHENGDU) has adopted outdoor activities to cultivate employees' desire to improve.

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. They are working on improving the evaluation system, with SEVEN-ELEVEN (BEIJING) working with external vendors to review the skill items necessary for each job, for example. Moreover, the frequency of interviews was changed from once a year to quarterly, and progress is being periodically checked so that annual performance goals can be achieved. In addition, SEVEN-ELEVEN (TIANJIN) added the achievement status of action plans to its evaluation items in an effort to have each employee be conscious about results when engaged in their work.

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.

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). As of the end of December 2018, 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, and SEVEN-ELEVEN (TIANJIN) appointed a woman as director.

Internships

With the aim of hiring outstanding human resources, hiring local personnel, and promoting the education of youth, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) conduct internships and have been recognized by the government as youth employment intern bases that promote the employment of young people who have graduated from high school. In the fiscal year ended February 28, 2019, SEVEN-ELEVEN (TIANJIN) accepted 30 interns, of which 12 gained employment with the company. SEVEN-ELEVEN (CHENGDU) began accepting interns in May 2017 and has accepted 87, with 29 of those becoming employees at SEVEN-ELEVEN (CHENGDU).

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 CO2 emissions in each industry as major emitters and must purchase emissions credits for the excess portions. SEVENELEVEN (BEIJING), which subject to this program, saw electricity consumption per store decline in the fiscal year ended February 28, 2019 compared to the previous year, but because overall CO2 emissions increased as a result of an increase in the number of stores, and consequently, the company purchased emissions credits for 7,000 tons. SEVEN-EL EVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) also reported higher electricity consumption due to an increase in the number of stores and work days, new installations of equipment for fast food, and so on.



Environment-related Data SEVEN-ELEVEN (BEIJING)

	2014	2015	2016	2017	2018
Number of stores	175	187	219	247	266
Electricity consumption (MWh)	19,366	18,122	24,856	25,702	26,537
Water Consumption (1,000 m ³)	73	75	96	83	85

SEVEN-ELEVEN (TIANJIN)

	2014	2015	2016	2017	2018
Number of stores	60	70	82	118	155
Electricity consumption (MWh)	6,164	5,278	7,027	10,077	14,0814
Water Consumption (1,000 m ³)	20	18	24	34	42

SEVEN-ELEVEN (CHENGDU)

	2014	2015	2016	2017	2018
Number of stores	66	60	67	87	77
Electricity consumption (MWh)	7,319	7,746	6,031	7,892	11,137
Water Consumption (1,000 m ³)	28	24	18	24	25

Energy Conservation Measures at Stores

All three companies have installed LED illumination as interior lighting in all stores and are implementing other measures to reduce electricity consumption, 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, both SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) have been taking measures to save energy, with the former installing LED illumination in Chinese steamed bun fixtures, and the latter shifting to energy-saving outdoor equipment.



A curtain installed in a walk-in refrigerator

Environmental Measures at Dedicated Plants

In order to avoid wasting resources, efforts are being made at Beijing Wang-Yang Foods, a dedicated plant of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), to utilize unneeded food materials generated by each plant as feedstock for a pig farm. Similarly, 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, collect waste oil, and conduct periodic investigations of smoke emissions from the perspective of preventing atmospheric pollution.

Major Awards and Recognition in the Fiscal Year Ended February 28, 2019

Recognition or award name	Award Sponsor	Recipient
Tianjin City Advanced Foreign Investment Company Award	Tianjin City Bureau of Commerce	SEVEN-ELEVEN (TIANJIN)
Most Charitable Company Award	Wuhou District Nianxijie Office	SEVEN-ELEVEN (CHENGDU)

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 2019, we marked 22 years of business in Chengdu and Beijing. This success is due to the support of customers, business partners, shareholders, and local communities as well as backing from employees, and for this I am truly 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 22 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, 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 child 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 Chengdu, we opened the Huafu Avenue , a lifestyle grocery store that specializes in food, the first of its kind, in November 2018, and in January 2019 we opened the first SC Ito Plaza in a mall. In the external environment, new services that make use of information technology are 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 emissions in order to curtail environmental impact and we undertake volunteer activities targeting seniors and children. 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.



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
November 2018	Huafu Avenue Store lifestyle grocery store opens in Chengdu
January 2019	Ito Plaza opens in Chengdu

Company Overview

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
		
Net Sales	¥70,500 million	¥4,800 million
Number of employees	3,176	180
Number of stores	8 stores (Chunxi, Shuangnan, Jinhua, Jianshe Road, High-tech, Wenjiang, Meishan, Huafu Avenue)	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 = ¥15.86

* Net sales does not include value added tax

CSR Initiatives



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 the fiscal year ended February 28, 2014, Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been taking steps to create structures for promoting CSR more comprehensively and holding periodic CSR Management 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, 2019 was published in July 2019, and it was distributed to attendees at the Sichuan Province CSR report presentation meeting and at meetings for the general public and submitted to a CSR Report Conference held in Beijing by the China Federation of Industrial Economics .



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, 2019, Chengdu Ito-Yokado audited its business partners 21 times, and Hua Tang Yokado Commercial audited its business partners 6 times.

Provision of Traceability Information

Since 2013, 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, 2019, “看得見的放心” products continued to be handled and sales of new pork, fruit, and vegetable Fresh Foods with Traceability products were started in stages. Pork and blueberries were introduced in April and melons were introduced in June, followed by tomatoes, potatoes, bell peppers, and other products. These products have proven popular as customer interest in food safety and reliability rises.

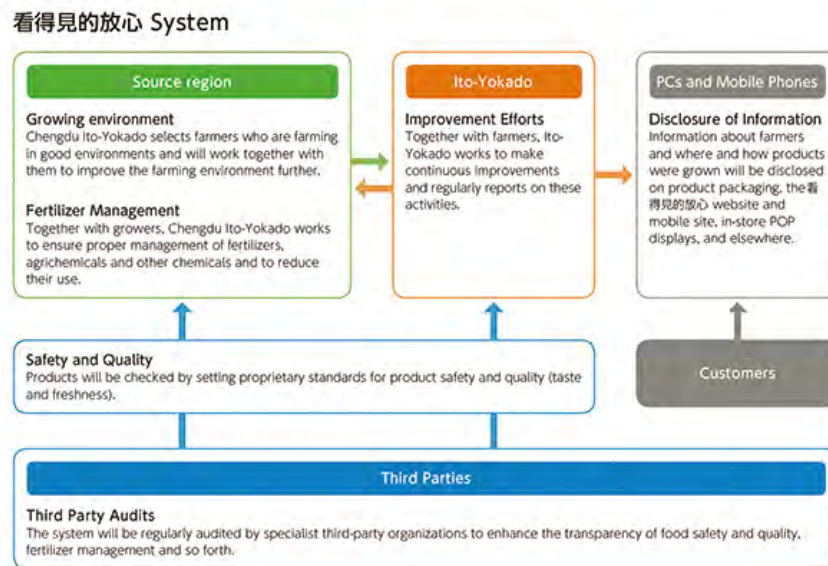
In the fiscal year ended February 28, 2015, Hua Tang Yokado Commercial started selling organic foods in cooperation with farmers by establishing rigorous food safety management systems and drawing up annual cultivation plans. In the fiscal year ended February 28, 2019, we began handling new hydroponic 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 2008, 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, leading to improvement. In addition to quality supervision officers, we asked for cooperation from 70 customers and received 50 opinions. Based on these opinions, we reviewed product volumes and took other steps to provide even better products.

Other efforts included making home visits to 1,425 customers living in our stores' neighborhoods to ask their opinions. In March, June, and September we conducted customer satisfaction surveys, asking for opinions from 32,250 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, 2019, Chengdu Ito-Yokado received 23,285 opinions and Hua Tang Yokado Commercial received 20,304. Based on the opinions received, a series of simple and reasonably-priced bedding products were 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.



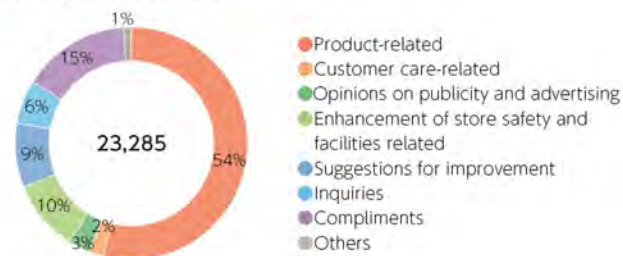
A new product taste testing prior to its launch (Shuangnan Store)



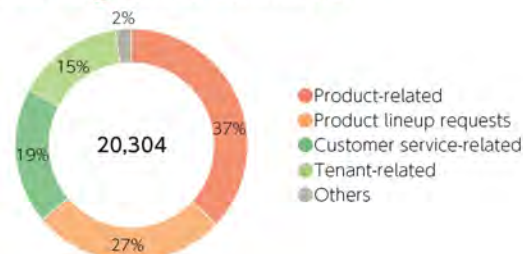
A new food product briefing (Shuangnan Store)

Breakdown of Customer Feedback

Chengdu Ito-Yokado



Hua Tang Yokado Commercial



Promise to the Local Community



Donations and Stakeholder Engagement

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 2018 it has made 21 donations that have supported 590 students. In the fiscal year ended February 28, 2019, the company donated 20,000 yuan to Japanese language students of Sichuan University and an additional 72,000 yuan to 30 outstanding students. In addition, since 2007 Chengdu Ito-Yokado has targeted elementary schools for providing support, selecting four schools and making donations to improve school facilities and equipment for the purpose of supporting children experiencing poverty. Company personnel visited the four schools and donated stationary and school supplies, physical education equipment, and other items based on the schools' requests. In other efforts, the stores make seasonal visits to local households experiencing poverty, people with disabilities, and elderly people living alone, giving them gifts of living essentials. In the fiscal year ended February 28, 2019, the company donated a total of 684,000 yuan through these social contribution activities.

Chengdu Ito-Yokado also holds an annual sports event. The first marathon was held in 2018. A total of approximately 5,000 runners including customers, business partners, quality supervision officers, students from Sichuan University and elementary schools, and Ito-Yokado employees participated. The themes were "the fun of running" and "everyone can enjoy themselves by participating," and through this event, Chengdu Ito-Yokado conveyed its commitment to supporting the healthy lifestyles of Chengdu residents by providing safe and reassuring products through day-to-day retail sales.



Presentation of scholarships at the marathon event



Children participating in the elementary school marathon event

Volunteer Activities

On the third Wednesday of every month, Chengdu Ito-Yokado 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 and appreciation was expressed 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.



Cleanup activities by employees



A water fountain

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 100% at Chengdu Ito-Yokado and 96.2% at Hua Tang Yokado Commercial. In addition, we have been making progress on the appointment of women in China. The ratio of female managers, excluding executives, was 65.3% at Chengdu Ito-Yokado, with female store managers at five out of the nine stores, and 65.4% at Hua Tang Yokado Commercial.

Employee Data (As of December 31, 2018)

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
No. of employees	3,176	180
Part-time employees	448	1
Ratio of Chinese employees in management positions (%)	100%	96.2%
Ratio of women in management positions (%)	65.3%	65.4%
Number of employees with disabilities	47	10

CSR Education

In 2018, Chengdu Ito-Yokado established a CSR action plan 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. Through these measures, we value limited resources and convey the importance 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 and sincere 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, 2019, 74 people were assigned to their desired workplace out of 115 applicants.

Human Resource Development Programs

Training programs have been enhanced to boost the motivation of local employees and enable them to demonstrate their abilities to the fullest. Chengdu Ito-Yokado conducted education on improving employees' primary qualification capabilities and workplace operational skills as well as other functional curricula (form 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 use an online remote education system to facilitate training with enhanced content including 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 operate a program where 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. All full time, part time, and tenant store employees are eligible.



Operation skills contest (Chengdu Ito-Yokado)

Human Resource Development and Training

Classroom Training

To enhance the skills and responsibility of personnel in all position and ranks and create teams with independent thinking, action, and motivation, internal educational organizations undertake four types of training, with a total of 1,940 employees taking courses. Of this number, 466 were executives and 76 were recently promoted to supervisor. Internal instructors conducted classes with a focus on company policies, worksite execution capabilities, teamwork, and other topics.

e-Learning

In order to standardize training for all employees, the company disseminated corporate policies in a timely manner, and develop human resources able to work autonomously, internal organizations implemented a 70-hour curriculum in 2018. The curriculum included 11 hours on company policies and the Corporate Creed, 16 hours on fundamental education, 11 hours on specialized knowledge, and 32 hours on technical knowledge.

In 2018, the e-learning curriculum was reviewed and skills training was enhanced with the addition of basic knowledge concerning fresh meat, cash register training, knowledge needed by supervisors, and so on. A total of 13,317 employees including Head Office employees at nine stores, self-supporting employees, mannequins, and temporary employees participated in e-learning, and the program was used a total of 1,1 million times.

Promise Regarding the Environment



Energy-Saving Initiatives

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. Refrigeration and freezer systems with EMS artificial intelligence are adopted at new stores, and we invest in energy-saving equipment. In back rooms, we displayed posters encouraging employees not to use electricity wastefully. We also introduced dishwashers that can recycle hot water and took measures to save 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, leading to a reduction in electricity consumption per store to 87.7% of the previous fiscal year's level. As a result, CO2 emissions were reduced by to 91.3% of the level in the fiscal year ended February 28, 2018, and energy use per store was 98% of the previous fiscal year's level. The non-paper initiative implemented since the fiscal year ended February 28, 2017 has resulted in a reduction of 1 ton of paper compared to the fiscal year ended February 28, 2018, a reduction of 486,000 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

	2016	2017	2018
Number of stores	6	7	8
Energy consumption (standard coal tons)	8,984	12,067	13,516
Electricity consumption (MWh)	83,110	83,110	89,743
Gas usage (1,000 m ³)	620	670	670
Water usage (1,000m ³)	827	965	884

Hua Tang Yokado Commercial

	2016	2017	2018
Number of stores	2	1	1
Energy consumption (standard coal tons)	3,418	1,414	1,434
Electricity consumption (MWh)	19,255	7,189	7,241
Gas usage (1,000 m ³)	4,490	380	35
Water usage (1,000m ³)	130	125	41

Award History (FY2019)

Chengdu Ito-Yokado and Hua Tang Yokado Commercial received the following awards in the fiscal year ended February 28, 2019, in recognition of its various initiatives.

Chengdu Ito-Yokado

Chengdu Business Council/Sichuan Trade Council

Award Name	Presenting Organization
17th Outstanding Business/Outstanding Team Award of the 2018 Chengdu New Year Shopping Fair	Chengdu Retailers' Association
Fiscal 2018 Wuhou District Outstanding Corporate Taxpayer	Wuhou People's Government
Fiscal 2018 Top 10 Ranking of Modern Commerce & Trade Businesses by Taxes Paid	Wuhou District Government
Chengdu Leading Economic Business Enterprise	Chengdu City Government
2018 Award for Fengshang	Chengdu Economic Daily
Miniblock Commercial Assessment Innovation Award	SINA Corporation

Hua Tang Yokado Commercial

Award Name	Presenting Organization
FY2018 Class A Tax Payment Reliability Company	Chaoyang State Taxation Bureau
2018 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](#)