

Overseas Initiatives

Business Operations in North America

Seven & i Holdings operates convenience stores in North America.

7-Eleven, Inc.



Net sales: ¥3,936,217 million (Total store sales)
Number of stores: 9,682

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SEVEN-ELEVEN HAWAII, INC.



Net sales: ¥34,823 million
Number of stores: 66

[> More](#)

* Exchange rate USD1 = ¥109.03

* Number of stores as of December 31, 2019

Initiatives in China

Seven & i Holdings operates convenience stores and superstores in China.

Convenience Store Business

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SEVEN-ELEVEN (BEIJING)



Net sales: ¥26,859 million
Number of stores: 275
Established: January 2004

SEVEN-ELEVEN (TIANJIN)



Net sales: ¥4,781 million
Number of stores: 178
Established: November 2012

SEVEN-ELEVEN (CHENGDU)



Net sales: ¥4,517 million
Number of stores: 75
Established: December 2010

Superstore Business

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Chengdu Ito-Yokado Co., Ltd.



Net sales: ¥73,751 million
Number of stores: 9
Established: December 1996

Hua Tang Yokado Commercial Co., Ltd.



Net sales: ¥4,882 million
Number of stores: 1
Established: September 1997

* Exchange rate of CNY1 = ¥15.78

* Net sales does not include value added tax

* Number of stores as of December 31, 2019

7-Eleven, Inc.

Reducing Environmental Impact

7-Eleven, Inc. (SEI) is committed to doing its part to reduce the company's impact on the environment. We recognize the importance of strategically investing in energy initiatives and sustainability programs that increase efficiency and reduce resource consumption and waste. In FY2019, the company continued to make progress, most notably exceeding its CO₂e emissions goal ahead of schedule, by implementing sustainability measures that focus on energy conservation and efficiency.

【Environmental Goal】

Reduce CO₂e emissions in stores by 20% by 2027* (FY2015 baseline)

* * 2027 is SEI's 100th anniversary



Collaboration with External Organizations

To enhance SEI's role as positive stewards of the environment, the company is a member of the Retail Industry Leaders Association's (RILA) Retail Sustainability Committee. The RILA Sustainability Committee is an industry-wide educational forum for the largest U.S. retailers. It brings its members together to share leading practices, identify future trends, benchmark with peers, and collaborate on common industry sustainability challenges.

Promoting Energy Conservation and Reducing CO₂e Emissions

SEI is committed to reducing energy consumption and improving efficiency and set a goal to reduce CO₂e emissions in stores by 20% by 2027, compared with FY2015 levels. In FY2019, through its energy efficient measures, SEI reduced its CO₂e emissions by 4.55 MTCO₂e/1,000 Sqft year over year from FY2018 and by 12.43 MTCO₂e/1,000 Sqft from FY2015. SEI reduced CO₂e emissions by 28% from FY2015 to FY2019, exceeding its FY2027 goal eight years early. This is equivalent to greenhouse gas emissions from approximately 69,289 passenger vehicles for one year.

Introduction of Low Global Warming Potential Refrigerant

In July 2019, SEI announced the adoption of Honeywell Solstice N40 (R-448A) refrigerant as SEI's standard for remote condensers supporting their refrigeration cases installed across the U.S. and Canada. Solstice N40 is the most widely accepted, lowest global warming potential (GWP), nonflammable replacement for R-404A in stores globally. Based on hydrofluoroolefin (HFO) technology, Solstice N40 offers GWP that is approximately 60% lower than legacy HFC refrigerants like R-404A. In addition, Solstice N40 also consumes less energy. In the U.S. and European supermarket trials, in comparison to R-404A, Solstice N40 demonstrated an average of 5% lower energy consumption in low-temperature applications and between 5 to 15% lower energy consumption in medium-temperature applications.

LED Lighting

SEI's LED lighting program is part of the company's energy-efficient store design standard and is a significant contributor to the company's CO₂ reduction goal. In FY2019, the company installed LED lighting in 689 stores. As of December 31, 2019, 7,002 stores feature LED lighting. Stores that changed from fluorescent to LED lighting can achieve an estimated annual energy saving effect of 38,756 kWh per store.

In addition to their energy-efficient benefits, LED lights eliminate the use of hazardous materials, comply with local regulations to reduce light pollution, support store safety measures and enhance the customer shopping experience.

Heating Ventilation and Air Conditioning

Heating and cooling efficiency is another effective measure SEI implements to decrease its overall energy consumption. In FY2019, SEI installed 1,042 energy-efficient HVAC units contributing to its store energy saving efforts. Between FY2008 and FY2019, 10,005 HVAC units have been installed, enabling stores to achieve an estimated energy savings effect of 7,000 kWh per unit, per year.

Energy Management Systems

SEI stores' energy management systems (EMS) enable remote control of heating, ventilation and air conditioning (HVAC) and refrigerant equipment, which yield significant energy consumption. The systems monitor, control and optimize the performance of energy-consuming equipment, and generate real-time data to perform diagnostics and optimization routines to reduce energy consumption and manage costs. In FY2019, the company installed EMS in 293 stores. Currently, 6,524 stores have EMS installed, enabling stores to achieve an estimated energy savings effect of 16,323 kWh per store, per year.

Shifting Focus to Renewable Energy

In FY2018, while maintaining the company's commitment to existing energy conservation projects, SEI turned its focus toward renewable energy. SEI signed an agreement with TXU Energy to purchase 100 percent Texas wind energy for all its Texas stores located in competitive energy markets. With more than 10,000 wind turbines in the state, Texas ranks first in the United States for both installed and under-construction wind capacity and is home to four of the top 10 largest wind farms in the nation.

In FY2019, SEI purchased 288,467 MWh renewable energy from TXU Energy and provided it to approximately 820 stores in Texas. This renewable energy program is expected to reduce SEI's carbon footprint by an estimated 13% while providing significant operating expense savings. 13% of electricity consumed by SEI is from renewable sources.



Wind turbines

Conserving a Natural Resource

SEI understands that efficient use of water helps reduce the demands on our water supply and preserve an essential natural resource. To reduce water consumption, SEI utilizes low-flow aerator faucets as part of our standard energy-efficient design plan for all new stores.

Electric Vehicle Charging Stations

Electric vehicle fast chargers provide added convenience for electric-vehicle drivers and cleaner air for the surrounding community. In FY2019, as a test, SEI introduced its first electric-vehicle (EV) charging stations in the United States that it owns and operates under the 7-Eleven brand. SEI installed two ChargePoint Express 250 fast-charging stations at a 7-Eleven store in Pomona, California. The stations can deliver up to an 80% charge in about 30 minutes. Pairing the two stations provides more power to a single station and allows the two stations to share power. One station can charge two EVs at the same time when sharing power. Each station can deliver 62.5 kW of charge; when paired, the stations can provide 125 kW.

SEI partnered with Southern California Edison (SCE) for the installation. Through its Charge Ready program, SCE installs, maintains and covers installation costs for the EV charging infrastructure, while the participant owns, operates and maintains the charging stations. The 7-Eleven site is a part of ChargePoint's network of more than 33,000 EV charging locations in the United States and will be featured on the ChargePoint app, which enables EV drivers to locate their nearest station, get directions to the site and start the charging process from their smartphone. 7-Eleven began its EV program in FY2011 and now has a total of 16 EV chargers at 14 locations in California, Illinois, New York and Oregon.



Electric-vehicle (EV) charging stations

Number of 7-Eleven, Inc. Stores and Environmental Data Associated with Store Operations

	2017	2018	2019
Number of stores	9,317	9,387	9,682
GHG emissions*1,2 (1,000t-CO _{2e})	1,017	961	819
CO ₂ emissions*1,2 (1,000 t-CO ₂)	1,012	959	817
Electricity consumption*1(GWh)	2,430	2,383	2,306
Water usage*1(1,000 m ³)	16,456	11,365	10,892

*1 Calculations are based on estimated electricity consumption for stores where data was not available.

*2 Audited by a third party

Eco-friendly Packaging

Packaging protects the quality and safety of products, provides information about ingredients, and adds convenience. 7-Eleven is working to reduce the environmental impact of proprietary packaging by using eco-friendly materials and reducing packaging materials.



[Packaging Goal]

100% of private brand packaging eco-friendly by 2027*

*2027 is SEI's 100th anniversary

Through its proprietary products, SEI seeks to offer premium products at a value while switching to environmentally-friendly packaging. In 2016, SEI set a goal to shift to eco-friendly packaging for 100% of 7-Eleven private brand products by 2027.

SEI's eco-friendly packaging solutions include using materials that are made from renewable or recycled content or are compostable or recyclable. Materials include post-consumer or post-industrial recycled or plant-based content. Whenever possible, the company reduces packaging without compromising product quality or safety. As of December 31, 2019, 72.3% of SEI's proprietary packaging is eco-friendly.

FY2019 Key Initiatives

Using Plant-based Materials for Straws

To reduce plastic use and appeal to eco-conscious consumers, in FY2019 SEI fully transitioned from its everyday polypropylene plastic straws to a new plant-based plastic, eco-friendly fountain straw, ending petroleum-based plastic straw use for cold dispensed beverages.

SEI's new poly-lactic acid (PLA) straws are environmentally friendly, 100% compostable, and are the sustainable alternative to polypropylene plastic straws. The PLA material used to make the straws is made from corn and other related source materials and is certified compostable by the Biodegradable Products Institute (BPI). The straws are individually wrapped in paper, so the entire product is compostable and biodegradable. These fountain and Slurpee® drink straws meet state requirements for the replacement of plastic-polypropylene straws. SEI is one of the largest and earliest retailers to transition completely PLA straws in the United States. In addition to providing an eco-friendly solution to plastic, PLA straws offer a better customer experience and a lower cost over paper straws. SEI is also assessing plant-based options to replace plastic stir sticks and utensils.



Poly-lactic acid (PLA) straws

Using Recycled Materials in Plastic Bags

To further SEI's sustainability measures, in FY2019 the company tested a new eco-friendly plastic bag made from 40% post-consumer recycled plastic. A pilot trial to test the bag's performance and consumer experience was conducted in select areas. After a successful test period, the bag was approved for national rollout in FY2020. Using 40% recycled plastic content helps reduce the company's environmental footprint by reducing the consumption of raw materials, energy consumption and carbon emissions in processing, and the amount of consumer waste and plastic going into landfills.



A plastic bag using 40% recycled plastic

Reducing Packaging and Using Sustainable Materials

In FY2019, SEI redesigned and rolled out a new pizza box to improve packaging performance and increase its sustainability. The new hexagonal design reduced the size of the box and consumption of paperboard by 6.25%. In addition, to reducing materials, the box is 100% sustainable, made from corrugated cardboard certified by the Forest Stewardship Council (FSC) and the Sustainable Forestry Initiative (SFI). The FSC promotes responsible management of the world's forests. Their certification process tracks the chain of custody of the wood fibers used in the making of paper products to sustainable forests. The SFI is the nonprofit leader in sustainable forestry through its work in standards, conservation, community, and education. SEI is also assessing its hot beverage cups, evaluating options such as a double-wall paper cup to eliminate cardboard sleeves.



A hexagonal design pizza box

Eliminating Plastic

Seeking continuous improvements in packaging led to additional progress in eliminating or reducing plastic. SEI replaced its large chicken wings box with a lightweight paper corrugate alternative. The switch to a paper-based container eliminated 745,000 lbs. of plastic. In addition, SEI introduced its next generation fountain cups that are lighter in weight using less plastic and 100% recyclable.

Removing Environmentally-harmful Coatings

Perfluoroalkyl and polyfluoroalkyl substances (PFAS) are fluorine coatings applied to packaging surfaces to prevent moisture or grease from leaking through and are now considered harmful to the environment. SEI proactively began replacing affected packaging with alternatives like molded fiber clamshells.

Sustainably-sourced Coffee

To provide high quality, environmentally-friendly products, in 2019 SEI continued to expand its sustainably-sourced coffee program with two Rainforest Alliance (RFA)* Certified varieties—Seven Reserve® Sumatra and Seven Reserve® El Salvador. With the introduction of these two, limited-time brews, SEI has reached another milestone with its fresh-brewed coffee. More than half—56%—is now made from Rainforest Alliance Certified™ coffee beans.

* The Rainforest Alliance is an international nonprofit organization that seeks to conserve biodiversity and ensure sustainable livelihoods. Carrying the Rainforest Alliance Certified seal with the little green frog means the 100% Arabica beans are sourced from coffee-growers whose farms must meet strict standards designed to protect the environment, conserve wildlife and promote the well-being of local communities.

Seven Reserve™ Sumatra

The ethically-sourced Kinara Sumatra Mandheling blend is SEI's first Rainforest Alliance Certified™ coffee from the Asian-Pacific region, and the company's sixth brew to carry the RFA seal. The beans are grown by the Rahmat Kinara co-op of small-holding farmers in the volcanic highlands of Sumatra, the sixth largest island in the world.

Seven Reserve™ El Salvador

El Salvador Bourbon Single Origin premium coffee is SEI's first coffee to be sourced directly from independent family farmers. El Salvador Bourbon is SEI's seventh brew to carry the Rainforest Alliance Certified™ seal.

Since the fiscal year ended February 28, 2017, SEI has introduced a total of seven Rainforest Alliance Certified coffees—all responsibly grown—from Nicaragua, Mexico, Peru, Sumatra, El Salvador, and Colombia, as well as an African blend from Ethiopia and Rwanda. Single-origin 100% Colombian Rainforest Alliance Certified coffee is a permanent offering and top-seller on the hot beverage bar.



Seven Reserve™ Sumatra



Seven Reserve™ El Salvador

Coexisting with Local Communities (U.S.)

7-Eleven, Inc. aims to uphold its responsibilities as a good corporate citizen and contribute to local communities where it has opened stores. The Head Office and franchisees work together to promote social contribution activities.



Developing Youth Through Education

The Project A-Game program is a community outreach program created to provide meaningful youth development opportunities through education and play, so children establish a strong foundation that supports their future success.

Franchisees and corporate store leaders contribute to youth development in their communities by applying for grants to support local schools, youth sports organizations, law enforcement agencies and community organizations. Grants, which are jointly funded by local franchisees and SEI, help provide critical funding for academic, fitness, safety or hunger relief programs for youth. In FY2019, SEI and its franchisees awarded more than 500 Project A-Game grants to over 420 organizations, a community investment of approximately \$400,000 that impacted nearly 160,000 children. Since its inception, SEI and its franchisees have awarded more than 4,650 grants, a community investment of almost \$3 million. Grants have been used to underwrite initiatives including math and science projects, tutoring, school supplies and sporting equipment to ensure children have the resources and inspiration they need to stay in school.

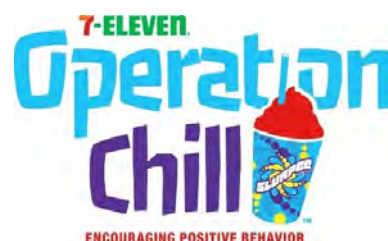


Encouraging Positive Behavior

Police departments across the country count on local residents to help them do their jobs and keep neighborhoods safe by observing their surroundings and reporting when things seem amiss. To do that, it is important that officers start building positive relationships with citizens early, even when they are kids. For 24 years, SEI and its popular Operation Chill® program have been doing just that.

Operation Chill is SEI's longest-running and most popular community outreach program that recognizes kids for good behavior. It is also designed to help reduce crime and enhance relations between police and youth. Each year, through Operation Chill, SEI works with law enforcement agencies across the United States and Canada to distribute free Slurpee® drink coupons to kids found doing good deeds or exhibiting positive behavior. Examples of rewarded behavior might include helping another person, following safety and traffic laws, or taking part in a community- or police-sponsored event. In addition to encouraging positive behaviors, Operation Chill provides opportunities for officers to establish a connection with kids in a neighborhood.

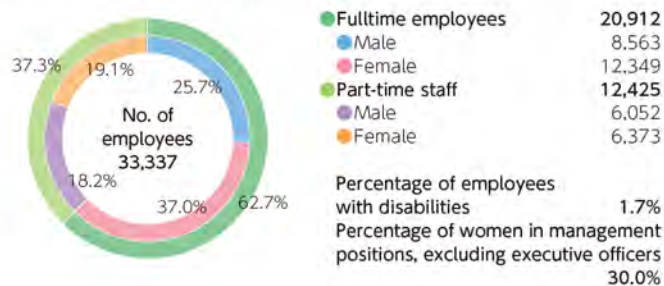
Each coupon is good for a free small Slurpee® drink redeemable at 7-Eleven stores. During FY2019, SEI issued over 1.4 million Slurpee drink coupons to more than 1,100 law enforcement agencies. Coupons were distributed during the summer months and back-to-school season. Since the program's inception in 1995, Operation Chill has grown to include more than 1,100 local law enforcement agencies in the United States and Canada. Over 22 million coupons have been distributed to officers on the beat in cities and towns where SEI operates stores.



Creating Fulfilling Workplaces

Employees with strong abilities are vital for SEI to achieve its business goals and objectives. SEI understands the value of learning and development to build employee competencies for personal growth and to maximize employee potential.

Personnel data in the U.S. and Canada
(as of December 31, 2019)



Initiatives of SEVEN-ELEVEN HAWAII, INC.

➤ [For information on Seven-Eleven Hawaii, please follow this link.](#)

Seven-Eleven Hawaii

In March 2016, Seven-Eleven Hawaii (SEH) added “Our Promise” to its set of company values in order to support its direction as a chain of “close-by, convenient stores,” to shape its corporate culture, and to further solidify its values. “Our Promise” is comprised of the following three specific values.

1. Bring a smile to the faces of customers, vendor partners, and employees
2. Work together as a team to achieve goals
3. Strive for greater heights

To promote “Our Promise,” the company started a program for recognizing exceptional employees. First, all employees are encouraged to nominate people they think are practicing the three values. Then, the selected people are given a badge and a bonus and are introduced in the company newsletter and on an employee-only Facebook page.

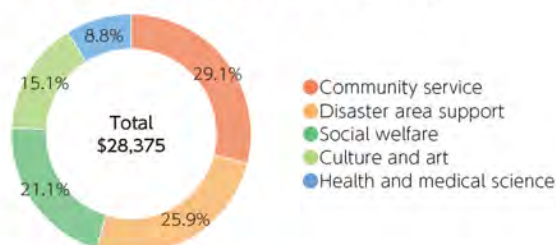
These values define SEH as a business for the community, for partners and for employees. The practice of Our Promise then becomes the cornerstone for the words and actions of employees.



Thriving with Local Communities

As a good corporate citizen, SEH supports activities and NPOs involved with children, education, public welfare, and health. In FY 2019, the equivalent of approximately \$53,000 in support was provided to 61 organizations through fundraising, material support, and volunteer activities on the part of SEH customers, stores, employees, and the company.

Amount of cash donations by SEVEN-ELEVEN HAWAII (FY2019)

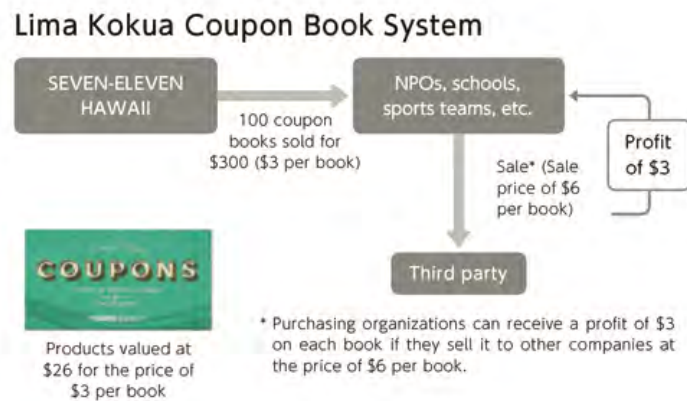


Supporting NPOs through Storefront Donations

SEH has been collecting storefront donations to support various NPOs that contribute to the local community since it began operations. Organizations that wish to receive donations submit an application stating their mission and why they want to participate in the organization, and each month, one organization is selected as the recipient. The selected organizations are active in fields such as health, safety, and education, and the donated funds are used throughout Hawaii. In the fiscal year ended February 29, 2020, approximately \$83,878 were donated.

Social Contribution through the Sale of Coupon Books

Since 2001, SEH has sold Lima Kokua (Helping Hands) Coupon Books to schools, sports teams, and other non-profit organizations. The organizations that purchase the coupon books, which can be used in all SEH stores, earn a profit by selling them to third parties. SEH supports the activities of these NPOs through the sale of the coupon books. In the fiscal year ended February 29, 2020, 20 organizations used the system. Many of these were repeat orders, showing that the books have been popular.



Contributing to Local Agricultural Education Through Localicious* Hawai'i Program

Hawai'i Agricultural Foundation (HAF) launched Localicious Hawai'i in 2014 to raise social awareness in public schools of restaurants that are contributing toward sustaining local agricultural education. In 2015, the Hawai'i State Legislature declared the month of March to be Localicious Hawai'i month in support of the program. Throughout March, a portion of proceeds from menu items designated as Localicious dishes are donated by restaurants to HAF. These dishes must use at least one locally sourced ingredient. In this fiscal year, SEH participated twice with Chicken Pastele Stew and Gandule Rice Bento as Localicious dishes. These were the winning dishes in the bento competition for students held in the fiscal year ended February 28, 2019. These bento dishes use green bananas grown in local farms at Kunia on the island of Oahu. These health conscious, local home cooking dishes were very popular with customers, and we were able to support HAF's agricultural promotion policy through donations exceeding \$4,000.

* the word is a combination of "local" and "delicious."

Sponsoring Health Conscious Culinary Competition for Students

The culinary competition held in the previous fiscal by SEH together with the Culinary Institute of the Pacific through the introduction of Hawaii State Department of Health was very well received. SEH therefore hosted the competition again in the fiscal year ended February 29, 2020. Students took on the challenge of creating delicious dishes that are marketable and good for customers. Dishes competing in the competition must follow special guidelines. The most difficult rule is that the amount of salt, the conclusive factor for taste, must not be more than 10 grams. There are also many other rules, and the students created dishes filled with ingenious ideas.

In 2019, there were 13 entries from two community colleges, with eight finalists giving presentations after tasting by the judges. Kainoa Reloza won first place with his Sinigang Rice Noodle Soup, Brittany Soga came in second with her Chicken Hekka Long Rice Noodle, and the People's Choice winner was Ritchie Wong with his Mapo Tofu Udon.

Support for Children

Starting November 11, 2019, SEH held its fourth "Letters to Santa" Program. The children living near its stores brought in letters addressed to Santa asking for things that they want. The SEH Marketing Department read all of the letters and fulfilled the wishes of about 50 selected letters. Three children among those who wrote especially outstanding letters were featured on a local variety show. One of them took the initiative and chose to pass his toys to others. Another chose to use his own free time to take care of small children and teach them to read the Bible. Finally, the third child chose to befriend a classmate with autism who was feeling left out. SEH gave the three children the presents they wished for. SEH plans to continue the "Letters to Santa" campaign, which brings smiles to children's faces, in the future as well. The children who participate in the campaign come from families without the financial means to grant their wishes, and they are putting into practice the Christmas spirit of "unconditional giving." SEH has learned a lot from children by lending them its assistance.

Participation in Honolulu Habitat for Humanity Housing Repair Support Activities

In September 2019, 12 volunteers from SEH participated in the Team Build program organized by Honolulu Habitat for Humanity (HHH). Based on the belief that everyone should have a place to live safely and with dignity, HHH carries out activities to eliminate sub-standard housing in the region and the world through building, repairing, and maintaining housing. The 12 volunteers from SEH painted the exterior of houses and received great appreciation from the families of the owners. The volunteers who participated in this program felt happy at being able to contribute toward their local community.

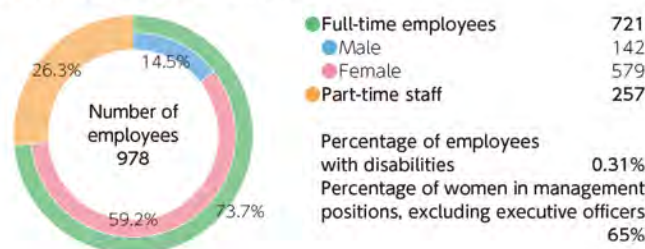
Conduct of Skateboard Park Cleanup Event

In December 2019, SEH partnered Organic Amazon for a skateboard park cleanup event at Banzai Skate Park. During the cleanup, participants were able to enjoy music, drinks, and snacks, and SEH provided 7-Select cold pressed juices and bananas. Participants were also able to skateboard and watch the moves of top athletes. The event was well received.

Diversity & Inclusion

Hawaii is a region which is especially diverse in language, culture, education, age, and other factors. People across several generations have continued to accept mutual differences, appreciate each other, and share their stories. As a result, the Hawaiian culture was born with many unique things such as food, language, and festivals. Diversity and inclusion are established in SEH's culture and lives in all relationships whether in public spaces or at the workplace.

Personnel data of SEVEN-ELEVEN HAWAII, INC.
(as of December 31, 2019)



Reducing Environmental Impact

SEH has been working on an initiative named the Energy Smart Program, to reduce energy consumption, since 2012. In 2019, many stores replaced their ice cases. In addition, they are replacing old sandwich sales fixtures as they see an increase in the number of products for display. Despite these efforts, electricity consumption for 2019 was almost at the same level as the previous year.



Number of SEH Stores and Environmental Data Associated with Store Operations

	2016	2017	2018	2019	2020 target
Number of stores	63	64	64	66	65
Electricity consumption (MWh)	18,097	18,334	18,425	18,849	19,414
Water consumption (thousand m ³)	46	47	51	50	51

Plastic Countermeasures

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

[Examples of Initiatives]

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

* Airtight packaging that uses plastic packaging film that is shrunk by heat

Major Awards and Recognition in the Fiscal Year Ended February 29, 2020

Recognition or Award Name	Award Sponsor	Reason
Hawaii's Best Spam Musubi	Star Advertiser	Voting by readers
Hawaii's Best Bento	Star Advertiser	Voting by readers
Honolulu Magazine's Best Musubi	Honolulu Magazine	Voting by readers

Initiatives in North America

> [For information on 7-Eleven, Inc., please follow this link.](#)

Chinese Convenience Store Business

Providing Safe and Reliable Products

In China, where concerns over food safety and integrity have been mounting, SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVENELEVEN (CHENGDU) work to provide safe and reliable products by leveraging quality management and product development capacities cultivated in Japan.



Product Quality Management

For the Group's private-brand products in China, strict standards are applied in selecting ingredients, and processing factories that maintain high quality levels are selected through a screening process based on whether they have experience exporting to Japan and other criteria.

We have strengthened quality management at dedicated factories producing only the Group's products by incorporating international food safety management systems and measures implemented at factories in Japan. Beijing Wang-Yang Foods and JEANAVICE factories, which are dedicated factories of SEVENELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), obtained the "SC" food production license for chilled foods in February 2017, earlier than peer companies in the industry. "SC" is a regulatory requirement related to food production in China. Food manufacturers must acquire the "SC" license by switching from the existing "QS" food quality and safety license by October 2018. In addition, Q's Café factories acquired HACCP*1 certification in March 2017, while Beijing Wang-Yang Foods acquired it in March 2018. SEVEN-ELEVEN (CHENGDU) also requests its business partners to meet its own standards which are even more stringent than domestic laws and regulations. At the same time, it regularly conducts workshops regarding quality management for its store employees, striving to ensure safety and reliability.

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

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

Giving Consideration to Health

Trans-fatty acids, which are said to increase the risk of heart disease, were successfully reduced to zero in the original room-temperature bread products of SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU). In addition, since January 2019, allergens have been displayed for rice balls and sushi, and this is gradually being expanded to boxed lunches, sandwiches, and other daily food products. Furthermore, SEVEN-ELEVEN (TIANJIN) plans to sell products such as boxed lunches—including cereal rice—and salads using abundant amounts of vegetables under the theme of health from the second half of the fiscal year ending February 28, 2021.

Improving Customer Satisfaction

The three companies are working to collect customer feedback in order to improve products and services from the standpoint of customers. Feedback obtained from customers is shared with departments and stores on a daily basis. In addition, in order to grasp changes in customer needs and reflect them in products, SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (CHENGDU) conduct periodic customer surveys. In order to grasp changes in customer needs and reflect them in products, SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (CHENGDU) conduct periodic customer surveys. The three companies have been conducting training to further improve the customer service provided by employees. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (BEIJING) conducted customer service education—with the regional person-in-charge as lecturer—for all persons in charge of night shifts at its stores. In the same fiscal year, SEVEN-ELEVEN (TIANJIN) conducted training 10 times, with 72 participants from 41 stores learning about the importance of customer service, dealing with customers at cash registers, and other issues based on actual cases studies. Employees who passed the test were also given “Customer Service Star” badges. Since the fiscal year ending February 28, 2021, SEVEN-ELEVEN (CHENGDU) has adopted a training program to improve the level of customer service. Trainers visit stores and evaluate employees’ customer service and other aspects with scores from 0 to 100, and stores with issues undergo focused training. Improvement is being sought through the entire cycle of providing feedback on evaluation.

In addition, SEVEN-ELEVEN (BEIJING) created customer service awards to recognize employees who provide outstanding customer service. The awards are presented in a group ceremony every three months. We will strive to enhance motivation by presenting awards to recipients at meetings and other such forums in conjunction with striving to increase examples of best practices for employees to follow by making the award-winning activities widely known.



Education conducted at SEVEN-ELEVEN (TIANJIN)

Thriving with Local Communities

SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU) each conducts social contribution activities as members of their local communities.



Environmental Preservation Measures through In-Store Donations

SEVEN-ELEVEN (BEIJING) installed collection boxes in stores and has been collecting money from customers since November 2006. The funds are donated to the Beijing Green Fund, an officially-recognized environmental preservation organization. The Fund uses donations from the public to plant trees as countermeasures against sandstorm damage and desertification, creating tree fences that prevent sand movement in and around Beijing. Starting the fiscal year ended February 28, 2019, as an activity in which customers could easily get involved, it began an initiative in which part of the proceeds from customers’ coffee purchases were donated to the Beijing Green Fund. In the fiscal year ended February 29, 2020, a total of 100,996 yuan was donated and 50 employees conducted tree planting activities in the suburbs of Beijing.

Donation amounts

FY2017	FY2018	FY2019
126,434 yuan	108,974 yuan	100,996 yuan

Support for Children

Since 2013, SEVEN-ELEVEN (CHENGDU) has continuously provided support for Benevolence House, a home for children with brain disorders. In the fiscal year ended February 29, 2020, volunteer employees visited the facility in December to participate in a fun event, putting on performances and playing games with the children. In addition, the employees provided daily essentials and other presents.

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

FY2017	FY2018	FY2019
1,826 yuan	1,992 yuan	2,000 yuan



A visit to Benevolence House

Creating Fulfilling Workplaces

In continuing to expand our network of stores in China, it is essential that we hire and train local employees. SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU) seek to raise the communication abilities of employees and develop them to be able to think and act by themselves. To this end, the three companies are working to provide various training seminars and create workplaces where employees are able to demonstrate their abilities to the fullest.



Employee-Related Data (FY2019)

	SEVEN-ELEVEN (BEIJING)	SEVEN-ELEVEN (TIANJIN)	SEVEN-ELEVEN (CHENGDU)
Full-time employees (Men/Women)	491 (246/245)	208 (76/132)	528 (183/354)
Part-time staff	774	97	296
Percentage of employees with disabilities	2.40%	2.30%	1.32%

Supporting development of employee abilities

Operations Field Consultants (OFC) play an important role in connecting the Head Office with franchise store owners. They serve as store management consultants that provide multifaceted advice to franchise stores on overall management, including ordering, product lineups, and employee training. OFC candidates first gain store experience at training stores and learn the fundamentals of store management, which include the Four Basic Principles; unit control; employing, training, assigning and evaluating staff; and management indicators. SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN) are focused on enhancing training of AFC (OFC assistant) candidates and AFCs. SEVEN-ELEVEN (BEIJING) has enhanced OJT by having AFCs accompany OFCs around stores and deepen their knowledge of OFC tasks. It has also adopted training for learning about related divisions such as the product department, construction, human resources, and so on. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (TIANJIN) revised the AFC evaluation criteria and introduced a mechanism for quantitative evaluation. The existing qualitative evaluation was changed with clear standards for each evaluation item—such as communication skill—and evaluation is carried out using scores.

At weekly meetings of OFCs, company policies are shared and training is conducted to enhance work skills such as communicating effectively with franchise stores. SEVEN-ELEVEN (CHENGDU) conducts training of Head Office employees on corporate structures, laws and approaches regarding operations, business etiquette, PC operation, and other topics.

In addition, SEVEN-ELEVEN (CHENGDU) started a new training program for store managers in the fiscal year ended February 28, 2019 to teach skills such as analysis of business figures and computer operations necessary for work. In the fiscal year ended February 29, 2020, training—such as numerical analysis, employment development, and store management—was conducted 12 times for 50 store managers.



Training session

Systems to Raise Employee Motivation

Various initiatives are implemented to provide opportunities to raise employee motivation and resolve issues they may face in the workplace. In addition, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) have instituted internal hiring programs that allow employees to apply for desired positions. They are selected on the basis of interviews between the applicants and the relevant Head Office divisions, the Human Resources Department, and so forth. SEVEN-ELEVEN (BEIJING) gathers opinions from employees and has established structures for conducting interviews when renewing employment contracts and when employees separate from the company in order to make improvements.

Examples of systems for raising employee motivation

- Operate a contact desk so that employees can consult with the company on issues
- Interviews with employees by personnel departments
- Interviews with new employees by supervisors
- Organize employee get-togethers to promote closer interaction and socializing among employees
- Conduct questionnaires on motivation
- Share information about role models among employees by conferring awards upon talented employees



Evaluation and Remuneration

SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVENELEVEN (CHENGDU) have adopted an employee evaluation system that combines monthly interview evaluations and yearly evaluations. Monthly interviews are conducted between employees and their direct supervisors to discuss the rate of progress toward their performance goals. In addition, once each year, after self-assessments are carried out by each employee, interviews and evaluations are then conducted by the direct supervisor and a secondary, higher-level supervisor. Monthly evaluations are based on company, divisional and individual performance. They are working on improving the evaluation system, with SEVEN-ELEVEN (BEIJING) working with external vendors to review the skill items necessary for each job, for example. Moreover, the frequency of interviews was changed from once a year to quarterly, and progress is being periodically checked so that annual performance goals can be achieved. In addition, SEVEN-ELEVEN (TIANJIN) added the achievement status of action plans to its evaluation items in an effort to have each employee be conscious about results when engaged in their work. SEVEN-ELEVEN (CHENGDU) was reorganized in the fiscal year ended February 29, 2020 and changed its evaluation system. Starting from the fiscal year ending February 28, 2021, managers are being evaluated and interviewed every quarter, while non-managers are evaluated monthly. For managers who conduct evaluation, education is carried out so that they properly evaluate subordinates and develop human resources. For example, in the fiscal year ended February 29, 2020, SEVEN-ELEVEN (TIANJIN) conducted training using external lecturers.

Promoting the Advancement of Women

In China, the labor contract laws have been designed to provide male and female employees with generous leave related to childbirth and childcare. Moreover, men and women are treated equally, and it is common practice for women to continue working after marriage. This legal system and practice of appointing managers based on ability work together to promote the appointment of women to managerial positions. In 2012, the first Chinese woman director was appointed at SEVEN-ELEVEN (TIANJIN). As of December 31, 2018, women currently occupy approximately half of the nonexecutive managerial positions at SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVENELEVEN (CHENGDU). In March 2018, SEVEN-ELEVEN (BEIJING) appointed women in the roles of vice president and director, and SEVEN-ELEVEN (TIANJIN) appointed a woman as director.

Internships

With the aim of hiring outstanding human resources, hiring local personnel, and promoting the education of youth, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) conduct internships and have been recognized by the government as youth employment intern bases that promote the employment of young people who have graduated from high school. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (TIANJIN) accepted 63 interns, of which 22 gained employment with the company. SEVEN-ELEVEN (CHENGDU) accepted 138 interns, with 19 of them becoming employees at the company.

Reducing Environmental Impact

The Chinese government has been putting great emphasis on climate change issues. In Beijing, companies with annual CO2 emissions in excess of 5,000 tons are subject to upper limits on CO2 emissions in each industry as major emitters and must purchase emissions credits for the excess portions. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (BEIJING), which is subject to this program, saw overall CO2 emissions increased as a result of an increase in the number of stores and chilled cases, and consequently, the company purchased emissions credits for approximately 14,000 tons. SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) also reported higher electricity consumption due to an increase in the number of stores, new installations of refrigeration and freezer devices, and so on.



Environment-related Data
SEVEN-ELEVEN (BEIJING)

	2015	2016	2017	2018	2019
Number of stores	187	219	247	266	275
Electricity consumption (MWh)	18,122	24,856	25,702	26,537	29,773
Water Consumption (1,000 m ³)	75	96	83	85	94

SEVEN-ELEVEN (TIANJIN)

	2015	2016	2017	2018	2019
Number of stores	70	82	118	155	178
Electricity consumption (MWh)	5,278	7,027	10,077	14,814	20,051
Water Consumption (1,000 m ³)	18	24	34	42	57

SEVEN-ELEVEN (CHENGDU)

	2015	2016	2017	2018	2019
Number of stores	60	67	87	77	75
Electricity consumption (MWh)	7,746	6,031	7,892	11,136	9,720
Water Consumption (1,000 m ³)	24	18	24	25	24

Energy Conservation Measures at Stores

All three companies—SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU)—have installed LED illumination as interior lighting in all stores and are implementing other measures to reduce electricity consumption, such as installing curtains in walk-in refrigerators to prevent the outflow of cold air, and conducting education to raise customer awareness. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (CHENGDU) installed LED illumination in Chinese steamed bun fixtures at 35 stores, and also ensures that lights and air conditioning are switched off when they are not needed. Through meetings and product exhibitions for Operations Field Consultants (OFCs), SEVEN-ELEVEN (BEIJING) shares information about being thorough in saving energy with OFCs and franchise store owners.



A curtain installed in a walk-in refrigerator

Environmental Measures at Dedicated factories

In order to avoid wasting resources, efforts are being made at Beijing Wang-Yang Foods, a dedicated factory of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), to utilize food loss generated by each factory as feedstock for a pig farm. Similarly, the JEANAVICE Factory has a contract with a fish farm to collect residual bread. Both factories use wastewater treatment facilities that clean water to the same or higher standard than government standards to ensure that polluted water is not discharged, collect waste oil, and conduct periodic investigations of smoke emissions from the perspective of preventing atmospheric pollution.

Furthermore, to save energy, JEANAVICE Factory works to reduce thermal loss from boilers and reduce the consumption of gas.

Initiatives in China

> [For information on the superstore business in China, please follow this link.](#)

Chinese Superstore Business

Message from the Chairman

Ito-Yokado launched its China business with the opening of the Chunxi Store in Chengdu City in November 1997, and in 2019, we marked 23 years of business in Chengdu and Beijing. This success is due to the support of customers, business partners, shareholders, and local communities as well as backing from employees, and for this I am truly grateful. During this period, we have adapted to various changes in the business environment based on our corporate philosophy “reliability and sincerity” and “customer first.” During the past 22 years, the Chinese economy has undergone remarkable development, consumer incomes have increased, and the middle class has greatly expanded in size. For the middle class, an “abundant lifestyle” has come to mean a “healthy lifestyle true to oneself.” People now want safe and reliable foodstuffs, fashion that allows them to express themselves, highly convenient services that can make effective use of time, and leisure time for engaging in sports and other interests. To meet these needs, we have focused on sales of “看得見的放心” (visibly safe) food products with particular attention to safety and taste, hygiene management systems in factories and production sites, inspection systems, periodic confirmation of compliance with laws and regulations, and employee education on hygiene standards, quality control, safety-related laws and regulations and so on.

We are also taking ongoing measures to create comfortable shopping environments in stores by creating child play areas, expanding rest areas, and improving restroom environments, and have restaurants available for use as community areas. To do this, in May 2018, we implemented a large-scale renovation of the Asia Village Store in Beijing, the first since it opened. In the external environment, new services that make use of information technology are being created one after another. Therefore, we established an e-commerce company in Chengdu in 2017 to advance toward a retail business that integrates brick-and-mortar stores with the Internet. Furthermore, to fulfill our corporate social responsibilities, we continue to implement measures to reduce CO2 emissions in order to curtail environmental impact and we undertake volunteer activities targeting seniors and children.



Ito-Yokado (China)
Investment Co., Ltd.
Hua Tang Yokado
Commercial Co., Ltd.
Chengdu Ito-Yokado
Co., Ltd.
Chairman
Tsugumi Ko

China Business History

Year	Event
1996	Request to establish superstore received from government of China and Chengdu in Sichuan Province
December 1996	Chengdu Ito-Yokado Co., Ltd. established in Chengdu
September 1997	Hua Tang Yokado Commercial Co., Ltd. established in Beijing
November 1997	Chunxi Store opens in Chengdu
December 2001	Asian Games Village Store opens in Beijing
September 2003	Shuangnan Store opens in Chengdu
December 2007	Jinhua Store opens in Chengdu
November 2009	Jianshe Road Store opens in Chengdu
November 2011	High-tech Store opens in Chengdu
January 2014	Wenjiang Store opens in Chengdu
2014	Then-Chairman Tomohiro Saegusa named an Honorary Citizen of Chengdu, a first for a Japanese manager of a private company
January 2017	Meishan Store opens in Meishan
April 2017	Chengdu Ito-Yokado E-commerce Co., Ltd. established in Chengdu
November 2018	Huafu Avenue Store lifestyle grocery store opens in Chengdu
January 2019	Ito Plaza opens in Chengdu

Company Overview

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
		
Net Sales	¥73,700 million	¥4,800 million
Number of employees	3,073	183
Number of stores	9 stores (Chunxi, Shuangnan, Jinhua, Jianshe Road, High-tech, Wenjiang, Meishan, Huafu Avenue, Ito Plaza)	1 store (Asian Games Village)
Established	December 1996	September 1997
Chairman	Tsugumi Ko	Tsugumi Ko
President	Yoshinobu Emoto	Satoshi Osada
CSR Promotion Structure	CSR Management Committee	Corporate Ethics and Culture Committee
	Corporate Ethics and Culture Subcommittee	Corporate Ethics and Culture Subcommittee
	Consumer Affairs and Fair Business Practices Subcommittee	Environmental Subcommittee
	Environmental Subcommittee	
	Information Management Committee	

* The number of employees and number of stores are as of December 31, 2019.

* Exchange rate of CNY1 = ¥15.60

* Net sales does not include value added tax

CSR Initiatives



CSR Promotion Structure

In recent years, public demand for companies to take a progressive stance on CSR has been rising sharply in China. Under the policies of the Chinese government, CSR implementation guidelines and assessment benchmarks have been formulated, and CSR assessment rankings have been published. Since the fiscal year ended February 28, 2014, Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been taking steps to create structures for promoting CSR more comprehensively and holding periodic CSR Management Committee meetings. The Corporate Culture and Ethics Subcommittee of Chengdu Ito-Yokado established curriculum for an online course that enables employees to acquire operational knowledge and technical awareness to ensure correct corporate behavior. Hua Tang Yokado Commercial's Corporate Culture and Ethics Subcommittee is returning to the origins of business, working to ensure that all employees are aware of the Corporate Creed and Corporate Action Guidelines. The Environmental Subcommittees at both Chengdu Ito-Yokado and Hua Tang Yokado Commercial seek to save electricity and water and have advanced discussions toward store operations that take energy conservation into consideration with specific targets for reduction. The Consumer Affairs and Fair Business Practices Subcommittee works to promote provision of safe and reliable products and services, which helps to make them even better.

Publication of CSR Reports

In July 2016, Chengdu Ito-Yokado published its first CSR Report, covering its social and environmental activities. In the course of preparing the report, the company referred to the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) developed by the Chinese Academy of Social Sciences and the international Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI). There is a comparison table of the guidelines at the end of this report. The CSR report for the fiscal year ended February 28, 2020 was published in July 2019, and it was distributed to attendees at the Sichuan Province CSR report presentation meeting and at meetings for the general public and submitted to a CSR Report Conference held in Beijing by the China Federation of Industrial Economics.



Promise to Customers



Quality and Freshness Management

Amid a rise in public interest in safety and reliability of food, we provide products using quality and freshness management expertise developed in Japan. Sales staff, product departments, and quality control departments receive education on safety laws and regulations, production and processing standards, hygiene standards, and other aspects. About 625 employees of Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been made aware of safety and quality management.

Chengdu Ito-Yokado employees each receive a copy of the “Standard Operation Manual” to establish a unified standard for production and processes. While improving quality on one hand, a representative from Head Office regularly visits stores to check that they are providing products that meet our standards. Annual third-party audits are also conducted.

Hua Tang Yokado Commercial conducts quality control training for foodstuff employees four times annually to ensure strict compliance with quality control standards.

We also visit our business partners’ farms and factories regularly to see that they are meeting our standards for facilities and equipment, hygiene and production management, inspection systems, individual hygiene, and legal and regulatory CSR. In the fiscal year ended February 29, 2020, Chengdu Ito-Yokado audited its business partners 32 times, and Hua Tang Yokado Commercial audited its business partners 6 times.

Provision of Traceability Information

Since 2013, Chengdu Ito-Yokado launched sales of “看得見的放心” food products, which are based on the same concept as the Fresh Foods with Traceability products launched in Japan. Consumers can scan a QR code on these products to confirm on a dedicated website who the farmers are and where and how the products were grown. In the fiscal year ended February 29, 2020, “看得見的放心” products continued to be handled and sales of new pork, fruit, and vegetable Fresh Foods with Traceability products were started in stages. For rice, Wuchang Daohuaxiang rice and Koshihikari rice, both sold in 1 kg packs, are sold. Fruits include Shine Muscat grapes and blueberries, while vegetables include cauliflower, purple cauliflower, tomatoes, and pumpkins. These products have proven popular as customer interest in food safety and reliability rises.

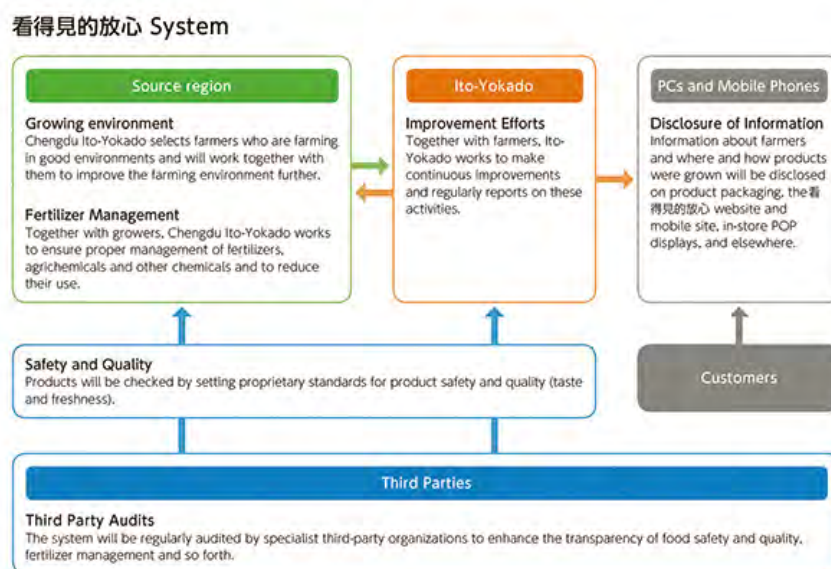
In the fiscal year ended February 28, 2015, Hua Tang Yokado Commercial started selling organic foods in cooperation with farmers by establishing rigorous food safety management systems and drawing up annual cultivation plans. In the fiscal year ended February 28, 2019, we began handling new hydroponic produce that is cultivated in a safe and secure environment. Furthermore, the company continued sales of “放心肉項目” meat products (meat products that can be consumed with confidence), which enable customers to confirm the meat producer using consoles installed in sales areas.



The “看得見的放心” brand logo



“看得見的放心” product display



Quality Supervision System and Meetings with Customers

Since 2008, Chengdu Ito-Yokado has appointed 10 customers at each store to act as quality supervision officers to help improve its products and stores with the customers who actually shop at the stores as the standard. The quality supervision officers meet at each store twice a quarter to give their opinions, and are encouraged to make proposals on matters that they have noticed at any time. Quality supervision officers commented on the use of mobile phones by employees during work, and a new rule on the use of mobile phones during work was established, leading to improvement.

In addition to quality supervision officers, we asked for cooperation from 85 customers and received 124 opinions. Based on these opinions, we reviewed product volumes and took other steps to provide even better products.

Other efforts included making home visits to 1,800 customers living in our stores' neighborhoods to ask their opinions. In March, June, and September we conducted customer satisfaction surveys, asking for opinions from 34,384 customers.

Chengdu Ito-Yokado and Hua Tang Yokado Commercial also collect opinions via the Internet, telephones, opinion boxes, and instore conversations. In the fiscal year ended February 29, 2020, Chengdu Ito-Yokado received 31,054 opinions and Hua Tang Yokado Commercial received 19,983. Based on the opinions received, a series of simple and reasonably-priced bedding products were created, and the products have been well-received by customers. We value customers' opinions and we are establishing systems to create stores that reflect their wishes.



Handmade mini-fan event for families of quality supervision officers



Experiential event at brand shop

Breakdown of Customer Feedback

Chengdu Ito-Yokado



Hua Tang Ito-Yokado Commercial



Promise to the Local Community



Donations and Stakeholder Engagement

Chengdu Ito-Yokado is involved in providing educational support and in supporting households in poverty, among others. The company makes annual donations to Sichuan University, and as of 2019 it has made 22 donations that have supported 616 students. In the fiscal year ended February 29, 2020, students studying Japanese at Sichuan University with excellent results were given 72,000 yuan in scholarship, and 20,000 was donated to the Department of Japanese. In addition, since 2007 Chengdu Ito-Yokado has targeted elementary schools for providing support, selecting four schools and making donations to improve school facilities and equipment for the purpose of supporting less fortunate children. Company personnel visited the four schools and donated stationery and school supplies, physical education equipment, and other items based on the schools' requests. In other efforts, the stores make seasonal visits to local households experiencing poverty, people with disabilities, and elderly people living alone, giving them gifts of living essentials.

In 2019, a summer camp was conducted for 24 children from four schools, which included participation in tours to a television broadcasting tower and a wildlife animal museum, and workplace experience at Jianshe Road Store and Ito Plaza. On Children's Day, we visited Yu'ai Elementary School in Pujiang. Based on the school's request, we donated 10,000 yuan in books as well as monetary aid for children living in poverty. A total of 820,000 yuan was expended for social contribution activities in the fiscal year ended February 29, 2020.



Summer camp



Donation to an elementary school

Volunteer Activities

On the third Wednesday of every month, Chengdu Ito-Yokado employees at every store clean up the areas around the stores. At the Jianshe Road Store, cleaning personnel were presented hand cream at the end of the year and appreciation was expressed for their work. The store also created sites where cleaning personnel can drink water free of charge.

Hua Tang Yokado Commercial conducts cleanup activities every day, with employees striving to lead neighborhood beautification efforts.



Cleanup activities by employees



Beautification efforts

Promise to Employees



Store Management by Local Employees

Since opening our first stores in China, we have been actively appointing local employees with the aim of developing stores that are deeply tied to local communities. At Chengdu Ito-Yokado and Hua Tang Yokado Commercial, Chinese store managers have been appointed. For the most part, stores are operated by local employees: the ratio of Chinese employees in management positions, excluding executives, is 99.5% at Chengdu Ito-Yokado and 97.8% at Hua Tang Yokado Commercial.

In addition, we have been making progress on the appointment of women in China. The ratio of female managers, excluding executives, was 64.3% at Chengdu Ito-Yokado, with female store managers at six out of the 10 stores, and 65.4% at Hua Tang Ocado Commercial.

Employee Data (As of December 31,2019)

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
Number of employees	3,073	183
Number of part-time employees	325	9
Ratio of Chinese employees in management positions	100%	99%
Ratio of women in management positions	64.3%	65.4%
Number of employees with disabilities	50	10

CSR Education

In 2018, Chengdu Ito-Yokado established a CSR action plan and moved toward implementation. During the fiscal year ended February 29, 2020, particular efforts were put into waste processing: a specialized waste sorting company was invited to conduct training on waste sorting, and in-store trash bins were changed to receptacles that allow waste to be sorted. Through these measures, we value limited resources and convey the importance of effectively using resources.

Hua Tang Yokado Commercial focused its efforts on developing human resources capable of acting in accordance with the Corporate Creed and Corporate Action Guidelines by holding internal control conferences, management conferences with each company, training conferences, and so on. Employees were trained on compliance with the “trust and sincerity” aspect of the Corporate Creed and the social requirement that we remain a trusted and sincere company.

Self-Recommendation System

In the fiscal year ended February 29, 2016, Chengdu Ito-Yokado began operating a Self-Recommendation System as a show of respect for the autonomy of employees and to provide an outlet for their motivation. The system is for employees who have worked for the company for at least one year and allows them to put themselves forward as candidates for the jobs they seek. Applicants who pass assessments are assigned to their desired workplace after a training period.

Human Resource Development Programs

Training programs have been enhanced to boost the motivation of local employees and enable them to demonstrate their abilities to the fullest.

In the fiscal year ended February 29, 2020, Chengdu Ito-Yokado conducted education on improving employees’ primary qualification capabilities and workplace operational skills as well as other functional curricula (form production, packaging, beef products, register operation) to foster human resources who can undertake the five strategies (Topic Strategy, Product Strategy, Private Brand Strategy, Service Strategy, and Made in Chengdu Strategy). We use an online remote education system to facilitate training with enhanced content including at remote sites.

Furthermore, practical skills training sessions are open for all employees to observe if they wish, even if they are not undertaking training, and they are able to learn directly from the lecturer. We also hold in-store operational skills contests and operate a program where on-site customers score employees to select winners, encouraging employees to improve through friendly competition. At Hua Tang Yokado Commercial, on Monday of the first week of each month, awards are presented to outstanding employees and to the department of the month to motivate employees. Furthermore, five employees from each store are commended and awarded as “service stars” for providing service at or above a certain standard. All full time, part time, and tenant store employees are eligible.



Operation skills contest (Chengdu Ito-Yokado)

Human Resource Development and Training

Classroom Training

At China's Ito-Yokado, to enhance the skills and responsibility of personnel in all position and ranks and create teams with independent thinking, action, and motivation, internal educational organizations undertake four types of training, with courses taken by a total of 2,584 employees. Of this number, 149 were executives and 100 were recently promoted to supervisors. Internal instructors conducted classes with a focus on company policies, worksite execution capabilities, teamwork, and other topics.

e-Learning

At China's Ito-Yokado, in order to standardize training for all employees, disseminate corporate policies in a timely manner, and develop human resources able to work autonomously, correspondence education was conducted 55 times in the fiscal year ended February 29, 2020. The details of the respective courses and number of times conducted are: 16 times on corporate culture and company policies, 15 times on management, 23 times on technical knowledge, and one time on fundamental education. A total of 15,484 persons (total of company employees and tenant sales staff)—including those from the Head Office and nine stores—participated in the correspondence education of China's Ito-Yokado, with 224,369 views as many employees actively undergo training to heighten their awareness.

Promise Regarding the Environment



Energy-Saving Initiatives

Concern over air pollution and other environmental problems is growing in China, and as the government also establishes policies as a leading environmental nation and tightens regulations, Chengdu Ito-Yokado and Hua Tang Yokado Commercial are working to reduce their environmental impact through measures such as installing energy-efficient equipment. During renovations, stores switch to energy-saving illumination and increase the number of energy-saving equipment. Refrigeration and freezer systems with EMS artificial intelligence are adopted at new stores, and we invest in energy-saving equipment. In back rooms, we displayed posters encouraging employees not to use electricity wastefully. We also introduced dishwashers that can recycle hot water and took measures to save water.

Through comprehensive training and management—in particular on conserving electricity and saving energy—for the Head Office and store employees, Chengdu Ito-Yokado reduced electricity consumption per store to 98.6% and energy use per store to 86.8% compared to the previous fiscal year. In addition, water usage per store was reduced to 85.8% compared to the previous fiscal year through initiatives such as pasting water-saving stickers in the toilets of stores and displaying posters about saving water and electricity in back rooms.

Hua Tang Yokado Commercial works to reduce its environmental impact by gathering products centrally before sorting and delivering them to each store. By continuously operating this scheme, the company contributes toward reducing CO2 emissions, easing urban traffic congestion, and preventing noise and atmospheric pollution by cutting the number of delivery vehicles.

Chengdu Ito-Yokado

	2017	2018	2019
Number of stores	7	8	9
Energy consumption (standard coal tons)	12,067	13,516	13,150
Electricity consumption (MWh)	83,110	89,743	99,836
Gas usage (1,000 m ³)	670	670	667
Water usage (1,000m ³)	965	884	853

Hua Tang Yokado Commercial

	2017	2018	2019
Number of stores	1	1	1
Energy consumption (standard coal tons)	1,414	1,434	1,549
Electricity consumption (MWh)	7,189	7,241	8,106
Gas usage (1,000 m ³)	380	350	380
Water usage (1,000m ³)	125	41	60

Award History (FY2019)

Chengdu Ito-Yokado and Hua Tang Yokado Commercial received the following awards in the fiscal year ended February 29, 2020, in recognition of its various initiatives.

Chengdu Ito-Yokado

Names of Award	Presenting Organization
FY 2019 Wuhou District Outstanding Corporate Taxpayer	Wuhou District Government
Fiscal 2019 Top 10 Ranking of Modern Commerce & Trade Businesses by Taxes Paid	Wuhou District Government
FY 2019 Chengdu Labor Relations Good Role Model Company	Chengdu Human Resources and Social Security Bureau
FY 2019 Annual Top 10 Ranking of Retail Companies	Chengdu Retailers' Association
Contribution Prize, FY 2019 Chengdu Overall Commercial Evaluation Retailer	Chengdu Daily Newspaper
Word-of-mouth Service Prize, FY 2019 Mode Chengdu Overall Commercial Evaluation	Chengdu Daily Newspaper
Regional Commercial Value Prize (Ito Plaza), FY 2019 Mode Chengdu Overall Commercial Evaluation	Chengdu Daily Newspaper
Industry Leader, FY 2019 Samples China Chengdu Overall Commercial Ranking	Cover Media
Vitality Grand Prize, FY 2019 SINA Corporation Word-of-mouth Ranking	SINA Miniblock
FY 2019 Contribution Grand Award	Chengdu Charity Federation
FY 2019 Chengdu Corporate Social Responsibility Model Award	Chengdu Charity Federation

Hua Tang Yokado Commercial

Names of Award	Presenting Organization
FY 2019 Class A Tax Payment Reliability Company	Chaoyang State Taxation Bureau
FY 2019 Leading Companies with Safest Production Systems	Chaoyang District Xiaoguan Subdistrict

Initiatives in China

➤ [Further information about the convenience store business in China can be found here](#)