

Material Issue 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

Approach to Material Issues

Seven & i Holdings believes that the Group has an important role to play in providing socially and environmentally responsible products and services to its customers, thereby helping to build an ethical* society.

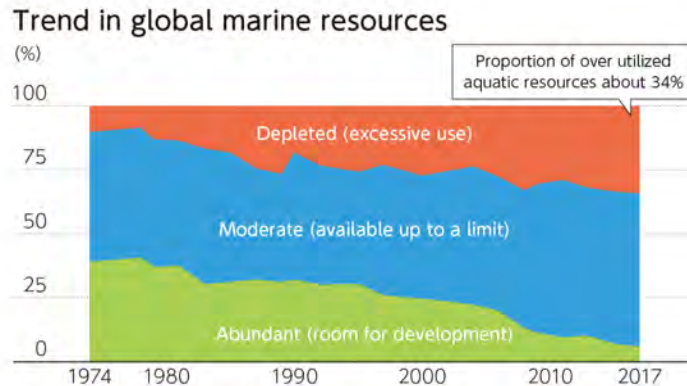
In every process from procuring raw materials to delivering products to customers, Seven & i Holdings believes that it must not only comply with laws and regulations, but it must also supply valuable products that show consideration for society and the environment. This will contribute to improving the sustainability of resources and is crucial to enhancing the strength of supply chains and ensuring business continuity. Moreover, awareness of ethical consumption has been increasing among customers in recent years. Addressing this awareness will also help to strengthen Seven & i Holdings' competitiveness. For these reasons, we will advance initiatives targeting the entire supply chain, including business partners.

* The word "ethical," in addition to its conventional meaning, has been increasingly associated with environmental preservation and social contribution in recent years.

Background to Material Issues

Decline and Depletion of Fisheries Resources

Amid increasing consumption of seafood in recent years, activities such as overfishing and environmentally destructive resource usage have taken place. As a result, sound marine resources have been steadily declining, while an increasing number of resources face the risk of depletion.



Heightened Interest in the Social and Environmental Impact of Supply Chains

Modern slaves are individuals forced into labor, trafficking, sexual exploitation, forced marriage, etc., and it is said that there are about 40 million slaves throughout the world. According to studies, about 70% of these slaves are women, with children accounting for 25%*. Against the backdrop of a multitude of social issues like these around the world, an increasing number of consumers are seeking to purchase goods produced through fair trade practices. With a heightened awareness of ethical consumption, it has become crucial to build sustainable business models across the entire supply chain.

* Source: Global Slavery Index 2018



Promotional Framework for Material Issues

The entire Group is working to address this material issue, with specific measures being examined and formulated by the following committees and subcommittees. The CSR Management Committee and its subordinate Supply Chain Subcommittee examine the theme of "Addressing the social and environmental impacts of the supply chain." The Environment Subcommittee addresses themes related to product procurement and business partners, including the "Depletion of natural resources" and the "Loss of biodiversity." These activities are supervised by the Director and Managing Executive Officer Head of the Corporate Development Division, Seven and i Holdings.

Contribution to SDGs

By addressing this material issue, Seven & i Holdings will achieve sustainable food production and consumption patterns through the entire supply chain, and will contribute to achieving Sustainable Development Goals 2, 7, 8, 10, 12, 13, 14, 15 and 16.



Seven & i Holdings' Initiatives

Strengthening the Business Partner Action Guidelines

We are strengthening the implementation of the Business Partner Action Guidelines in order to provide customers with safe and reliable products and to fulfill our societal responsibilities in cooperation with our suppliers on matters such as human rights, labor issues, and the environment.

[> More](#)

Sustainable Environment Conservation Activities

In cooperation with NPOs and other organizations, we undertake measures that contribute to the prevention of global warming and conservation of biodiversity.

[> More](#)

Sustainable Procurement of Raw Materials

We have formulated the Basic Policy on Sustainable Procurement to ensure sustainable use of natural resources for future generations and we are promoting initiatives in cooperation with various stakeholders.

[> More](#)

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Strengthening Implementation of the Business Partner Action Guidelines

Seven & i Holdings is strengthening implementation of the Business Partner Action Guidelines to provide customers with safe, reliable products and fulfill its social responsibilities in cooperation with business partners on matters such as human rights, labor issues, and the environment.

Ensure Implementation of Business Partner Action Guidelines

Seven & i Holdings formulated the Seven & i Holdings Business Partner Action Guidelines in 2007, and revised them in April 2017 to form the Seven & i Group Business Partner Action Guidelines (the "Guidelines"), which all business partners have been requested to understand and observe. Furthermore, in December 2019, these were revised to form the Seven & i Group Business Partner Sustainable Action Guidelines. The Guidelines are designed not only to guarantee the safety and quality of the Group's products and services but also to promote consideration for legal and regulatory compliance, global environmental conservation, and labor environment throughout the supply chain so that we can fulfil our corporate social responsibility together with our business partners. The Guidelines are communicated to business partners of Group companies through various meetings.



Seven & i Group Business Partner Sustainable Action Guidelines (Excerpt)

1. Respect and Protection of Human Rights
2. Legal Compliance
3. No Child labour and Protection for Young Workers
4. No Forced Labour
5. Payment of Living Wages
6. Elimination of Abuse, Harassment, Discrimination and Punishment
7. Employment and Protection of Workers
8. Preservation of Global Environment
9. Prevention of Confidential Information Leakage and Information Management
10. Management of Personal Information
11. Quality Control and Ethical Response
12. Relationship with Local and International Communities
13. Anti-corruption and Fair Business Practices
14. Protection of Intellectual Property
15. Export and Import Management
16. Development of Internal Reporting Systems
17. Disaster Preparedness
18. Development into Supply Chain
19. Monitoring

> [Seven & i Group Business Partner Sustainable Action Guidelines can be found here](#)

Promoting the Seven & i Group Business Partner Sustainable Action Guidelines

Seven & i Holdings promotes the Group's Business Partner Sustainable Action Guidelines in accordance with the spirit of trust and sincerity stated in the Group's corporate creed for mutual benefit and sustainable growth together with business partners.

For the purpose of contributing to the SDGs and responding to ESG, Seven & i Holdings seeks business partners' understanding of these Guidelines, and promotes effective and sustainable activities. In addition, with understanding, awareness, and practice of the Seven & i Group Business Partner Sustainable Action Guidelines as the policy, the following items are incorporated into the PDCA cycle mainly for business partners tasked with producing the private brand products of Seven & i Group companies.

- 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

Supplier risk is categorized into five levels (R1 to 5) by region from viewpoints such as human rights, labor environment, and global environmental conservation. R1 is the region with the highest risk, which is positioned as "China and emerging regions in Southeast Asia," and the Group will focus on responses for this region.

Distributing and Disseminating the Seven & i Group Business Partner Sustainable Action Guidelines

From June to October 2018, product development staff of Seven & i Group companies distributed and disseminated the Business Partner Action Guidelines to 18,484 business partners.

Organizing Briefings about the Seven & i Group Business Partner Sustainable Action Guidelines and the Quality Policy

Of the business partners contracted for the manufacture of private brand products, Seven & I Holdings conducts local briefings about the Partner Action Guidelines and related policies for those in China and Southeast Asia, for which CSR risk is expected to be high. In April and October 2018, briefings were organized at three venues in China—Qingdao, Shanghai, and Shenzhen—as well as three venues in Southeast Asia—Thailand (Bangkok), Cambodia (Phnom Penh), and Vietnam (Ho Chi Minh City)—with 402 participants from a total of 260 business partners (94.9% participation rate*1). In March and April 2019, briefings were organized at four venues in China—Dalian, Qingdao, Shanghai, and Shenzhen—as well as five venues in Southeast Asia—Myanmar (Yangon), Thailand (Bangkok), Cambodia (Phnom Penh), Vietnam (Ho Chi Minh City), and Indonesia (Jakarta)—with 482 participants from a total of 287 business partners (94.4% participation rate*2).

In addition, at the briefings, certificates and trophies were awarded to business partners who are excellent in quality management and CSR risk management.

* 1 Percentage of business partners participating in the briefing session from among those subject to a CSR audit in FY2018 (overseas)

* 2 Percentage of business partners participating in the briefing session from among those subject to a CSR audit in FY2019 (overseas)

Scenes from Business Partner Action Guidelines Briefings



March 2019 at Shanghai



April 2019 at Jakarta

Conducting Self-Checks

To check the state of promotion of the Business Partner Action Guidelines and support corrective actions, the Seven & i Group administers a self-check sheet for business partners. In drafting the check sheet, we referred to sources such as the ISO 26000 standard, the Japan Business Federation's Charter of Corporate Behavior, the OECD Guidelines for Multinational Enterprises, and the ILO International Labour Standards. In November 2018, checks on 61 items—including human rights, labor environment, global environmental conservation, and information management—were conducted for companies contracted to manufacture private brand products of the Seven & i Group companies.

State of Self-Check Replies

Item	Business partners targeted	No. of replies	Reply rate	Total no. of factories replied	No. of factories in Japan	No. of overseas factories
Value	1,437 companies	1,050 companies	73.1%	1,902 factories	1,468 factories	434 factories

Self Check Sheet Items (Excerpt)

1. Legal Compliance
2. Respect for Human Rights and Dignity
3. Human Resources and Workplace Environment
4. Preservation of Global Environment
5. Relationship with Local and International Communities
6. Information Management
7. Product Safety Assurance
8. Fair Business Practices
9. Monitoring

(Questions about whether a business partner has prepared documentation and implementation records that prove compliance with the Guidelines.)

Conducting Compliance Training for Business Partners

Seven & i Holdings conducts compliance training for business partners in China and Southeast Asia—for which CSR risk is high—contracted to manufacture private brand products for the purposes of raising awareness about human rights, labor environment, global environmental conservation, and other issues; understanding and promoting relevant basic laws and regulations; and thoroughly ensuring compliance with laws and regulations. The training covers the Seven & i Business Partner Sustainable Action Guidelines, ILO International Labour Conventions, ISO 26000, labor safety laws and regulations of each country, facility management, awareness of chemical substance management, and consultation on corrective actions in view of CSR audit results. Preparation and operation of the training is contracted to TÜV Rheinland Japan Ltd, which handles CSR audits.

State of Participation in FY2018

Period	Venue	No. of participants	No. of participating factories
April 2018	China (Shanghai)	33	22
July 2018	China (Qingdao)	44	28
	China (Shanghai)	50	37
	Thailand (Bangkok)	48	30
September 2018	China (Qingdao)	24	18
	China (Shanghai)	28	25
	Thailand (Bangkok)	17	11

State of Participation in FY2019 (as of end of February 2020)

Period	Venue		No. of participants	No. of participating factories
April 2019	China (1st time)	3 venues	185	123
May 2019	Southeast Asia (1st time)	4 countries	117	67
June 2019	China (2nd time)	3 venues	135	96
July 2019	Southeast Asia (2nd time)	3 countries	42	24
August 2019	China (3rd time)	3 venues	176	116
September 2019	Southeast Asia (3rd time)	4 countries	113	59
Total times conducted	20			



April 2019 at Qingdao



May 2019 at Bangkok

Conducting Compliance Training for the Group Employees

The Seven & i Group holds CSR audit result reports and audit study seminars that are attended by the managers and staff of the departments in charge of product development and product purchasing. In addition, for the study seminars, we invited the audit manager of TÜV Rheinland Japan Ltd, our contractor for CSR audits, to use specific examples of information and laws pertaining to the country or region where the contracted manufacturing business partner is located.

MO.	Outlines	No. of participants
January 2019	Consumer Affairs and Fair Business Practices Subcommittee with executives of 28 Group companies <ul style="list-style-type: none"> · Overview of CSR audits in 2018 	61
June 2019 (held twice)	CSR Audit Workshop	59
July 2019	Consumer Affairs and Fair Business Practices Subcommittee with executives of 28 Group companies <ul style="list-style-type: none"> · Overview of CSR audits for the first quarter of 2019 · Draft plans for 2020 	49
November 2019	Consumer Affairs and Fair Business Practices Subcommittee with executives of 28 Group companies <ul style="list-style-type: none"> · Overview of CSR audits for the second quarter of 2019 · Preparation for measures in 2020 	50
December 2019	Seven & i Group CSR Audits Report and Study Meeting <ul style="list-style-type: none"> · Supply chain management and CSR audits results · Trends in supply chain management throughout the world and Japan · Report on the current situation of CSR audits in China 	79
January 2020	Consumer Affairs and Fair Business Practices Subcommittee with executives of 28 Group companies <ul style="list-style-type: none"> · Overview of CSR audits for the third quarter of 2019 · Plan for fiscal year ending February 28, 2021 	63
February 2020 (held 3 times)	New Business Partner Sustainable Action Guidelines study session CSR audit representatives from operating companies	19

Collaboration with Human Rights and Economy-related Organizations

Seven & i Holdings is making efforts to gather and disseminate information on supply chain management in collaboration with human rights and economy-related organizations.

Main Activities:

- September 2019: Global Compact Network Japan

At GCNJ's Basic Seminar, we spoke about our Business Partner Action Guidelines and CSR audits.

- November 2019: OECD Advisory Board of Japan Business Federation and Corporate Behavior/ SDGs Committee, BIAC Japan representative

We participated in and gathered information from "Toward the Realization of a Sustainable Supply Chain in Asia: Promotion of International Cooperation for Responsible Corporate Behavior," which was jointly sponsored by the OECD, EU, Japanese government, and ILO.

- January 2020: Public interest incorporated association Council for Better Corporate Citizenship (CBCC)

We shared information at "Round-table Conference on Issues for Promoting CSR in the Supply Chain" held by CBCC.

Conducting Business Partners' CSR Audits

The Seven & i Group conducts CSR audits for the purposes of ensuring the safety and reliability of products provided to customers, for achieving a society where sustainable growth is possible through pursuit of mutual benefit with our business partners, and to validate the promotion and effectiveness of the Seven & i Group Business Partner Sustainable Action Guidelines.

Seven & i Group CSR Audit Category

The Seven & i Group's CSR audits are performed by an external third-party auditing organization based on our independently established CSR audit program (114 items in 16 categories). They are compliant with international treaties such as the ILO (International Labor Organization) Convention, which is a global standard, and ISO 26000, and they are based on the Seven & i Group Business Partner Sustainable Action Guidelines, protection of human rights, compliance with laws, occupational safety and health, environmental conservation, and so on.

CSR Audit 16 Categories and 114 Items (Excerpt)

■ 1. Implementation of Management System and Rules

- Organizations must implement and maintain a system in compliance with all items of the Seven & i Group Business Partner Sustainable Action Guidelines
- To the extent feasible, organizations should extend the Guidelines to their own supply chains.
- Organizations must monitor and comply with the relevant laws and regulations, as well as international treaties and so forth.

■ 2. Forced Labor

- There must be no forced, bonded or coerced prison labor.
- Employers must not force workers to make a financial deposit or submit their identification documents, such as a passport, and freedom of movement must be assured.
- Workers may resign freely as they wish, after giving adequate notice.
- National and regional laws pertaining to forced labor are recognized.

■ 3. Freedom of Association

- Workers have the right to establish or join labor unions of their own choosing without being subject to discrimination, and hold the right to collective bargaining.
- Local laws and workers' rights concerning freedom of association are recognized.

■ 4. Health and Safety

- Safety protection measures must be applied to equipment and machinery and preventive maintenance must be undertaken.
- Chemicals must be handled and stored appropriately.
- All necessary protective equipment must be purchased and regularly replaced.

■ 5. Child Labor and Young Underage Workers

- Children must not be put to work.
- Young workers under the age of 18 must not be made to work at night, or in a hazardous environment. This work includes tasks using chemical substances, work near such substances, or work where there is hazardous machinery or excessive noise. Heavy labor, night shifts, and work for long hours are also included.

■ 6. Living Wages

- Wages must be paid at or above the national/regional legal standards.
- Overtime allowances must be paid at the required statutory ratio.
- All allowances and benefits must be provided to workers as required by law.
- Documents detailing the labor conditions of workers, such as wage slips, information of labor recruiters, and contracts must be disclosed to workers.

■ 7. Working Time

- Workers must not be habitually required to work over 48 hours per week. On average, workers must be given a rest period of one day every 7 days. Overtime must be voluntary and must not exceed 12 hours per week. Overtime must not be habitually requested and additional fees must always be paid.

■ 8. Discrimination

- Discrimination in the course of recruitment, remuneration, provision of training, pay raises, dismissal and retirement is prohibited with respect to race, class, nationality, religion, age, disability, gender, marital status, sexual orientation, union membership, or political party affiliation.

9. Regular Employment

- To the extent possible, operations must be executed on the basis of generally accepted employment relationships based on national laws and regulations.
- Recruitment fees for workers to get a job must be borne by employers, not by the workers ("Employer Pays Principle") unless allowed by local labor law.

10. Subcontracting Agreements, Domestic Industry, Outsourced Processing

- Subcontracting is not permitted without the prior consent of customers.

11. Disciplinary Action

- Physical abuse or punishment, threats of physical abuse, sexual or other forms of harassment, or verbal abuse or threats, must be prohibited.
- Disciplinary methods must be fair and effective and must not be arbitrary.
- Employers must show respect for the mental, emotional and physical health of workers in connection with the necessary disciplinary action.

12. Environment

- Organizations must pursue continuous improvement in their environmental performance and, at the very least, comply with local requirements and international laws and regulations.
- Chemical substances prohibited by international treaties, or laws and regulations, must not be used.

13. Fair Business Practices

- Laws and regulations related to fair business practices must be understood and complied with.

14. Ensuring Product Safety

- Products delivered to each Seven & i operating company must comply with the quality standards requested by each relevant operating company and comply with relevant legal standards established in Japan.

15. Security Management

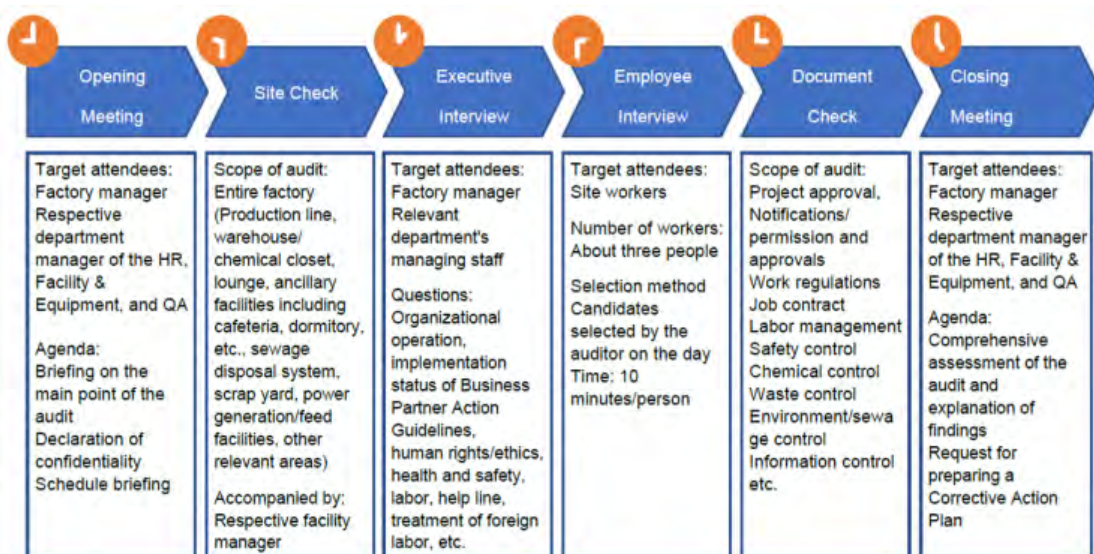
- Security systems must be in place to ensure protection from access with malicious intent.

16. Interests of Local Communities

- Relationships with anti-social forces must be rejected.

CSR Audit Process

Factories are given prior notice before being visited for audits, and compliance with CSR audit items is confirmed by checking sites, documents, and data as well as through interviews with managers and workers. Interviews with workers will be conducted by the auditor alone in a separate room to prevent instruction or retaliation from the employer. In principle, on-site audits are conducted on a daily basis from 9:00 a.m. to 6:00 p.m. However, we may extend the time so that we can receive and respond to questions from the factory. Any materials and images submitted at the time of the audit will not be leaked to external parties as per the confidentiality agreement.



Confirmation of Corrective Actions after Audits

If the audit finds items that do not comply with the audit program (non-conformity items), the third-party 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 actions 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, in cases that exceed certain standards, such as when numerous serious non-conformity items are found, the resolution of issues is confirmed by revisiting the factory to perform a re-audit.

● Flow of Submission of the Corrective Action Plan (CAP)

(1) Report the cause of non-conformity and prepare a CAP: Submit the CAP to the auditor within 10 days

(2) Implementation of the corrective actions: Submit evidence to auditors within 90 days*

(3) Appropriate CAP : Accepted by auditor → Confirmed and approved by Seven & i HLDGS.

→ Issuing a Certificate of Conformity

Inappropriate CAP : → Return

* If no evidence of correction is submitted within 90 days of the completion of the audit, a re-audit (follow-up audit) will be conducted.

Measures to Critical Major Non-Conformity

If Seven & i Holdings identifies any non-conformity with "Forced Labor", "Child Labor and Young Underage Workers", "Living Wages", or "Disciplinary Action" of the 16 audit categories listed above, Seven & i Holdings will classify them as "Critical 1 Major Non-Conformity", and advise its group's operating company, that has a contract with the factory in question, to stop business with it.

In addition, non-conformity with laws and regulations regarding any category of "Health and Safety", "Working Time", "Subcontracting Agreement", "Environment" or "Ensuring Product Safety" will be classified as "Critical 2 Major Non-Conformity". In these cases, Seven & i Holdings will notify its group's operating company that has a contract with the factory to reconsider continuing business with it.

In either "Critical 1" or "Critical 2", we will conduct a re-audit (follow-up audit) to confirm the corrective actions before continuing the business.

CSR Audit Conformity Certification System

Seven & i Holdings will issue a Compliance Certificate to its business partners if the CSR audit finds that they are in compliance. When the unacceptable items are remedied or the third-party auditing organization and Seven & i Holdings judge that the content of the CAP to be satisfactory, a Compliance Certificate is issued to the relevant business partner.



Certificate of Conformity

Results of Business Partners' CSR Audits

The Seven & i Group contracts TÜV Rheinland Japan Ltd., a third-party organization, to conduct on-site audits on factories both overseas and in Japan.

CSR Audits of Overseas Factories

Since the fiscal year ended February 28, 2013, Seven & i Holdings has conducted CSR audits to determine the status of compliance with the Seven & i Group Business Partner Sustainable Action Guidelines at a selection of factories from among the business partners we have asked to submit self-check sheets that are defined as critical suppliers from the perspective of risk management. The CSR audits are performed annually.

* Factories contracted to manufacture Seven Premium (private brand) products as well as factories in China and Southeast Asia (13 countries) contracted to manufacture private brand products of Group companies.

Number of CSR Audits (Overseas Factories)

Fiscal year	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 Plan
No. of factories	17	28	328	226	245	215	274*1	304	Approx. 600*2

*1 Since the number of re-audits was included in the 2018 audit results, it was revised to the number of factories.

*2 In 2020, there is a possibility of a decrease due to the influence of the novel coronavirus (COVID-19).

The audit results for the fiscal year ended February 29, 2020 showed some form of legal infractions at 80.0% of factories, and corrective actions are being taken. Confirmed cases of non-conformity include those related to environmental response (80 cases), those related to working hours (76 cases), those related to equipment safety and maintenance (44 cases), and those related to overtime pay (42 cases), legal allowances (36 cases), and handling of chemicals (33 cases), and all underwent corrective action. In addition, no forced labor was confirmed.

Re-audits (follow-up audits) were conducted at 75 factories that were found to have serious cases of non-conformity or a large number of non-conformity cases.

CSR Audits of Factories in Japan

Seven-Eleven Japan contracts a third-party organization to conduct CSR audits on some business partners in Japan using the same standards as the Seven & i Group CSR audits. This initiative began in the fiscal year ended February 28, 2017, and audits have been conducted on 87 factories as of February 29, 2020. Going forward, the supply chain will continue to be involved in the promotion of CSR.

For the appropriate handling of issues such as work style innovation for employees, employment of foreign workers, and global environmental conservation, Seven & i Holdings started to conduct CSR audits on factories in Japan contracted to manufacture private brand products (Seven Premium) in 2018.

Regarding the number of audits, tests were conducted at 50 factories in the fiscal year ended February 28, 2019, and audits were conducted for 327 factories (approximately 30% of total) from the fiscal year ended February 29, 2020. The audit results of the fiscal year ended February 29, 2020 showed some form of non-conformity at approximately 90% of factories audited, and corrective actions are being undertaken. There were no cases of non-conformity related to discrimination or forced labor with regard to foreign workers.

Future Responses

Contract Renewal and New Contracts with Business Partners

The Seven & i Group will continue to promote the Seven & i Group Business Partner Sustainable Action Guidelines and strengthen responses to SDGs and ESG. Together with business partners, the Group will aim to realize decent work, the eradication of forced labor, and prohibition and elimination of child labor as stated in Goal 8 of the SDGs. In addition, the Group will actively work on maintaining and improving appropriate work environments for its business partners, including the improvement of labor environment in the supply chain. Going forward, the Group will continue to contribute toward the realization of a sustainable society together with business partners who support such initiatives.

Operation of CSR Audits and Certification System

To our business partners who operate the contracted factories of our private brand products (Seven Premium) or those of the Group companies' private brand products in regions, which have high infringement risks of human rights and laws and regulations (mainly in China and Southeast Asia), Seven & i Holdings will continue to ask them to be CSR audited. We will also continue to share information on the progress of implementing the Seven & i Group Business Partner Sustainable Action Guidelines and support corrective actions.

- We issue a Certificate of Conformity to business partners based on the results of CSR audits and the status of corrective actions. In order to continue business with us, we will request partners to obtain the Certificate of Conformity.
- When starting a new business, we will ask potential business partners to understand and comply with the Seven & i Group Business Partner Sustainable Action Guidelines and start doing business only after they obtain the Certificate of Conformity of the CSR audit.

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Sustainable Environment Conservation Activities

Seven & i Holdings cooperates with NPOs and other organizations to undertake measures that contribute to the prevention of global warming and preservation of biodiversity.



Working with Local Regions to Leave a Rich Natural Landscape to the Next Generation

Seven & i Holdings participates in Seven Forest creation activities run by the Seven-Eleven Foundation at 17 locations across Japan to help prevent global warming and contribute to the maintenance and conservation of biodiversity.

Seven Forest creation activities are carried out by employee volunteers from 7-Eleven franchised stores and locals under collaboration agreements with governments nationwide, NPOs, and others throughout Japan. In the fiscal year ended February 29, 2020, activities were held 25 times and a total of 3,153 people participated. In addition, encouraging greater use of wood materials collected from forest thinning activities can lead to solving issues with Japan's forests. Based on this, wood material collected from Seven Forest is used within the Group for store materials and office supplies, as well as in commercialization to promote use of national resources.

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



Seven Forest Creation

Overview of Seven Forest Creation



Seven-Eleven Foundation

The Seven-Eleven Foundation was established in 1993 for 7-Eleven stores and the Head Office to work together as one on environmentally themed social contribution activities. Using money collected from in-store donation boxes and donations from the Head Office, the foundation engages in projects related to environmental citizenship activity support, nature conservation, and disaster reconstruction assistance. In the fiscal year ended February 29, 2020, in-store donations totaled ¥471,293,805 and around ¥133,402,934 was used to give grants to 289 environmental citizenship grant projects (including ongoing projects), which support environmental activities by local residents.

The Seven-Eleven Foundation, in cooperation with various organizations and based on the theme of restoring a rich natural environment, has continued its Seven Forest creation activities to protect the natural cycle of forests, riverside forests, and the sea and increase CO2 absorption and oxygen production. For our Mountain Forest Creation initiative, we carry out nurturing activities from tree planting to weeding and thinning, which leads to the conservation and regeneration of abundant forests. In addition, for our Creating a Forest in the Sea initiative, we are working to increase the amount of eelgrass, which purifies seawater and helps preserve biodiversity by absorbing CO2 in the sea and accumulating carbon. We have concluded agreements with governments and NPO corporations, and are working with 7-Eleven franchised stores and citizens with the goal of creating a rich natural environment where a diverse array of creatures co-exist with the local people.

[> Seven-Eleven Foundation website \(in Japanese\)](#)

UMIGOMI Zero WEEK (the Sea Waste Zero Week)

Seven-Eleven Japan supports the Sea Waste Zero Week initiative promoted by the Ministry of the Environment and the Nippon Foundation, and in May 2019, conducted a cleanup activity in the Shonan Enoshima area. A total of about 100 member store owners, employees, and Head Office employees participate in this activity. We will continue to strive to create a beautiful community and conserve the environment through environmental beautification activities all over the country.



the Sea Waste Zero Week

Green Wrapping

Sogo & Seibu is promoting the use of "green wrapping," for customers when they order gifts, which sends the message of "keeping the earth's environment in mind." This involves the purchase of a wrapping ribbon with a leaf-shaped mascot for an additional price of ¥100 (including tax), of which ¥50 is donated to tree planting and growing activities. One tree is planted for every 80 ribbons sold. In addition, customers purchasing Ochuugen and Oseibo (summer and winter) gifts who agree to simple packaging also contribute to tree planting, with one tree planted for every 4,000 gifts that use the simple packaging option. (Between 2009 and February 29, 2020, 14,679 trees were planted).



Green Wrapping



Employees carefully plant seedlings provided by the kindness of customers

Sale of Rice Cultivated while Protecting the Environment and Biodiversity

Ito-Yokado sells a rice series that not only uses fewer agrichemicals and chemical fertilizers, but also encourages "biodiversified farming," in which rice fields also service as wildlife habitats. Part of the sales are donated for environmental improvements. In the fiscal year ended February 29, 2020, sales of Koshihikari Rice Nurturing White Storks provided approximately ¥30,000 for nurturing oriental white storks, while sales of Sado, Niigata Prefecture-Produced Koshihikari Rice Certified by the Creating Villages Coexisting with Crested Ibis Program provided approximately ¥40,000 to the Fund for the Improved Habitat for the Japanese Crested Ibis.



Rice cultivated while protecting the environment and biodiversity

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Sustainable Procurement of Raw Materials

The Seven & i Group has established the Sustainable Procurement Policy that includes traceability, conservation of biodiversity, response to climate change issues, and consideration of human rights, and we have promoted initiatives with the aim of co-existing with nature as set forth in the GREEN CHALLENGE 2050 Environmental Declaration. In addition, in the GREEN CHALLENGE 2050, it is stipulated that we make 50% of food ingredients used in our original products (including Seven Premium) sustainable by 2030, and 100% by 2050.



Approach to Marine Product Procurement

The Seven & i Group is working to sell products for which sustainability is guaranteed, such as those certified by the MSC*, to pass on the rich blessings of the sea to future generations. Further, to fulfill our responsibility as a retail business that connects producers and customers, we are also focusing on conveying the value of these products and the producers' desires to customers through our stores and websites.

* MSC : Marine Stewardship Council

An organization that operates and manages a system for certifying sustainable and environmentally friendly fishing practices.

<https://www.msc.org/en-us/> 

Sales of Products Certified by the MSC

Since October 2018, in the marine products under the Seven & i Group's Seven Premium private brand, eight cod roe products and 13 Karashimetaiko (salted cod roe with red pepper) products (as of February 29, 2020) certified by MSC* have been sold at the stores of the Seven & i Group. These are natural marine products obtained through fishing practices that are friendly to marine resources and the marine environment and have passed management system inspection even for processing and distribution.



MSC-certified marine products



MSC label

Sales of Products Certified by the ASC

At Ito-Yokado, York-Benimaru, and York, 5 products with ASC* certification are being sold as marine products of the Group's private Seven Premium brand (as of February 29, 2020). ASC certification is conferred upon aquaculture companies that have shown consideration of their responsibilities to the environment and society.

* ASC: Aquaculture Stewardship Council

An organization that administers and maintains an international certification system related to aquaculture.

<https://www.asc-aqua.org/>



Marine products with ASC certification



ASC label

Sales of Products Certified by MEL

Ito-Yokado is the first major Japanese retailer to obtain MEL* certification, a certification system for eco-friendly catching and cultivation of marine products. In April 2020, four original "Fresh Fish with Traceability" products—yellowtail, amberjack, red sea bream, and flatfish—were given the MEL symbol, and sales began at 155 Ito-Yokado stores nationwide.

Further, to convey the value of these certified products to customers, some stores have installed point-of-purchase ads in fish sections that explain the certifications.

* MEL: Marine Eco-Label Japan

This marine product eco-label certifies fisheries and aquaculture producers that are actively managing fishery resources with consideration for their sustainable use and conservation of the environment and ecosystems, as well as businesses that process and distribute marine products from such producers.

<https://melj.jp/eng/>



Marine products with MEL certification



MEL label



Point-of-purchase ad that explains marine product certifications

Sales of Alaska Seafood Products

Seven & i Group stores actively sell and convey to customers the quality of Alaska Seafood products, which are sourced through environmentally friendly fishing practices. In Alaska, the source region of the brand's all-natural marine products, Alaska Seafood strictly manages resources and fisheries to ensure that the ecosystem that nurtures these natural marine resources is not impaired.

In the fiscal year ended February 29, 2020, Sogo & Seibu conducted in-store Alaska Seafood promotions at 12 stores to inform customers about the appeal of Alaska Seafood. Alaska Seafood products were also promoted as Ochugen (summer gifts) and Oseibo (winter gifts).

At Ito-Yokado, sales of red salmon and Sujiko (salted salmon roe) at food sections were strengthened.



Seven Premium Benizake no Shioyaki (salt-grilled salmon)

[> Alaska Seafood \(Alaska Seafood Marketing Institute\) website](#)

Approach to Agricultural Product Procurement

The Seven & i Group is promoting the acquisition of GAP (Good Agricultural Practice) certification for safe farm and aptitude management to promote the procurement of sustainable agricultural products. We also procure certified ingredients, such as those produced with reduced use of pesticide and those made from organic and fair trade ingredients.

Promotion of GAP Certification Acquisition/Sales of Reduced-pesticide Products

At Ito-Yokado's Seven Farms, which are engaged in recycling-oriented agricultural operations, and under Ito-Yokado's original Fresh Vegetables with Traceability and Fresh Fruits with Traceability products, Ito-Yokado aims to ensure safe agricultural produce, correct farm management, and so forth. Therefore, Ito-Yokado has recommended the acquisition of Good Agricultural Practice (GAP) certification. GAP is an agricultural production management method recommended by the Ministry of Agriculture, Forestry and Fisheries of Japan. It provides a set of standards to be followed in daily farm management to increase food safety and ensure environmental conservation. Since GAP includes standards relating to food safety and environmentally sustainable agriculture, these products use the minimum necessary level of agricultural chemicals.

Moreover, Ito-Yokado and York-Benimaru sell original products that use fewer agrichemicals than the values regulated by law. Examples include the original Fresh Vegetables with Traceability and Fresh Fruits with Traceability products sold at Ito-Yokado. They are grown with fewer agrichemicals and assure traceability of the growing region and growing history. Sales of these products in the fiscal year ended February 29, 2020 were approximately ¥22.8 billion.

The methods and frequency of use of agricultural chemicals vary by region and crop. The Fresh Vegetables with Traceability category and certain other products comprise foods grown with the goal of applying agrichemicals with half or lower of the usual frequency of each growing area (the average number of applications for each crop stipulated by local government organizations and other public bodies).



Fresh Vegetables with Traceability

Five Promises of Fresh Vegetables with Traceability and Fresh Fruits with Traceability

1. These lines deal with only domestically grown agricultural products.
2. Producers who properly grow vegetables on suitable land are carefully selected from all over Japan.
3. Products are delivered to customers under the name of each individual producer.
4. Discerning techniques and personalities are introduced on the website and on sales floors.
5. Agrichemical reduction targets are set and continuous checks are performed.

GAP Initiatives (Excerpt)

■ Food safety (create and implement rules to maintain food safety)

- Measures for preventing and reducing pollution caused by heavy metals and mycotoxins derived from the environment
- Proper storage and use of pesticides, personal health and hygiene management of workers
- Safe storage and handling of agricultural machinery, etc.
- Prevention of foreign matter intrusion, storage methods for harvested crops, etc.

■ Environmental conservation (create and implement rules to protect the safety of farms and surrounding environment)

- Prevention of environmental contamination due to pesticides
- Appropriate soil management
- Proper waste/wastewater treatment methods
- Cutting down on unnecessary and inefficient energy consumption
- Creation of measures to mitigate damage due to harmful birds and wildlife, etc.

Sale of Organic JAS-certified Foods

Under the Seven & i Group's Seven Premium private brand, we sell organic JAS-certified products such as bamboo shoots and other agricultural products, as well as coffee and other processed foods. Ito-Yokado also sells organic JAS-certified products as original Fresh Vegetables with Traceability products.

Sale of Certified International Fair Trade Products

Under the Seven & i Group's Seven Premium private brand, we sell coffee beans and other products that have acquired International Fair Trade Certification, a system that supports the sustainability and diets of producers in developing countries.

Palm Oil Procurement

Palm oil is widely used in various processed foods as well as in household goods such as detergents, but problems have been indicated, such as destruction of the environment in countries where it is produced and the use of child labor and forced labor on farms. The Seven & i Group joined the Roundtable on Sustainable Palm Oil (RSPO) in January 2020 and is considering initiatives toward the use of sustainable palm oil.

Approach to Procurement of Cotton

In response to growing interest in products that are safe, secure, and environmentally friendly, the Seven & i Group has promoted the procurement of organic cotton for underwear and bedding as part of its sustainable procurement efforts. Starting February 2020, to convey the value of organic cotton to customers in an easy-to-understand manner, we started selling products with a common symbol displayed that satisfy certain conditions, such as being internationally certified through the American Organic Content Standard (OCS) or Global Organic Textile Standard (GOTS).



Organic cotton symbol 1



Organic cotton symbol 2

Sale of Organic Cotton Products

In December 2015, Seven & i Group started selling women's 100% Organic Cotton Innerwear products that have cleared strict organic production standards for the first time under the Seven Premium private brand. These products are sold at 127 Ito-Yokado stores throughout Japan (as of February 29, 2020) and the Group's integrated portal website, omni7. Only organic cotton that meets U.S. Organic Content Standards (OCS) is used as a raw material in these products.

We also sell bedding, such as quilt covers and pillowcases, and towels made of organic cotton.



Seven Premium Lifestyle 100% Organic Cotton Innerwear

Approach to Usage of Forest Resources

The Seven & i Group is making efforts to use wood and paper products produced from properly managed forests.

Use of FSC®-Certified Paper

Seven & i Holdings is promoting use of paper with FSC® certification and PEFC certification, which leads to forest preservation. In March 2017, we started using FSC®-certified paper for paper board boxes in our Seven Premium private brand. As of February 29, 2020, FSC®-certified paper is used for 356 items including ice cream containers, and PEFC-certified paper is used 37 items.

At Seven-Eleven Japan, since the fiscal year ended February 28, 2017, we have been adopting FSC®-certified paper for the display stands for selling SEVEN CAFÉ bakery items. Meanwhile, at Seven Bank, cash envelopes at ATMs and the Bonolon, Warrior of the Forest magazine are made using FSC®-certified paper.

* FSC®N002571

* FSC® certification is an international certification system for certifying the proper processing and distribution of wood harvested from forests which are certified to be properly managed.