

Risks and Opportunities Related to Sustainability

Various problems and issues related to the environment and society constitute risks that threaten a company's sustainability, but the act of endeavoring to solve such issues leads to new business opportunities. Seven & i Holdings identifies risks and opportunities related to five material issues, and works to reduce risk levels while striving to realize a sustainable society alongside sustainable corporate growth by creating new business models for solving social issues.

We have therefore created the Corporate Action Guidelines and other policies, and established the cross-group CSR Management Committee and its subcommittees, the Compliance Subcommittee, Corporate Ethics and Culture Subcommittee, Supply Chain Subcommittee, Environment Subcommittee, and Social Value Creation Subcommittee. Specific measures are considered through these committees.

Material Issues, and Main Risks and Opportunities

Material Issue 1

Providing Social Infrastructure for an Aging Society and Declining Population

Risks

- Reduced motivation to visit stores if late in responding to changes in needs associated with the aging society
- Reduction in the number of customers visiting stores due to population declines; etc.

Opportunities

- Increased sales opportunities from creating products for the aging society, and from creating convenient shopping environments and services including online services
- Expanded role in society as social infrastructure and further trust earned from stakeholders; etc.



Reduction of Risk and Creation of Opportunities

- (1) Policy: Corporate Action Guidelines.
- (2) Systems and Mechanisms: CSR Management Committee and its Social Value Creation Subcommittee, Group DX Strategy & Planning Division.
- (3) Initiatives: Provide shopping support services utilizing the Internet, products based on individual meals, small quantities and convenience, various public services, partnership agreements with municipalities, and services for foreign residents (multilingual services).

Material Issue 2

Providing Safety and Reliability through Products and Stores

Risks

- Reduced trust due to product- or store-related accidents or legal infractions
- Operations suspended due to a natural disaster
- Reduced trust from customers due to privacy-related incidents
- Economic loss due to leak of confidential information
- Information system stoppages, etc.

Opportunities

- Expanded sales opportunities from providing new products in line with customer needs, such as products incorporating high levels of safety and quality management and health conscious products
- Provision of social value from quickly resuming operations during disaster situations
- Expanded sales opportunities from CRM strategy that integrates customer information from Group companies



Reduction of Risk and Creation of Opportunities

- (1) Policies: Corporate Action Guidelines, Quality Policy, Basic Policy on Information Security, Privacy Policy, Information Security Standards, Privacy Standards.
- (2) Systems and Mechanisms: CSR Management Committee and its Supply Chain Subcommittee and Social Value Creation Subcommittee, Group QC Project, Information Management Committee, Security Management Office, Help Lines (employees and business partners).
- (3) Initiatives: NDF-HACCP operation, development and provision of health-oriented products (no preservative/additives, no trans-fatty acids, low allergen options), release of food product traceability information, information security education.

Material issue 3

Non-Wasteful Usage of Products, Ingredients and Energy

Risks

- Physical damage to stores and distribution networks due to climate change
- Stronger environmental regulations and increased costs
- Increased difficulty of raw material procurement due to climate changes in production regions or resource-related disputes
- Fewer customers if late in responding to increased interest in ethical consumption
- Societal criticism and increased processing costs due to increased waste; etc.

Opportunities

- Reduced costs from energy conservation, reduced waste, recycling, and revised energy mix
- More favorable corporate image from promotion of environmental protection activities
- Increased sales of products oriented to ethical consumption and the environment; etc.



Reduction of Risk and Creation of Opportunities

- (1) Policies: Corporate Action Guidelines, Environmental Declaration, Fundamental Polices Relating to Measures to Contribute to the Prevention of Global Warming, Environmental Guidelines and Environmental Rules, Fundamental Polices Relating to Sustainable Procurement.
- (2) Systems and Mechanisms: CSR Management Committee and its affiliated Environment Subcommittee.
- (3) Initiatives: Introduction of energy efficient facilities, introduction of renewable energies and new energies (hydrogen), introduction of eco-friendly vehicles, package simplification and material revisions, conversion of food waste to feed and fertilizer, recycling-based agriculture, store resource recovery, environmental awareness-raising for employees.

Material Issue 4

Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

Risks

- Personnel shortages and increased personnel costs due to decline in working population
- Increased difficulty of securing personnel and damage to social reputation caused by mental health and harassment incidents or overly long working hours

Opportunities

- Increased competitiveness and development of new businesses through promoting diversity management, and acquisition of exceptional personnel
- Increased employee motivation from realization of work-life balance
- Increased labor productivity and reduced costs from utilization of AI, IoT, etc.



Reduction of Risk and Creation of Opportunities

- (1) Policies: Corporate Action Guidelines.
- (2) Systems and Mechanisms: CSR Management Committee and its Corporate Ethics and Culture Subcommittee, Diversity Promotion Project, Help Lines.
- (3) Initiatives: Diversity awareness-raising (seminars for managers and for women), training for managerial candidates (training sessions), introduction of support measures for balancing work with childcare and nursing care responsibilities, promotion of health management, promotion of employment of people with disabilities, promotion of special subsidiaries, support for career education for students.

Material Issue 5

Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

Risks

- Product supply suspended due to human rights problem on supply chain, reduced quality, damage to social reputation (spread of rumors)
- Increased difficulty of procuring raw materials due to depletion of fishery resources and other natural resources; etc.

Opportunities

- Stable procurement of high-quality products through rigorous consideration of human rights and the environment on the supply chain
- Increased competitiveness from sustainable raw material procurement, expanded sales opportunities from providing products and services for ethical consumption; etc.



Reduction of Risk and Creation of Opportunities

- (1) Policies: Corporate Action Guidelines, Business Partner Action Guidelines, Basic Policy on Sustainable Procurement.
- (2) Systems and Mechanisms: CSR Management Committee and its Supply Chain Subcommittee and Environment Subcommittee.
- (3) Initiatives: Business partner questionnaires, business partner CSR audits, help line (for business partners), forest conservation activities, use of FSC certified paper, handling of ASC and organic products, briefings on Business Partner Action Guidelines.