

Material Issue 3 Non-Wasteful Usage of Products, Ingredients, and Energy

Approach to Material Issues

The Seven & i Group operates around 22,500 primarily retail stores throughout Japan and has grown to be used by approximately 25 million customers each day. In order to prevent the development of these businesses from increasing the negative impact on the environment, we are working with various stakeholders in the value chain to reduce CO₂ emissions caused by energy consumption, reduce waste, and promote recycling, among other efforts. In May 2019, we announced the “GREEN CHALLENGE 2050” Environmental Declaration, in which we establish Seven & i Group’s ideal society as one that is decarbonized, has a circular economy, and is in harmony with nature. We established goals for 2030 and 2050 related to CO₂ emission reduction, plastic countermeasures, food loss and waste / organic waste recycling countermeasures, and sustainable procurement. We believe that reducing waste of energy, resources, and raw materials to achieve our goals will lead to cost reductions.

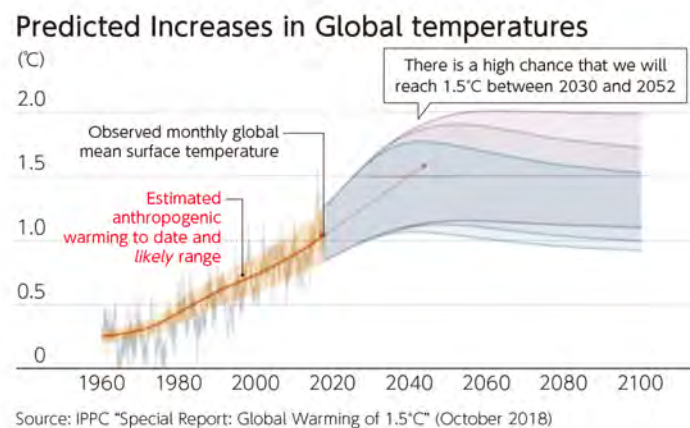
Relevant Policies

- [Environmental Guidelines / Environmental Rules](#)
- [“GREEN CHALLENGE 2050” Environmental Declaration](#)
- [Business Partner Sustainable Action Guidelines](#)

Background to Material Issues

Climate Change

Climate change is a serious threat that will affect future generations through rising sea levels, erratic weather, impacts on the agriculture and fishing industries, and more. According to the “Special Report: Global Warming of 1.5°C” released by the IPCC (Intergovernmental Panel on Climate Change) in 2018, the average temperature has risen by about 1.0°C compared to before the Industrial Revolution, and it is said that CO₂ emissions must be reduced to net zero by 2050 to keep the temperature rise at 1.5°C.



Food Loss and Waste

Throughout the world, one in nine people suffers from malnutrition, while in Japan, 25.5 million tons of food is wasted every year. Of this, the amount of food loss and waste—edible food that is discarded—is 6.12 million tons, which is equivalent to every person throwing away a bowl of rice every day.

Amount of Food Loss and Waste



Source: Ministry of Agriculture, Forestry and Fisheries. (2020) "The State of Food Loss/Waste and Recycling."

Resource Circulation

Plastics, which are highly convenient, are used in various situations in our lives, and over 8.3 billion tons* of plastic have been produced since 1950. Meanwhile, 9% of plastic is recycled and 79% is sent to landfills or disposed of in nature. At this rate, it is estimated that 12 billion tons of plastic will be sent to landfills or disposed of in nature by 2050, and there are reports that the amount of plastic in the ocean exceeds the amount of fish*. The issue facing us is to build a recycling-oriented economic society that makes effective use of existing resources without waste.

*From *Plastics Smart*, Ministry of the Environment, "The State of Plastic in Japan and Overseas <4th collection of reference materials>" (in Japanese)

Promotional Framework for Material Issues

In response to this material issue, the Environment Subcommittee (Subcommittee chair: Seven & i Holdings Executive Officer, Senior Officer of the Sustainability Development Department) is established under the CSR Management Committee, which is under the supervision of the Seven & i Holdings Director and Managing Executive Officer Head of the Corporate Development Division works together with the Group companies and related departments to promote initiatives.

The Environment Subcommittee comprises the supervisors of the Environment Departments in operating companies. Additionally, we have formed cross-Group Innovation Teams led by the leaders (executive officers and higher) from responsible departments at our main operating companies in order to achieve our "GREEN CHALLENGE 2050" Environmental Declaration and generate innovation throughout the Group.

Contribution to SDGs

In addressing these material issues, Seven & i Holdings contributes to achieving goals 4, 7, 12, 13, and 15 of the Sustainable Development Goals (SDGs) by reducing CO₂ emissions and waste of food products, and so forth.



Seven & i Holdings' Initiatives

Environmental Management

Through the Seven & i Holdings Environment Subcommittee and other meeting committees, Group companies share information among one another, and initiatives are being promoted to achieve the "GREEN CHALLENGE 2050" Environmental Declaration. Group operating companies are also creating management systems appropriate for their lines of business.

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Climate Change Measures

As we are aware that the issue of climate change is a threat to the sustainable development of society and companies, we are promoting initiatives with the aim of creating a decarbonized society. We are thoroughly managing risks and promoting energy saving and expanding the use of renewable energy to achieve the targets of the "GREEN CHALLENGE 2050" Environmental Declaration.

[> More](#)

Supply Chain Management (Environment)

Seven & i Holdings is focusing on initiatives to reduce its own environmental impact as well as working together with its business partners in striving to reduce environmental impact across the entire supply chain.

[> More](#)

Measures against Food Loss and Waste and for Organic Waste Recycling

As a company in which food accounts for 60% of its sales, we are working on food loss and waste reduction and promotion of organic waste recycling, which we have established as one of our key themes through "GREEN CHALLENGE 2050."

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Effective Use of Resources

Toward an ideal society with a circular economy that makes effective use of resources, we will cooperate with our customers and business partners to reduce waste, promote collection of recycling resources at stores, and utilize recycled materials.

[> More](#)

Introduction of Environmental-Friendly Packaging

Product containers and packaging play important roles including preserving products and displaying information about ingredients, but after product use, these items become waste. Seven & i Holdings is working to reduce the environmental impact of containers and packaging by introducing containers and packaging made from recycled materials or biodegradable materials.

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Internal and External Communication

As for promoting our environmental activities, we value communication with our various stakeholders, including our customers. We are also making efforts to raise awareness among our employees.

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Environmental Management

The Seven & i Group is actively working to reduce its environmental impact in order to contribute to the creation of a sustainable society and leave a prosperous planet to future generations. In May 2019, we announced the “GREEN CHALLENGE 2050” Environmental Declaration, which sets out our vision for society and our goals for 2030 and 2050.

We are promoting initiatives through the Seven & i Holdings Environment Subcommittee, which is attended by the supervisors of the Environment Divisions in our Group companies, and the Innovation Teams established for each GREEN CHALLENGE 2050 initiative theme. In addition, each Group company has an environmental management system in place appropriate for its line of business.



ISO 14001 Acquisition

Seven & i Holdings aims to reduce its environmental impact. To this end, we are promoting acquisition of the international standard ISO 14001, and we conduct annual internal audits at the operating companies that have the certification. Sogo & Seibu became the first in the department store sector to acquire ISO 14001 certification in 1999, and has maintained it continuously at all business sites. Furthermore, Seven-Eleven Japan acquired the certification at the end of February 2015 for its offices and directly managed stores throughout Japan. Seven & i Food Systems also acquired the certification in February 2015, and IY Foods in February 2016. The sales ratio of the operating companies that have obtained ISO 14001 certification is approximately 50% of the Group's net sales.

Eco Action 21 Certification Acquired

In collaboration with the Nihon Delica Foods Association (NDF), Seven-Eleven Japan shares information on examples of initiatives that have substantial energy-saving effects at biannual NDF nationwide CSR promotion conferences. Seven-Eleven Japan also confirms the need to create a system that can respond to a variety of environmental issues including compliance, continuing energy-saving measures, reducing CO2 emissions, and reducing food loss and waste. Based on the results confirmed above, Seven-Eleven Japan declared that it will utilize an environmental management system, and with regard to the acquisition of Eco Action 21, established by the Ministry of the Environment, it is taking proactive measures such as holding briefings. In addition to the acquisition of environmental management system certification, with a focus on Eco Action 21, at 56 plants belonging to 24 companies that produce chilled food, when manufacturers and plants that have begun making efforts toward acquiring certification are included, the total rises to 130 plants belonging to 38 companies (as of February 29, 2020).

Third-Party Audit of CO₂ Emissions

To correctly assess and verify the initiatives taken to reduce environmental impact, each year since 2015, Seven & i Holdings has undergone third-party audits of CO₂ emissions from store operations. In 2020, audits of 12 companies*¹ were conducted. The sales of the 12 companies covered about 97% of the Group's total sales. The CO₂ emissions from store operations of the 12 companies in the fiscal year ended February 29, 2020 were 122,391 tons for Scope 1, and 2,853,560 tons for Scope 2. Moreover, by undergoing a third-party audit of the data for the Category 1*² emissions of Seven-Eleven Japan, which accounted for about half (10,049,038 tons) of the Scope 3 emissions, we improved the accuracy and reliability of the quantitative data internally and externally.

*1 The 12 companies are: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, Life Foods, IY Foods, Sogo & Seibu, Akachan Honpo, THE LOFT, Seven & i Food Systems, and 7- Eleven, Inc.

*2 The CO₂ emissions associated with "purchased products and services" (procurement of raw materials, outsourcing of packaging, procurement of consumables, etc.) from among the 15 categories of Scope 3.



Third-Party Verification Report

[> Third-Party Verification Report](#)

Management of Water

At each store of the Seven & i Group, in addition to the daily efforts made to conserve water, water-conserving faucets and energy-saving flushing toilets are also being introduced. Furthermore, through utilizing rainwater and so forth, we are working to reduce the volumes of water used. As a result, in the fiscal year ended February 29, 2020, water usage in conjunction with store operation was 23,606,000 m³*, a decrease of 4.8% compared to the fiscal year ended February 28, 2019.

* Nine companies included: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, THE LOFT, and Seven & i Food Systems

| | FY 2017 | FY 2018 | FY 2019 |
|--------------------------------------------------------------------------|---------|---------|---------|
| Water consumption (1,000m ³) | 24,551 | 24,809 | 23,606 |
| Water consumption per million yen in sales (m ³ /million yen) | 3.4 | 3.3 | 3.1 |

Management of CFCs

At the Seven & i Group's stores, devices using CFCs are replaced with ones using CFC alternatives during remodeling and so forth. Moreover, in compliance with the Act on the Protection of the Ozone Layer Through the Control of Specified Substances and Other Measures, which was implemented in April 2015, devices undergo regular inspections and leakage assessments required by the government. Devices using CFCs are disposed of by professional companies in compliance with the law, and stores receive collection certificates from these contractors as proof of appropriate disposal. Substitute CFCs include HCFC (hydro chlorofluorocarbon), production of which is to be banned in developed countries by 2020. As this will require a changeover to another type of substitute, we also plan to further promote the introduction of non-CFC devices in freezing and refrigeration devices used at our stores. At Seven-Eleven Japan, refrigeration devices that utilize CO2 refrigerants have been introduced on a trial basis at 199 stores (as of February 29, 2020), and we are also trialing them at 5 Ito-Yokado stores.

Management of Paper

At 7-Eleven stores, Seven-Eleven Japan is making progress toward going paperless for accounting forms and has been expanding this effort to all stores since June 2019. This initiative has allowed it to reduce the amount of paper used annually at each store by approx. 3,000 sheets, which helps to reduce the negative impact on the environment.

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Climate Change Countermeasures

The Seven & i Group recognizes that the issue of climate change harms the stable society that is essential for the sustainable development of companies. We would like to contribute in achieving greenhouse gas reduction targets set forth in the Paris Agreement. In the "GREEN CHALLENGE 2050" Environmental Declaration formulated in May 2019, we established the decarbonized society as the ideal we should be aiming for. We are promoting energy conservation and the expanded use of renewable energy, with the goal of reducing CO2 emissions generated from store operations by 30% compared to FY2013 by FY2030, and net-zero by 2050.

* The target covers 12 operating companies subject to the Act Concerning the Rational Use of Energy (Energy-Saving Act) (Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, Life Foods, IY Foods, Sogo & Seibu, Akachan Honpo, THE LOFT, Seven & I Food Systems, and Barneys Japan).



Managing Climate Change Risks

Seven & i Holdings is affected by various risks related to climate change. These include regulatory risk from tighter regulations in Japan and overseas, physical risk from the occurrence of major disasters, and behavioral risk, in which changes in consumer purchasing behavior due to the climate and response to weather fluctuations, and reputation risks, in which companies judged by climate change prevention/mitigation/adaptation management. In particular, the impact from changes in temperature and the occurrence of major natural disasters extends beyond damage to store equipment and distribution networks, restrictions or halts to trading, and sales opportunity loss; it can also affect Group companies' product suppliers and raw material prices. Climate change is therefore a risk factor for all aspects of operations, from product development and production to distribution, store operations, and product lineups. Seven & i Holdings therefore recognizes that quickly building and implementing a business model that can cope with weather and climate change is important for maintaining its growth.

Seven & i Holdings, in order to properly analyze and evaluate, and appropriately respond to risks associated with the Group and each business, in accordance with its "basic rules for risk management," establishes, maintains, and utilizes comprehensive risk management systems. Risks posed by climate change are managed under this comprehensive risk management system as well.

Twice each year, each Group company identifies risks affecting that company based on the shared Group risk categories. Companies quantify risk assessments based on the degree of impact and the likelihood of occurrence of each risk, organize countermeasures for each risk in a risk assessment table, and submit the table to their Risk Department (Risk Management Committee Office). The risk assessment table should include not only quantitative but also qualitative risks, such as CO2 emission regulations, business continuity risks due to recent large-scale typhoons, and changes in growing regions and fishing grounds for product raw materials.

The Risk Management Committee meets twice annually to comprehensively determine the status of Group risks based on the risk assessments and countermeasures submitted by each Group company and monitors implementation of risk management and improvement measures by each company from the perspectives of materiality, urgency of improvements, and so on.

In principle, the status of risk management is reported to the Seven & i Holdings Board of Directors once annually.

[> Response to TCFD Recommendations](#)

Measures for Adaptation to and Mitigation of Climate Change Risks

Our enduring concern around weather and temperature change is reflected in our daily ordering activities and sales floor formation. In product development and lineups as well, we strive to provide products that meet customers' needs by establishing a hypothesis based on weather changes over several months. At the same time, we will respond carefully to changes in customers' purchasing behavior driven by abnormal weather and temperature changes affected by climate change.

The "Seven Farm" environmental recycling-oriented agriculture initiative of Ito-Yokado buys the entire quantity of harvested produce, including imperfect shape/size items. This enables us to procure and sell vegetables steadily regardless of market trends. In this way, we are also addressing the aspect of stable product procurement. These Seven Farms are located in 12 places throughout Japan, covering approximately 290 ha in total. (As of February 28, 2020).

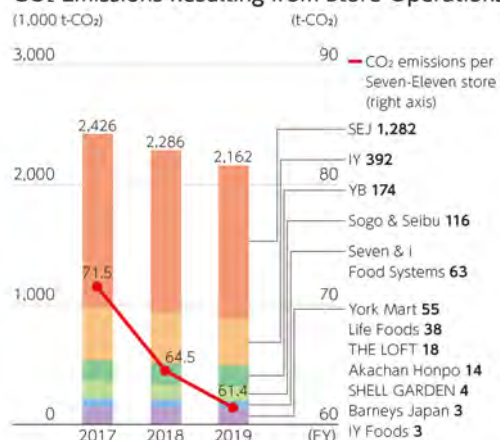
In addition, Seven & i Holdings is establishing systems to prepare for disasters associated with sudden weather phenomena, such as the numerous incidents of heavy rain and landslides that have occurred recently in Japan. For example, we have distributed booklets to regular employees summarizing how to respond in an emergency, and we have also been holding regular simulation drills using teleconferencing systems and so forth. Furthermore, Seven & i Holdings is constructing 7VIEW (Seven Visual Information Emergency Web), a system that enables provision, sharing, and joint use of disaster information. The system gathers together information from the Group and through cooperation with business partners.

Measures to mitigate climate change include various initiatives related to reducing our environmental impact, such as energy conservation and use of renewable energy at stores, along with forest maintenance and related activities throughout Japan.

Reduction Targets for CO₂ Emissions

Approximately 90% of the CO₂ emissions by each Seven & i Group company are from the energy use for store operations. For this reason, we set a target of reducing CO₂ emissions from store operations of the 12 operating companies in Japan to net-zero by FY2050 so that CO₂ emissions may not increase in conjunction with the expansion of business and increases in the number of stores.

CO₂ Emissions Resulting from Store Operations*



* The numbers above the bar graphs are the combined totals for the following 12 companies: SEJ, IY, YB, York Mart, SHELL GARDEN, Life Foods, IY Foods, Sogo & Seibu, Akachan Honpo, THE LOFT, Seven & i Food Systems, and Barneys Japan.

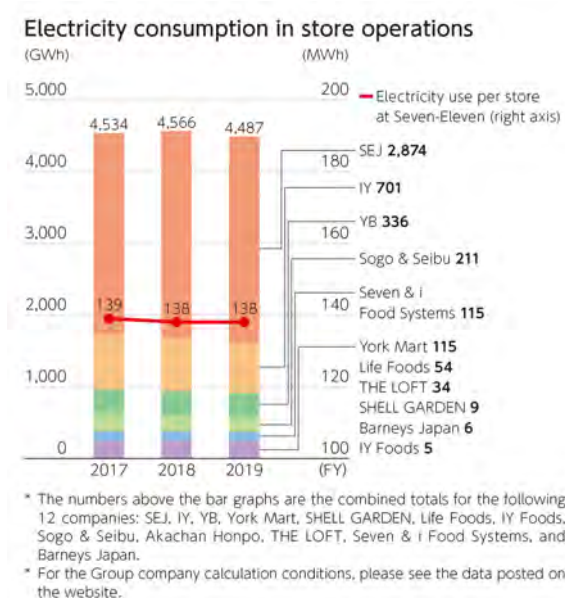
* For the Group company calculation conditions, please see the data posted on the website.

> [Details of CO₂ emissions amount data can be found here](#)

Promoting Installations of Energy-Saving Equipment at Stores

In order to curtail the increase in environmental impact in comparison to increases and expansion of stores and expansion of products and services, each Seven & i Group company is installing energy-saving equipment such as LED illumination and solar panels when opening new stores and refurbishing existing stores. Conserving energy at stores also leads to lower costs for energy use.

For example, at 7-Eleven stores, we are promoting environmentally friendly store creation by converting all types of lighting to LED, including store signage, sales area lighting, and sign poles. In 2014, we introduced new specification LED lighting that can further reduce electricity usage by approximately 50%. In addition, we have made progress with installing solar panels, which are now installed at 8,073 stores (as of February 29, 2020). At Ito-Yokado as well, to reduce the load on the environment from store operations, LED lighting has been installed at almost all stores (166 stores), and solar panels have been installed at 13 stores (as of February 29, 2020). In February 2020, York Mart installed a solar panel in one store. We are also switching to reach-in refrigerated and freezing cases equipped with doors that do not allow cold air to escape.



LED lights



Solar panels

Main investments in environmental equipment—cost and effect (FY2019)*

| Environmental investment (million yen) | Environmental expenses (million yen) | Projected reduction in expenses (million yen) | CO ₂ reduction effect (Tons) |
|----------------------------------------|--------------------------------------|-----------------------------------------------|-----------------------------------------|
| 11,731 | 401 | 608 | 19,195 |

* Totals for nine companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, THE LOFT, and Seven & i Food Systems

Stores with Hydrogen Stations

Seven-Eleven Japan has signed a comprehensive agreement with Iwatani Corporation regarding the installation of hydrogen stations together with convenience stores. In March 2017, the companies opened a store with a hydrogen station in Sendai, Miyagi Prefecture, bringing the total number of hydrogen-station stores to three with the existing stores in Ikegami, Ota-ku, Tokyo Metropolis and Kariya City, Aichi Prefecture.

Looking ahead, we will install pure hydrogen fuel cells at the 7-Eleven stores with hydrogen stations and conduct a trial test on the environmental impact reduction to verify the potential for the use of fuel cells in stores. The project also aims to promote the creation of "close-by, convenient stores" that are closely tied to local communities, while creating sites that can serve as social infrastructure able to provide products, services, and clean energy at a single point.



7-Eleven store with hydrogen station at Ota-ku Ikegami 8-chome Seven

People- and Environment-Friendly 7-Eleven Stores for the Next Generation

In December 2017, Seven-Eleven Japan refurbished the Chiyoda Nibancho 7-Eleven store, incorporating new technologies that will serve as the foundations for optimal next-generation stores.

By utilizing the technologies and facilities of companies representing various fields from Japan and other countries, total electric power externally purchased by the store has been reduced by approx. 28%*1, and work times relating to the subject equipment has been reduced by approx. 5.5 hours per day*2.

In addition, in May 2018 we opened stores in Sagamihara City, Kanagawa Prefecture based on the three themes of reducing the impact on the environment, making it easier to work, and creating a comfortable store environment. We installed equipment that allowed us to cover approx. 46% of our electricity usage with renewable energy and reduce our daily working hours by approx. 7.1 hours.

*1 Converted from the case where the technologies and equipment were installed in a standard store, compared to FY2013.

*2 Total compared to work performed according to existing procedures in an average store environment.



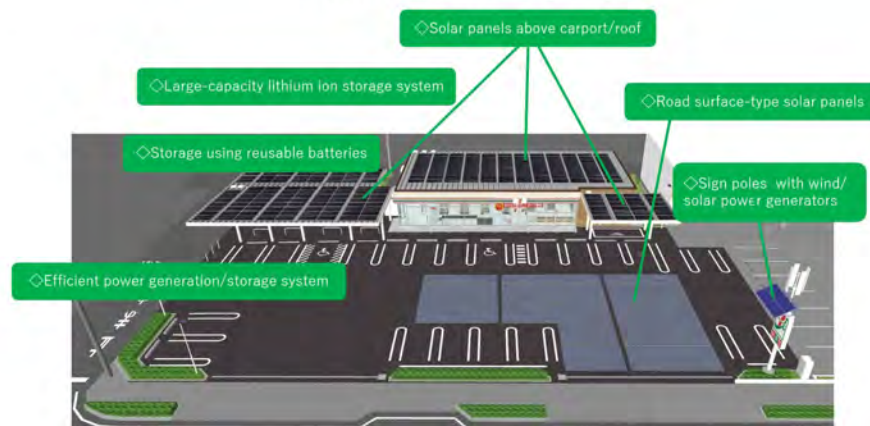
Chiyoda Nibancho 7-Eleven store



Sliding shelves

【Equipment/Store Exterior】

◀ Overview of Adopted Technology (Excerpt) ▶



1-Hashimotodai, Sagamihara 7-Eleven store

Commencement of Trial Test on 100% Renewable Energy Store Operation

In September 2019, as an initiative based on the Agreement on Cooperation and Collaboration in Promoting SDGs between Seven & i Holdings and Kanagawa Prefecture as well as the Seven & i Group's "GREEN CHALLENGE 2050" Environmental Declaration, Seven Eleven Japan started a trial test at 10 7-Eleven stores in Kanagawa Prefecture; all electric energy related to store operation is procured using renewable energy.

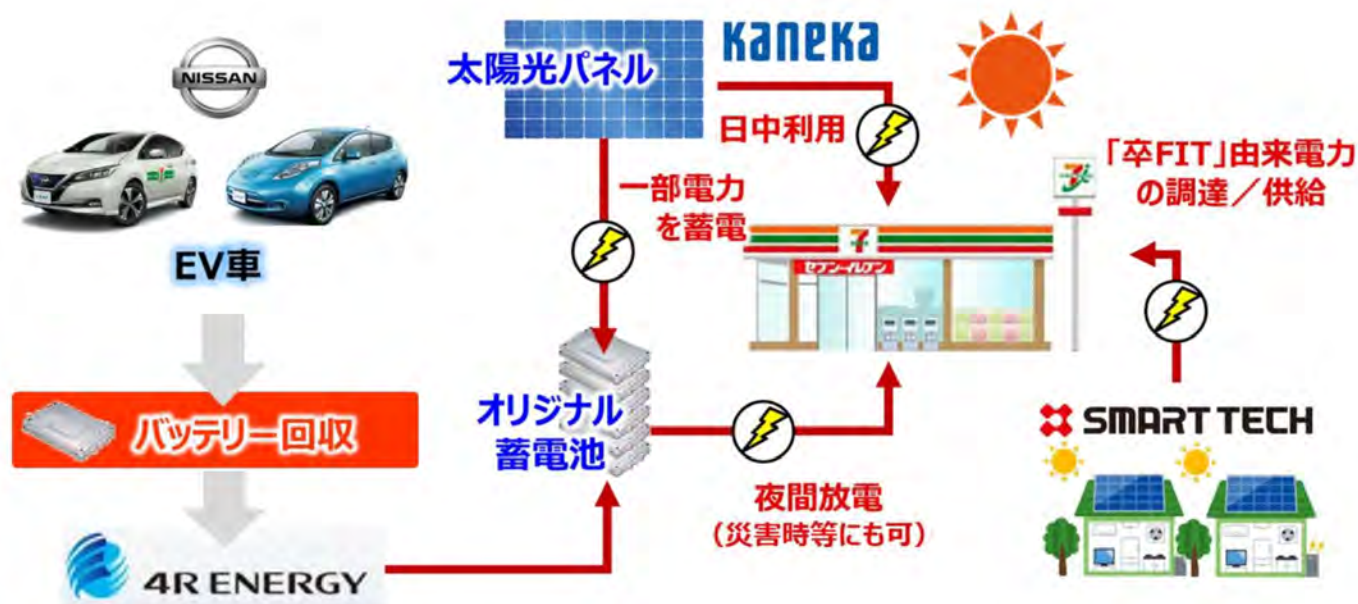
4R Energy Corporation's original batteries—which uses reused batteries from the Nissan LEAF electric vehicle produced by Nissan Motor Corporation—and solar panels with significantly improved electric power generation efficiency made by Kaneka Corporation are installed at stores undergoing the trial. Electric power is used efficiently through in-house power generation. In addition, since November 2019, the procurement of electric power beyond what in-house generation is being supplied by SMART TECH Corporation based on post-FIT*1, which allowed an actual renewable energy rate of 100%*2 when combined with in-house power generation. The electricity generated during the day will be stored and used at night to save energy in stores and strengthen their function as regional infrastructure in the event of a disaster.

In addition to initiatives such as "people- and environment-friendly stores" made thus far, we aim to significantly reduce CO2 emissions through this initiative.

*1 In addition to initiatives undertaken so far, such as people- and environment-friendly stores, Seven & i aims to significantly reduce CO2 emission through this initiative. It is an assistance scheme that fixes the buyback price of energy produced. Post-FIT is expected to gradually occur from November 2019 as the scheme ends for solar energy.

*2 Achieve an actual renewable energy rate of 100% by combining the use of electric power generated/stored by stores with that of electric power originating from post-FIT.

Overview of Initiative



Installation of Electric Vehicle Chargers

Seven & i Holdings and NEC Corporation have installed approximately 2,800 chargers for electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) as of February 29, 2020 in parking lots at 42 stores in Japan, including Ito-Yokado, Ario, Seibu, and Sogo department stores to provide a fee-based charging service. Payment for the service is made with a charging card issued by Nippon Charge Service LLC, a joint venture established by four Japanese automakers, as well as credit cards. This project is the largest scale introduction of EV and PHV chargers ever attempted in Japan. The initiative aims to increase the convenience of the commercial facilities and establish a pattern for using EVs and PHVs of charging them while shopping. It also aims to contribute to the realization of a decarbonized society by promoting the spread of environment-friendly, next-generation cars.



Electric Vehicle Chargers

Environmental Consideration in Leased Vehicles

Seven-Eleven Japan Operation Field Consultants, who support franchised store management, use leased vehicles to visit franchised stores. Seven-Eleven Japan has been phasing in hybrid vehicles for these leased vehicles. In the fiscal year ending February 29, 2020, it replaced about 670 leased vehicles with hybrid models, bringing the total to 2,474 vehicles.

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Supply Chain Management (Environment)

Seven & i Group is making efforts to reduce its own environmental impact as well as working together with its business partners to reduce environmental impact across the entire supply chain. Besides requesting that our contractors that are manufacturing original products to comply with the Business Partner Sustainable Action Guidelines, we are also working to save energy at factories and introduce eco-friendly vehicles.



Applying the Business Partner Sustainable Action Guidelines

To ensure that it meets its social responsibilities on matters such as reducing its impact on the environment, Seven & i Holdings formulated the Business Partner Action Guidelines in 2007 and asks business partners to comply with them. In December 2019, to clarify our intention to build a sustainable society together with our business partners, we enhanced items related to human rights and labor issues. Thus we changed the name of the guidelines to “Seven & i Group Business Partner Sustainable Action Guidelines.”

“8. Global Environmental Conservation” in the Seven & i Group Business Partner Sustainable Action Guidelines defines items such as compliance with environmental laws and regulations, appropriate handling of wastewater and waste, consideration of biodiversity, and proactive use of eco-friendly technologies, as well as items related to the “GREEN CHALLENGE 2050” Environmental Declaration.

For our business partners to understand these guidelines for sustainable behavior and take effective action, we are carrying out the following activities, which are primarily aimed at the original products manufactured by Group companies.

In particular, we have been conducting training for our business partners since fiscal year ended February 28, 2019 to support the promotion of their efforts. In 2019, we held local briefings on the Business Partner Sustainable Action Guidelines and related policies for our business partners at four venues in China and five venues in Southeast Asia in March and April. A total of 287 plants (94.4% participation rate*) and 482 business partners took part.

- ◆Awareness and spread: Organizing of briefings
- ◆Confirmation of implementation: Administering of self-check sheet
- ◆Support for implementation: Organizing of compliance training
- ◆Validation of implementation: Conduct of CSR audits and encouraging the taking of corrective action

* Percentage of plants participating in briefing sessions among those subject to CSR audits in fiscal year ended February 29, 2020 (overseas)

[> For details about the Seven & i Group Business Partner Sustainable Action Guidelines](#)

CSR Audits and Corrective Measures

Since the fiscal year ended February 28, 2013, the Seven & I Group has had CSR audits conducted by third-party inspections organizations at the manufacturing plants of our private brand suppliers in developing countries. The CSR audits include everything from items related to human rights and labor issues to inspections of environmental aspects, such as compliance with environmental laws and regulations, management of effluent and chemical substances, and promotion of energy-saving and environmental protection activities.

If the business partner is found to be in conformance upon completion of the audit, we issue a Compliance Certificate. However, if items not in conformance with the audit items (nonconforming items) are found, the third-party auditing organization will indicate the nonconforming items to the business partner in question. If the audit finds items that do not comply with the audit program (unacceptable items), the external audit organization provides guidance to the business partner concerned. The business partners must submit a corrective action plan (CAP) to the auditing organization within 10 days of the audit being completed, and must take immediate action to improve the items. After receiving a report on the completion of improvements for the relevant items, the completion of improvements is confirmed based on the submission of photos showing the improvements, guarantee documents (evidence) and other materials. However, for plants that exceed certain standards, such as when numerous serious unacceptable items are found, the resolution of issues is confirmed through another visit to perform a re-audit. When correction of the non-compliant items is completed or the third-party auditing organization and Seven & I Holdings judge that the plan contained in the CAP is valid, a Compliance Certificate is issued to the relevant business partner.

The issuance of a "Compliance Certificate" is a prerequisite for a business relationship to continue. In addition, when a new transaction is requested, we ask that you understand and comply with the "Seven & I Group Business Partner Sustainable Action Guidelines" and begin the transaction after a "Compliance Certificate" has been issued through a CSR audit.

> [Further details about CSR audits of business partners can be found here](#)

Promoting Environmental Information Management at Manufacturing Plants

Seven-Eleven Japan has its original daily products manufactured by several contract manufacturers. These manufacturers have organized the Nihon Delica Foods Association, which reports on the CO₂ emissions, waste emissions, and the food recycle rate. We work to ascertain the environmental information of our contract manufacturers and hold study seminars through the "Environment Subcommittee" under the CSR Promotion Committee of the Nihon Delica Foods Association, where we share and spread examples from each manufacturer and work to address environmental issues. Further, Seven-Eleven Japan declared that it will utilize Eco Action 21 established by the Ministry of the Environment. Seven-Eleven Japan is taking action such as holding briefings and acquired certification at 56 plants of 24 companies that produce daily products (as of February 29, 2020).

In addition, 181 plants in Japan that are tasked with manufacturing the Group's "Seven Premium" private brand products have acquired ISO 14001 certification for their environmental management systems.

Scope 3*1 Calculation

Seven & I Holdings is working to reduce CO₂ emissions and evaluate its environmental impact at every stage from the supply chain through to sales and consumption, as stated in its Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming. To this end, we have calculated the CO₂ emissions ("Scope 3") throughout the entire supply chain following the "Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.1." of the Ministry of the Environment. For the fiscal year ended February 29, 2020 we calculated emissions for 10 major Group companies.*2 The results showed that Scope 3 emissions accounted for almost 90% of the Group's overall emissions, and of these, around 80% originated in the raw materials procurement process. We will analyze this calculation result and use it to achieve further reductions of CO₂ emissions across the entire supply chain.

* 1. "Scope 3": CO₂ emissions other than those from the company, emitted from its procurement of raw materials and products, transportation, and product use, together with CO₂ emissions from waste disposal processes

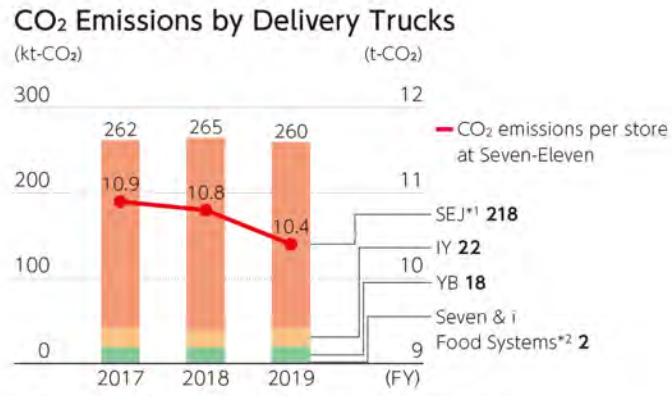
* 2. The following 10 companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, THE LOFT, Seven & I Food Systems, and Seven Bank

Breakdown of Greenhouse Gas Emissions throughout the Supply Chain in the Fiscal Year Ended February 29, 2020 (Totals for 10 companies)

| Categories | Composition ratio | |
|-------------------------------------------------------------------------------|-------------------|--------|
| | | |
| Scope1 | 0.4% | |
| Scope2 | 10.1% | |
| Scope3 Categories 1-15 (total) | 89.6% | 100.0% |
| Category 1 (Purchased goods and services) | | 86.0% |
| Category 2 (Capital goods) | | 3.2% |
| Category 3 (Fuel- and-energy-related activities not included in Scope 1 or 2) | | 1.0% |
| Category 4 (Upstream transportation and distribution) | | 1.6% |
| Category 5 (Waste generated in operations) | | 0.3% |
| Category 6 (Business travel) | | 0.1% |
| Category 7 (Employee commuting) | | 0.2% |
| Category 8 (Upstream leased assets) | | 0.0% |
| Category 9 (Downstream transportation and distribution) | | 0.2% |
| Category 10 (Processing of sold products) | | - |
| Category 11 (Use of sold products) | | 0.4% |
| Category 12 (End of life treatment of sold products) | | 6.1% |
| Category 13 (Downstream leased assets) | | 1.0% |
| Category 14 (Franchises) | | - |
| Category 15 (Investments) | | - |
| Other | | 0.1% |
| Total of Scopes 1, 2 and 3 | 100.0% | |

Reducing CO₂ Emissions from Deliveries

Seven & i Holdings is asking its partners who deliver products to stores to cooperate with efforts to introduce eco-friendly vehicles, improve fuel efficiency, and reduce store delivery frequencies. Furthermore, progress is also being made in fitting trucks with drive-data terminals that record driving status. Data collected from the terminals is used to provide driver instruction and eco-driving seminars.



Introduction of Eco-Friendly Vehicles

For its delivery vehicles that convey products to stores, Seven-Eleven Japan is introducing clean diesel engines, compressed natural gas (CNG), hybrid vehicles, and fuel cell trucks such as EVs and hydrogen-powered trucks that do not emit CO₂, with the goal of reducing CO₂ emissions to achieve a decarbonized society. Of the total of 6,231 delivery vehicles, 3,159 are eco-friendly vehicles (as of February 29, 2020).

Since March 2018, we have been cooperating with a project being conducted by Ehime Prefecture to encourage the use of biodiesel fuel produced from used frying oil. Seven-Eleven Japan has been refining bio diesel fuel from oil collected from households, fryers in 7-Eleven stores, and production of fried foods at specialized plants in Ehime Prefecture. Seven-Eleven Japan projects that approximately 25 kiloliters of bio diesel fuel will be used each month and that emissions from deliveries will be reduced by about 2,590 kg- CO₂ per month.

Additionally, in April 2019, we introduced two light fuel cell trucks developed by Toyota Motor Corporation. These trucks run on a fuel cell (FC unit) that uses hydrogen to generate electricity, has a maximum loading capacity of three tons, a cruising range of approximately 200 kilometers, and does not emit environmentally hazardous substances during operation. Also, the electricity generated by the FC unit is used to power the refrigeration unit.



A delivery vehicle the uses biodiesel fuel



Japan's first EV delivery truck



A small fuel cell truck

Promoting Introduction of Eco-Friendly Tires

Seven-Eleven Japan is promoting the introduction of eco-friendly tires with low rolling resistance for delivery vehicles. As of February 29, 2020, we have installed ecofriendly tires on 6,231 delivery vehicles, representing approximately 99% of the total fleet.

Moreover, Seven-Eleven Japan has also introduced retread tires to 850 vehicles, as of February 29, 2020. These tires are made from tires that have finished their service life, by removing a certain amount of the rubber surface that makes contact with the road and applying new rubber and tread. In this way, they can be re-used as rear tires for delivery vehicles. Seven-Eleven Japan will promote the use of retread tires to contribute to resource conservation and waste reduction by reusing them.



Introduction of Energy-Saving Equipment at Distribution Centers

Seven-Eleven Japan is promoting efforts to reduce wasteful power usage at its distribution centers by introducing “demand controllers” that monitor the electricity usage of each unit of equipment and apply controls to the equipment in use to ensure that the usage does not exceed a certain range at 65 of 163 distribution centers (as of February 29, 2020).

Material issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Measures against Food Loss / Waste and Measures for Organic Waste Recycling

Food accounts for about 60% of Seven & i Group's sales, and the "GREEN CHALLENGE 2050" Environmental Declaration has established food loss and waste / organic waste recycling countermeasures as one of its themes and is promoting initiatives. The "GREEN CHALLENGE 2050" aims to raise the organic waste recycling rate to 70% by 2030 and 100% by 2050, and the amount of food loss and waste* will be reduced by 50% by 2030 and 75% by 2050 compared to 2013.

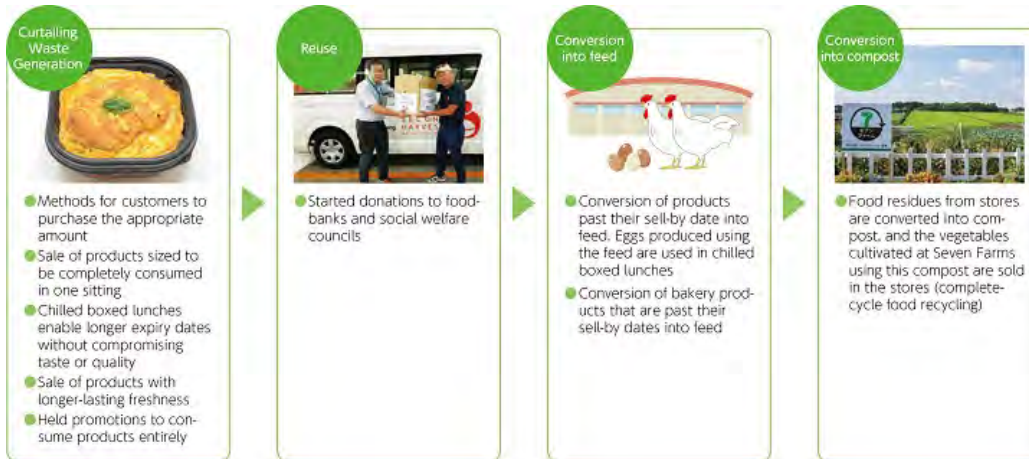
*Amount generated per one million yen in sales



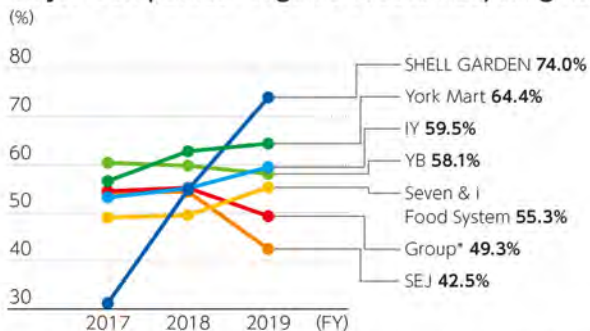
* Covering six food-related operating companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, and Seven & i Food Systems.

Our Approach to Reducing Organic Waste

Our priorities for reducing organic waste are to curtail the generation of waste, promote the reuse of waste, convert waste into feed and fertilizer, and recover heat. The Seven & i Group will implement initiatives in order of priority at each stage.



Major Companies' Organic Waste Recycling Rates



* Six food-related operating companies: (SEJ, IY, YB, York Mart, Seven & i Food Systems, SHELL GARDEN)

Amount of Food Waste Generation

| | FY 2017 | FY 2018 | FY 2019 |
|--------------------------------------------------|---------|---------|---------|
| Amount generated per million yen of sales (kg) * | 22.58kg | 21.80kg | 22.35kg |

*Six food-related operating companies: (Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, and Seven & i Food Systems.)

Food Waste Generation Curtailment Initiatives

In May 2020, Seven-Eleven Japan started an “ethical project” at stores nationwide with the aim of reducing food waste. The initiative reduces the generation of food waste by giving 5% of the tax-excluded price for target products near their expiration date as bonus nanaco points, and it covers a total of seven categories such as rice balls, bread, and delicatessen sweets.

In addition, for original daily products, we have made technological innovations that take advantage of the excellence of dedicated Seven-Eleven plants. Reviewing the manufacturing processes as well as temperature and hygiene management has allowed us to preserve safety and security without using preservatives and extend the expiration date (developing products with longer-lasting freshness) while improving the taste and quality. Starting with chilled boxed lunches in 2009, we have extended the freshness of products such as gratin and doria, pasta dishes, sandwiches, and delicatessen items. As of May 31, 2020, 84% of our original daily products have a sell-by deadline that is over 24 hours away.

In addition, Ito-Yokado has introduced food items sold loose and sold by small portions as well as cut vegetables to enable customers to purchase products only in the amounts they need. Denny's of Seven & i Food Systems provides menus offering dishes with smaller servings that can be finished comfortably without leftovers. It also provides take-out containers for customers to take the leftovers home, when they wish. These are some ways that the Seven & i Group has been innovating its sales methods, products, and other aspects of its business in various ways to reduce food waste.

Reuse Initiatives

Ito-Yokado has been donating unexpired foods from some stores to food banks since the fiscal year ended February 28, 2018.

With regard to reuse, Seven-Eleven Japan has been donating inventories of processed foods to food banks when stores are closed or refurbished, and since the fiscal year ended February 28, 2019, it concluded regional comprehensive collaboration agreements with municipalities and began making donations to social welfare organizations. As of February 29, 2020, it has concluded regional comprehensive collaboration agreements with 184 municipalities.

Animal Feed and Fertilizer Conversion Initiatives

Seven-Eleven Japan has been promoting “Eco Distribution*” since 1994 as a system for appropriate processing and recycling of organic waste. In the fiscal year ended February 29, 2020, the combined recycling rate for products that had passed their sell-by dates and discarded food oil was 42.5%.

In August 2008, with the aim of enhancing recycling rates and revitalizing local agriculture, Ito-Yokado established “Seven Farm Tomisato” as an agricultural production corporation in Tomisato City, Chiba Prefecture, thereby becoming the first player in the retail sector to engage in “recycling-oriented agriculture.” “Recycling-oriented agriculture” is an initiative for composting food residues (garbage) generated by Ito-Yokado stores and using it at Seven Farms. The produce that is grown at the farms is then harvested and sold at the stores from which the food residues were generated. As of February 29, 2020, Seven Farm had expanded to 12 sites nationwide, Seven Farm is actively working to acquire certification under Japan Good Agricultural Practice (JGAP), an agricultural production process management technique, and ten Seven Farm locations have acquired JGAP certification.

Additionally, York-Benimaru is converting fish ilium bones discarded by stores into feed. Moreover, 100% of waste oil, such as that generated from the frying oil used to cook delicatessen items at the stores of each Group company, is recycled. Going forward, the Seven & i Group will continue to promote organic waste recycling.

* Eco Distribution: Seven-Eleven's original waste recycling system

A recommended waste disposal provider for franchisees in each region collects all of the waste from Seven-Eleven stores for appropriate processing and recycling.



Seven Farms



Seven Farms Recycling-Oriented System

> [More details on Seven Farm can be found here \(in Japanese\)](#)

On-site Processing (Organic Waste Processors) Initiatives

In 2001, Sogo & Seibu began installing manufacturing equipment that use organic waste generated by restaurants and employee cafeterias as fertilizer, and as of February 2020, a total of nine machines have been installed in two stores. The fertilizer produced is provided for free to affiliated farms, and we are making efforts to promote organic waste recycling by selling vegetables produced at those farms at our stores.

At Ito-Yokado, a “biodegradable garbage processor” system that breaks down organic waste using microorganisms was introduced in October of 2011 and has been installed on the sites of 20 stores as of the end of February 2020. Through the power of microorganisms, the devices break down into water and CO2 garbage that is ill-suited to recycling (such as highly fibrous substances, etc.). This process results in reduced CO2 emissions compared to incineration processing, and it offers an effective reduction of waste volumes. Additionally, Seven-Eleven Japan also started operations tests of biodegradable garbage processors in 2013.

These on-site organic waste treatment eliminates the need for delivery to local municipal treatment centers and contributes to the reduction of CO2 emissions generated during delivery and incineration.



Biodegradable Garbage Processors

Initiatives Across the Entire Supply Chain

The Seven & i Group continues to implement initiatives to reduce food loss throughout its supply chain. As one example, we are relaxing product delivery deadlines at Seven-Eleven Japan, Ito-Yokado, York-Benimaru, and York. Until now, our business practice was to use the “1/3 rule,” which entailed delivering products to stores before a third of the period between the date of manufacture and the expiration date had passed. As an initiative for reducing food loss, we are revising certain categories of products to a “1/2 rule,” which relaxes delivery deadlines by allowing deliveries before half of the period between the date of manufacture and the expiration date has passed. Going forward, we will expand target categories to reduce the inventory burden of manufacturers and vendors and work to further reduce food loss.

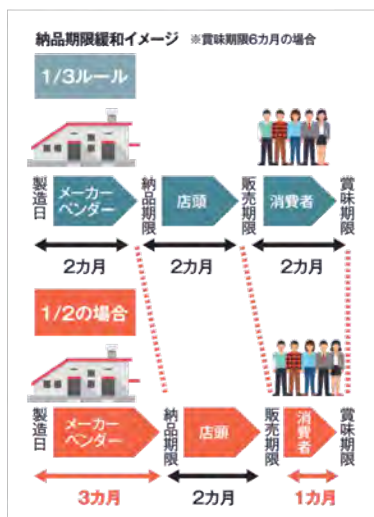


Image showing eased delivery deadlines

Further, Seven-Eleven Japan has extended expiration dates by improving hygiene management levels at plants that manufacture original daily products, reduced inventory disposal costs at distribution centers, and is promoting efforts to reduce food waste throughout the supply chain by its efforts such as the “Ethical Project,” which grants nanaco points for products whose sell-by deadlines are approaching. In July 2020, these efforts received praise and won the Excellence Award and Special Award in the “2020 Supply chain Innovation Award” contest hosted by of the Ministry of Economy, Trade and Industry.

Awareness-raising Activities for Reducing Food Loss and Waste

The Seven & i Group is implementing its own efforts to reduce food loss and waste, and in light of the fact that approximately half of food loss is generated by homes, we are conducting educational activities to reduce food waste at home. In October 2019, coinciding with Food Waste Reduction Month, we distributed eco-friendly recipes that use up all the ingredients and hosted cooking demonstrations at some stores. Additionally, we conducted a food drive in which customers could bring their extra food to participating Ito-Yokado and Sogo and Seibu stores and have it be donated to food banks. Moreover, Seven & i Holdings and the headquarters of Seven Bank also conducted a food drive to raise awareness among employees.

At Seven & i Food Systems, companies in the restaurant business have the responsibility to promote efforts that encourage customers to finish their food. At the end of February 2020, 13 local municipalities nationwide have registered as stores that promote food loss reduction, such as stores that encourage customers to finish their meals. Moreover, since October 2019, Denny's menu has made it clear that there is a small-serving option for rice that is easy to finish, and it has displayed the "Loss Non" symbol used by the national movement to promote food waste reduction.

Material issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Effective Use of Resources

Depletion of resources such as oil has become an issue. Seven & i Holdings is working toward achieving a circular economy that makes effective use of resources by working with customers and business partners to reduce waste, collect recyclable resources at stores, promote recycling, and reuse materials.

With regard to the reduction of plastic shopping bags that has been attracting increased attention lately, the “GREEN CHALLENGE 2050” Environmental Declaration states that use of plastic shopping bags should be reduced to zero by 2030, and the materials used for shopping bags should be sustainable, natural materials such as paper.



Installing Reverse Vending Machines for Collecting PET Bottles for Recycling

Ito-Yokado, York-Benimru, and York have had reverse vending machines for Collecting PET bottles for recycling installed at stores since 2012. Since PET bottles inserted into the machines undergo an automatic process of foreign-matter removal and volume-reduction (by either compression or crushing), large volumes of bottles for recycling can be sent to recycling plants on each occasion, which reduces the delivery frequency from stores. Moreover, by utilizing Seven & i Holdings logistics routes, more efficient transportation is possible and the volume of CO2 emissions resulting from the operations can be reduced. Some of the collected PET bottles are made into new PET bottles for the domestic market.

This “closed-loop recycling” system of recycling PET bottles into new PET bottles is the first attempt by a major retail chain in Japan to be implemented on such a large scale. As of the end of February 2020, 820 reverse vending machines have been installed in stores across the four companies, and approximately 9,740 tons of PET bottles have been collected. We are promoting an initiative to recycle material from PET bottles collected at stores and use it in packaging for the Group’s Seven Premium private brand products. Moreover, we have printed a note explaining the process from collecting to recycling on the product packaging.

Seven-Eleven Japan conducted trials of reverse vending machines at five stores in Koto-ku, Tokyo starting in December 2015. Later, the program was expanded in stages to 300 stores in Tokyo and Saitama Prefectures starting in December 2017.

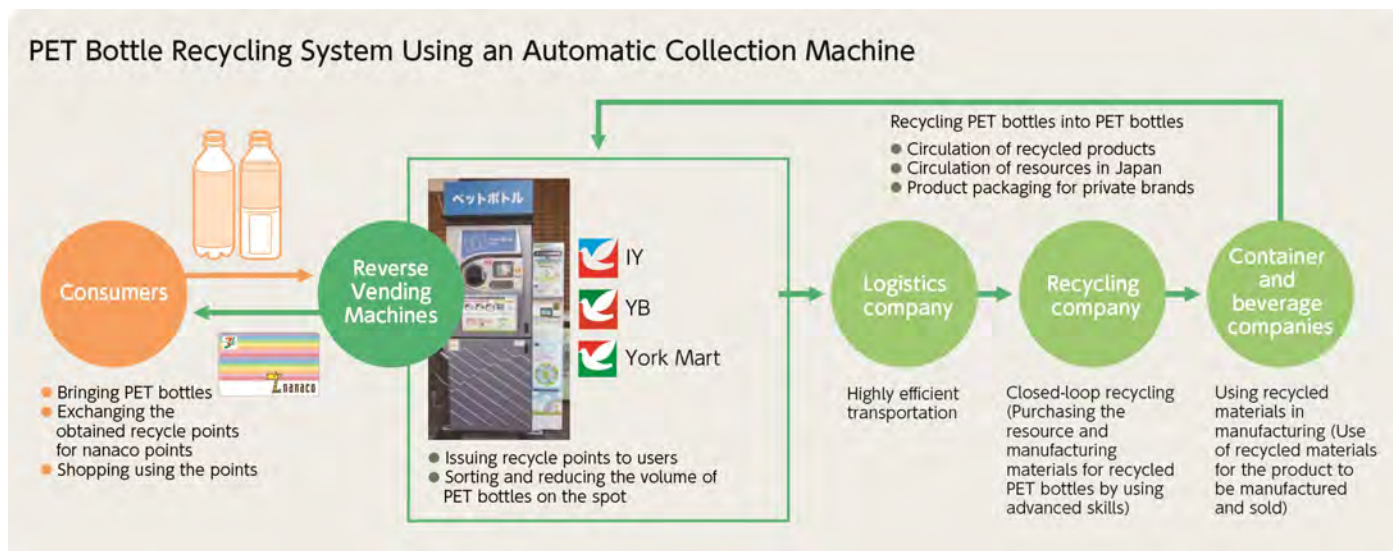
In addition, since June 2019, Seven-Eleven Japan has been partnering with Higashiyamato City, the Higashiyamato City Cleaning Business Cooperative, and the Nippon Foundation to gradually install automatic PET bottle collection machines to promote bottle-to-bottle recycling at all 7-Eleven stores in Higashiyamato City.

Moreover, in September 2019, PET bottle reverse vending machines were installed for in convenience stores in Okinawa Prefecture for the first time. There are plans to install them at more stores in the prefecture going forward. Seven & i Group is working together with local communities to create a circular economy and promoting the realization of a recycling-oriented society and a reduction in ocean pollution.



Small-sized reverse vending machine System for convenience stores

PET Bottle Recycling System Using a reverse vending machine



Number of PET Bottle Reverse Vending Machines Installed and Amount Collected

| | FY2017 | FY2018 | FY2019 |
|--------------------------|--------|--------|--------|
| Amount collected (tons) | 7,109 | 8,900 | 9,740 |
| Number installed (units) | 701 | 759 | 820 |

Achieving Complete Bottle-to-Bottle PET Bottle Recycling

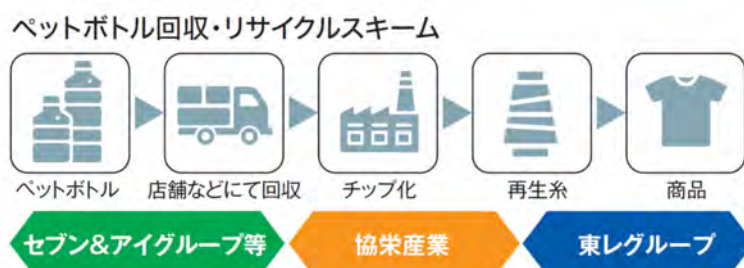
In June 2019, the Seven & i Group began selling “Seven Premium Hajime Ryokucha Ichi-nichi Ippon” in recycled bottles made by using 100% of the PET bottles collected by reverse vending machines at stores. It is the first initiative of its kind in the world that recycles PET bottles collected from specific distribution groups as raw materials and sells them as a product again in the same distribution group.*

*As of June 5, 2019. Study by Coca-Cola Japan and Seven & i Holdings.

Using Recycled PET Material for Clothing

The Seven & i Group is making efforts to expand the use of recycled PET materials while promoting the collection of PET bottles. In February 2020, “Seven Premium Lifestyle Body Cooler,” an underwear that utilizes PET bottles collected by PET bottle reverse vending machines installed at Group stores and uses recycled yarn made from the PET bottles, went on sale at Ito-Yokado, York-Benimaru, and Sogo & Seibu stores nationwide. This was the first time that clothing using PET bottles collected by the Group was released.

PET Bottle Collection/Recycling Scheme



Collection of Recyclable Resource at Stores

The Seven & i Group is promoting an important initiative to recover and recycle empty containers and other materials from its products. Every Group company cooperates with customers and local governments to collect recycling resources such as bottles, cans, polystyrene, paper cartons, and PET bottles at stores in accordance with local waste disposal sorting rules. Recently, some stores of the Group have also been cooperating with local governments to collect small electrical appliances, which have been drawing attention as “urban mines.”

Reducing the Use of Disposable Plastic Bags

The Seven & i Group has promoted the reduced use of disposable plastic bags by asking customers whether they need a bag at the register, displaying posters and POP signs, and holding events to encourage customers to bring their own shopping bags when shopping at stores.

Seven-Eleven Japan, with the marine plastic waste problem becoming a social issue, has recommended that its member stores use plastic shopping bags containing 30% plant-derived biomass polyethylene to further reduce usage fees for petroleum-derived plastics, and in April 2019, it completed the recommendation to 21,000 stores nationwide. By having convenience stores nationwide that consumers are familiar with recommend plastic shopping bags made of eco-friendly biomass polyethylene, we are working to promote the spread of biomass products nationwide and reduce the impact on the environment. Seven-Eleven Japan achievements were recognized in November 2019, when we received the “9th Biomass Product Promotion Achievement Award (sponsored by the Japan Society of Biomass Industries).”

In addition, ever since plastic shopping bags started to cost money in July 2020, the turn-down rate at Seven-Eleven has grown to about 75% (about 30% before the charge was applied), and the turn-down rate across the entire Group, including Ito-Yokado and Sogo & Seibu, is just under 80%.

Reducing Waste Resulting from Products

Ito-Yokado is working to curtail the generation of waste and to promote reuse and recycling with a view to reducing waste disposal. For example, in product deliveries, Ito-Yokado utilizes reusable containers and hangers for delivery of apparel as a way of cutting down on the use of packaging and cardboard. At stores, Ito-Yokado promotes understanding of recycling, and store employees are encouraged to rigorously sort waste for recycling purposes.



Reusable containers for store deliveries

Reuse of Fixtures and Building Materials from Closed Stores

When 7-Eleven stores are to be rebuilt or closed, the disposed product shelving, fixtures, and chiller cases are reused at other stores after undergoing maintenance. Furthermore, steel frames and sashes that are resulted in destructions of stores are reused in constructions of new stores to reduce construction waste.



Material issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Introduction of Environmentally Friendly Packaging

Product containers and packaging play important roles including preserving products and displaying information about ingredients, but after product use, these items become waste. In the "GREEN CHALLENGE 2050" Environmental Declaration," the Seven & i Group is promoting the reduction of the environmental impact associated with containers and packaging by pledging to make 50% of the containers and packaging used in original products (including Seven Premium) consist of environmentally conscious materials by 2030, and 100% by 2050.



Plastic Usage Reduction Initiatives

At Ito-Yokado, York-Benimaru, and York, we have devised sales methods for fresh food and delicatessen items that reduce the amount of containers and packaging used, such as selling by weight or selling individual loose items. In our delicatessen items sales areas, we are increasingly using paper bags rather than plastic containers for selling items such as croquettes and deep-fried chicken. In other areas, some products sold in fresh meat sales areas have adopted the method of packing meat for sale in plastic bags without a polystyrene tray.

At Seven-Eleven Japan, the lids on containers of the "Cup Deli" line of salad products have been changed to top-seal types, and the amount of plastic used per container has been reduced by about 25% compared to conventional containers.



"Cup Deli" products with top-seal lids



"Cup Deli" products with top-seal lids

Shifting to Recyclable Packaging

In July 2015, we changed the paper cartons used for Seven Premium alcohol products from the previous aluminum carton material to a non-aluminum carton material. This change enables the cartons to be recycled as paper cartons. Moreover, the volume of CO2 emissions per carton from the raw material procurement and manufacturing process is around 12% lower compared with the aluminum cartons. Therefore, this initiative has resulted in a reduction in CO2 emissions of approximately 250 tons per year, the equivalent of the CO2 absorbed by approximately 18,000 cedar trees.



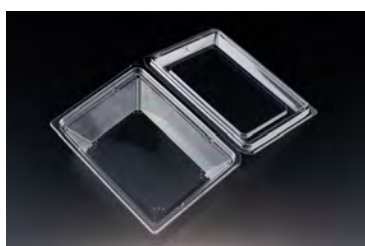
The identification mark also changed from the Paper Mark to the Paper Carton Mark

Use of Biomass Raw Materials

In the fiscal year ended February 29, 2016, Seven-Eleven Japan replaced the original Salad Cup Container sold in the chilled cases of its stores with containers that use environmentally friendly PET made from recycled or biomass PET rather than oil-based PET. Ito-Yokado will also use bioplastics that make partial use of plant-based oil materials for the containers in its cut fruit and boxed lunches.



Example of Salad Cup Container using environmentally friendly PET



Bioplastic container



Cut fruit inside a bioplastic container

In April 2016, Seven-Eleven Japan introduced rice ink for printing the packaging of rice balls sold at its stores. Rice ink is made from rice bran oil, a non-edible part of the plant extracted from rice bran. This ink reduces the Company's annual CO2 emissions by around 60 tons compared with conventional petroleum-based inks and is therefore aiding in reducing environmental impact. Moreover, the packaging is also contributing to our efforts to promote local production for local consumption by using domestically produced rice bran oil, which is one of the raw materials.

In December 2016, Seven-Eleven Japan changed to plant-based packaging film and ink for its original bakery products. Compared with the previous oil-based packaging, this has therefore reduced the Company's annual CO2 emissions by approximately 108 tons.



Product packaging made with plant-based materials

Introducing Paper Containers

Since June 2020, Seven-Eleven Japan has switched from conventional plastic to paper containers for “chilled boxed lunches” sold in the Tokyo metropolitan area (gradually expanding nationwide). Through this initiative, Seven-Eleven Japan expects to reduce the amount of plastic used by approximately 800 tons in the fiscal year ending February 28, 2021.



Paper container for chilled boxed lunches



A chilled boxed lunch (beef bowl) inside a paper container

Use of Forest Thinning Materials

Certain Seven Premium cup soups and yoghurt drinks have containers made with Seven Forest thinning materials. Japan has a large number of unmaintained man-made forests that have been left unattended. With many such forests currently not fulfilling their potential as carbon sinks, use of forest thinning materials can contribute to the creation of healthy forests and prevention of global warming.

Forest thinning materials are also being phased in for use in the outer sleeve section of the hot cups used for SEVEN CAFÉ, which is sold mainly at 7-Eleven stores throughout Japan.



Products that use forest thinning materials



A SEVEN CAFÉ cup and the Forest Thinning Material Mark (printed on the reverse side)

[> See here for further information about Seven Forest \(in Japanese\)](#)

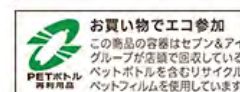
Introduction of Recycled Materials

Ito-Yokado and York are introducing recycled trays manufactured by suppliers that have received Eco Mark certification. In the fiscal year ended February 28, 2020, approximately 670 types of recycled tray were introduced. The introduction of recycled trays reduced annual CO2 emissions by approximately 2,300 tons.

Moreover, in packaging for lifestyle household goods such as Seven Premium Refillable Body Soap, the Group has adopted recycled materials such as those from PET bottles, some of which are recovered at Group stores.



Recycled tray



Packaging made from recycled PET bottle material

Environmental Efforts of SEVEN CAFÉ

Many customers support SEVEN CAFÉ, which is promoting environmental considerations in various ways. For example, forest thinning material is used for the outer sleeves for hot beverages. Cups for iced beverages use a compound material that includes recycled PET. We are also working to cut down our use of limited resources, for example by making cups lighter and thinner. Since the fiscal year ended February 28, 2018, we have developed an antibacterial deodorizer that uses recycled coffee grounds collected from some of our stores. The new product is being used for cleaning at 7-Eleven stores.

Moreover, in November 2019, we introduced straws for use at SEVEN CAFÉ that use the biopolymer “PHBH®” from Kaneka Co., Ltd., which is 100% plant-derived and biodegradable, at approximately 10,000 stores. Additionally, the remaining 11,000 stores have introduced FSC-certified paper straws. We are working to reduce the distribution of petroleum-derived plastic straws at all 7-Eleven stores and promoting eco-friendliness at SEVEN CAFÉ.



Environmentally friendly SEVEN CAFÉ



Antibacterial deodorizer that uses recycled coffee grounds

Material issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Internal and External Communication

The Seven & i Group is utilizing the characteristics of the retail business, which is used by approximately 25 million customers every day in Japan alone, to promote environmental activities along with its customers. Moreover, we emphasize collaboration with various stakeholders through participation in the activities of external organizations and communication with NPOs. Further, to promote environmental activities, it is necessary for each and every one of our more than 100,000 employees in Japan to take action, so we are also focusing our efforts on awareness-raising activities for employees.



Communication with Customers

At the Seven & i Group, we value communication with our customers, and we take advantage of the opportunity to interact directly with many customers, a feature of the retail business. In the fiscal year ended February 29, 2020, we held campaigns and events to reduce food waste in conjunction with “Food Waste Reduction Month” in October. For example, we created and displayed informative posters in collaboration with Ministry of the Environment to inform customers of the correct expiration dates, good-purchase-practice tips, and recipes to use up all leftovers, in which it is eco-friendly and economic. Further, at three Ito-Yokado stores in Yokohama City and at the Seibu Tokorozawa Shopping Center, we held a food drive where customers could bring food they did not use at home and donate it to a food bank. And thanks to the cooperation of many customers in the food drive, Ito-Yokado set up permanent reception spots for donated food at 15 stores in August 2020.

In addition, in the fiscal year ended February 29, 2020, we participated in external events, such as hosting an exhibit at the environmental exhibition “EcoPro Products 2019” to introduce our efforts to collect and recycle PET bottles from customers and request that visitors help us collect resources. Furthermore, as the first initiative of its kind at Seven & i Holdings, in February 2020, we carried out a purchase-type crowdfunding as part of a “Sea Picture Book ‘Production Project’” through the participation of our customers. This book was created to convey the significance of issues such as the depletion of marine resources and the problems with plastics to the children who will lead the future, as well as to change the behavior of the current generation, who are the ones who read the book aloud. The production of the picture book is centered on “Fisherman Japan,” a group of young fishermen from Sanriku, and it is not only filled with content from a technical academic perspective, but also contains the thoughts of various stakeholders, such as distributors and fish retailers.

Support for NPOs and Other Environmental Organizations

Seven & i Holdings continues to make donations to various environmental organizations such as the Keidanren Nature Conservation Fund, which promotes wider awareness of biodiversity and supports the nature protection projects of environmental and wildlife preservation group, as well as WWF Japan and various NGOs in and outside of Japan. In addition, with regard to climate change, we joined the Japan Climate Initiative (JCI), the Japan Climate Leaders' Partnership (JCLP), and the TCFD Consortium, and for plastic issues, we joined the Japan Clean Ocean Material Alliance (CLOMA). We are making efforts to promote environmental activities in cooperation with various companies and organizations.

In addition, Seven-Eleven Japan has been conducting environment-themed social contribution activities together with franchised stores through the Seven-Eleven Foundation since 1993. Based on contributions¹ from customers collected through collection boxes placed at the counters of 7-Eleven stores, along with donations from Seven-Eleven Japan and other funds, the Seven-Eleven Foundation engages in environmental citizenship activity support projects, natural resource protection and conservation projects, publicity projects, and disaster recovery assistance projects. One of the major pillars of the environmental citizenship activities² is the funding of NPOs conducting regional environmental activities. The foundation has been calling for applications from NPOs each year since 2001, with the goal of seeing regional donations used to support regional environmental activities. Over the past 19 years in total, the foundation has provided ¥2,312,126,282 in funding for 3,809 activities.

The Seven-Eleven Foundation operates the Kokonoe Furusato Nature School located in Kokonoe Town, Kusu District, Oita Prefecture and the Takao Forest Nature School in Hachioji City, Tokyo, based on the principle of "Learning from nature: how to promote coexistence and mutually beneficial relationships between people and nature and the natural environment and local communities." The Kokonoe Furusato Nature School is engaged in projects to protect and preserve the abundant nature cultivated by the region as well as its ecosystems, history, and culture. The school's efforts to promote creation of rice fields that coexist with nature and where living things can thrive has been designated as a project in coordination with the Japan Committee for the United Nations Decade of Biodiversity. Moreover, The Takao Forest Nature School is a collaborative project with the Tokyo metropolitan government, operating in a forest of approximately 26.5 ha owned by Tokyo Metropolis. The school's programs include bird watching, volunteer experiences in the forest, flora observation, and craft work.

* 1. Storefront donations collected in the fiscal year ended February 29, 2020 amounted to ¥471,293,805. The total amount of storefront donations collected since the fiscal year ended February 28, 1995 is ¥7,935,852,211.

* 2. Assistance for environmental NPOs through public support in the fiscal year ended February 29, 2020 (including recipients of ongoing support): 289 support projects; ¥133,402,934 provided in total



Takao Forest and Nature School



Collection box placed on counters in stores



Kokonoe Furusato Nature School

Responding to Opinions and Requests

We receive and respond to opinions and requests relating to the environment from customers and civic groups at the customer feedback departments at each Group company and at the Sustainability Promotion Department of Seven & i Holdings. In 2014, when we considered the material issues that Seven & i Holdings should address, we identified our material issues upon engaging in dialogue with stakeholders including customers, business partners, shareholders and other investors, as well as those of CSR experts.

> [For more details about the selection process for material issues](#)

Promoting Environmental Education of Employees and Taking the Certification Test for Environmental Specialists

Seven & i Group companies regularly hold training for new recruits and newly appointed managers in line with the characteristics of each of their businesses. The aim is to instill basic knowledge and facilitate their understanding of environmental matters. Additionally, starting in the fiscal year ended February 29, 2020, we have conducted Group-wide e-learning every June related to the "GREEN CHALLENGE 2050" Environmental Declaration announced in May 2019.

Further, Since the fiscal year ended February 28, 2015, the Group has been encouraging employees to pass the Certification Test for Environmental Specialists (Eco Test) as a training tool for systematically acquiring a broad knowledge about increasingly diverse environmental problems. With a target of having 12,000 Group employees pass the Eco Test by the fiscal year ending February 28, 2021, each company supports test takers by subsidizing test fees, holding study sessions, and so forth. In the fiscal year ended February 29, 2020, 3,064 employees passed the test (cumulative total of 9,579 people passing the test since the fiscal year ended February 28, 2015).

Holding Environmental Events to Raise Awareness Among Employees

Seven & i Holdings holds internal environmental events within the Company to provide opportunities to raise environmental awareness of employees. For example, Group employees participate alongside 7-Eleven franchisees in volunteer activities organized by the Seven-Eleven Foundation. Major activities include events such as forest care operations ranging from tree planting to tree thinning and undergrowth cutting at "Seven Forests" in 17 locations throughout Japan; marine afforestation initiatives to cultivate eelgrass habitats, which purify water and reduce CO₂, thereby enriching the marine environments in Tokyo Bay and Osaka Bay; and conservation activities on Mt. Fuji. In the fiscal year ended February 29, 2020, a total of 2,041 people took part in such events, including personnel from Seven-Eleven Japan franchised stores and Head Office employees as well as Group employees.

Additionally, various programs are conducted to raise employee awareness and understanding particularly in June, which has been designated as Group Environment Month, and October, which has been designated Food Waste Reduction Month. In the fiscal year ended February 29, 2020, in addition to environmental lectures conducted by outside instructors that were held for all Group employees as well as programs such as environmental study sessions at the Takao Forest and Nature School operated by the Seven-Eleven Foundation together with the Tokyo Metropolitan Government, activities such as a food drive where customers could bring food they did not use at home and donate it to a food bank were conducted as well. These efforts provided employees with opportunities to think about the environment through these experiences.

[> For more details about "Seven Forest" \(in Japanese\)](#) 

[> For more details about the Tokyo Bay UMI Project \(in Japanese\)](#) 