

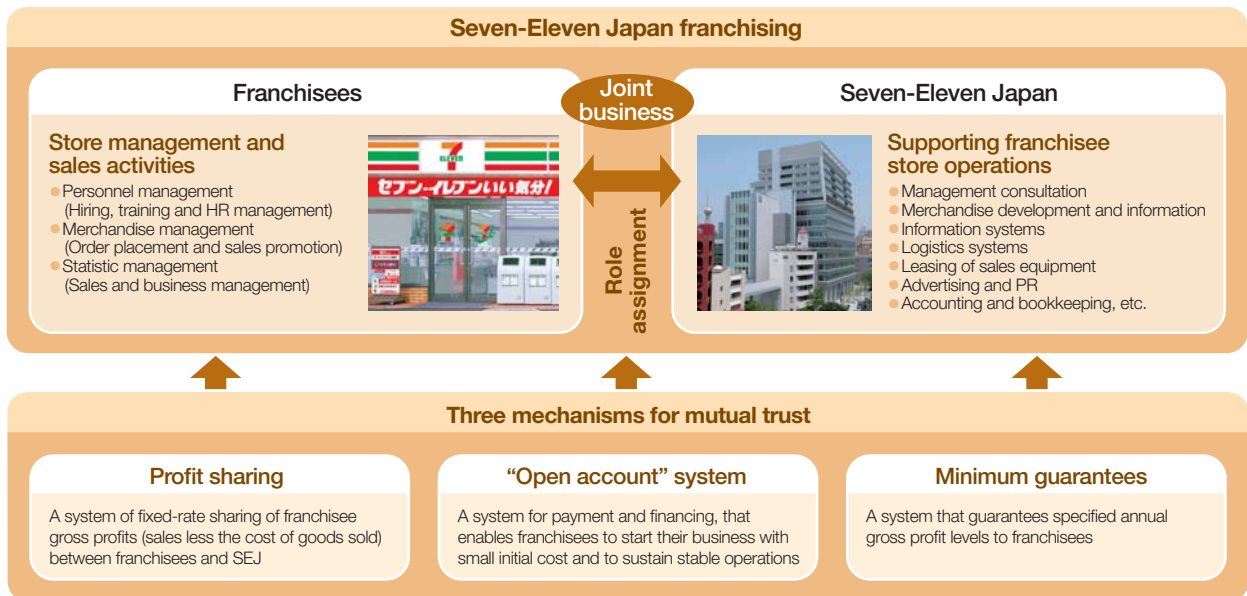


## Overview of Seven-Eleven Japan

Since our foundation, bringing innovation and dynamism to small and medium sized retail stores, and achieving coexistence and co-prosperity with franchisees, have been our long-standing commitments.

Seven-Eleven Japan (“SEJ”) opened its first franchise convenience store in the 1970s, when the retail industry was experiencing a sea change—the shift from business-driven to consumer-driven marketplace. Our founding mission was to develop a business model that enables existing small and medium retailers to operate businesses in a more efficient and modernized way, and thus to successfully respond to market changes and grow further even in a tough business climate.

Since then, we have been developing distinct franchise systems under the basic philosophies, “bringing innovation and dynamism to small and medium retail stores” and “coexistence and co-prosperity with franchisees.” Key features of the systems include store operation using IT systems and merchandise development incorporating customer needs. SEJ has a network of 12,073 stores nationwide (as of October 31, 2008).



## Our CSR focus

### ● Continuous improvement of food safety systems

To ensure the safety of our food products, our “Daily Products,” including boxed meals, side dishes, sandwiches and prepared noodles, are produced in the dedicated factories at our contractors, which are subject to SEJ’s hygiene and quality control standards and rules. For instance, the factories are required to centrally manage the data concerning the production, procurement, consumption and sales of ingredients and packaging materials; and to use no artificial colors and preservatives. We are also working to use more domestically produced ingredients in our products to meet customers’ demand.

### ● More energy-efficient store operations and using fewer distribution vehicles

To minimize power consumption in our 24-hours-a-day, seven-days-a-week business, we strive to improve energy

efficiency in store fixtures and equipment, such as signs, lights and showcases. For instance, we have introduced “continuously adjusting lighting equipment,” which adjusts light levels in the store automatically, depending on seasons, weather conditions and time of the day. In addition, we have developed a combined distribution system where products are first shipped to our combined distribution centers, and then cross-docked and delivered to SEJ stores. Through this system, we now use a fewer number of trucks per store to deliver our merchandise.

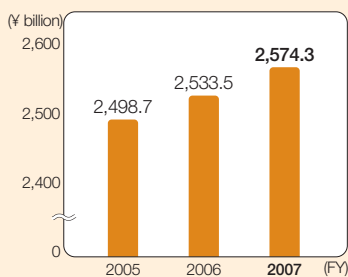
### ● Growing together with franchisees

Operation of Seven-Eleven stores is a joint business between SEJ and our franchisees. As a responsible franchiser, SEJ provides a range of support for our franchisees, such as consultation for new store openings and daily operations, as well as financial support through a mutual aid compensation program.

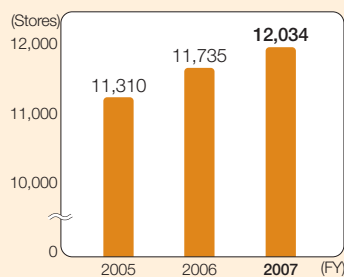
#### Corporate profile (as of February 29, 2008)

<b>Establishment:</b>	November 20, 1973	<b>Paid-in capital:</b>	¥17.2 billion
<b>Headquarters:</b>	8-8, Nibancho, Chiyoda-ku, Tokyo 102-8455, Japan	<b>Total sales:</b>	¥2,574.3 billion
<b>Nature of business:</b>	Operation of franchise convenience store chain in Japan	<b>Number of employees:</b>	11,671*
		<b>Number of stores:</b>	12,034

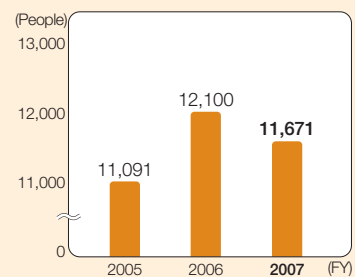
#### Total sales



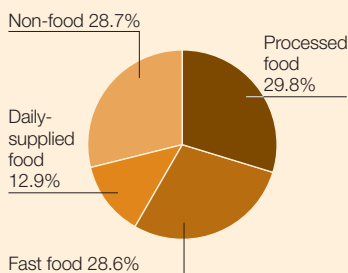
#### Number of stores



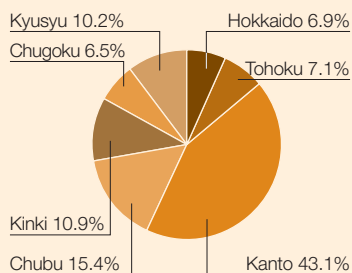
#### Number of employees



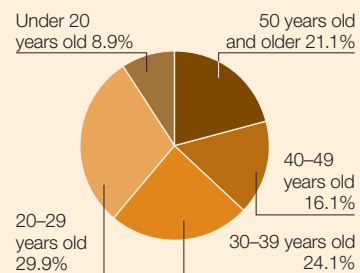
#### Sales by product category



#### Stores by region



#### Customers by age



\* Including permanent employees and part-timers at non-franchise stores. The number of part-timers represents monthly average headcount calculated on the assumption that one month consists of 163 hours (8 hours/day).

## Food Safety and Reliability

**Q** Given the many food incidents in recent years, can I trust boxed meals at convenience stores?

**A** Together with our suppliers, we have improved our hygiene and quality control systems, and developed the traceability system tracking the production history of our products all the way back to ingredient origins.

### Establishment of a joint organization with suppliers to implement rigorous hygiene and quality control in dedicated factories

To offer safe, reliable and delicious products to our customers, the contract manufacturers of our Daily Products (e.g., boxed meals, side dishes, sandwiches and prepared noodles) and SEJ jointly established the Nihon Delica Foods Association (NDF) in 1979. The NDF developed its own standards and rules, based on which quality and sanitation control systems were created.

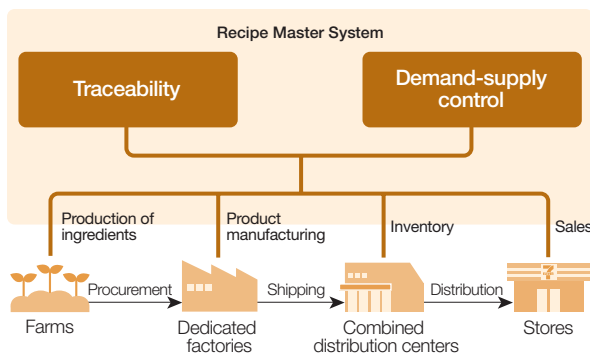
In 1984, these manufacturers built dedicated factories at our request in order to further enhance the hygiene and quality control for our products. At the same time, the Recipe Master System, a central information management system, was launched, enabling higher quality and lower costs through the joint purchase and central management of product ingredients.

### ● Recipe Master System with traceability and demand-supply control functions

Recipe Master System is the central information management system for our boxed meals and other prepared food products. The system tracks the production, procurement, use and sale of the ingredients and packaging materials.

By connecting the dedicated factories for these products, ingredient producers, and SEJ's headquarters, stores and distribution centers, this web-based system

#### Recipe Master System



provides real-time information on which ingredient is used in what amounts, for what product, at which factory, when the product using the ingredients is sold, and which store carries which items. Therefore, in case a problem is identified with our merchandise, we can immediately remove the item in question from store shelves. The system also allows us to monitor the use of ingredients and packaging materials in all the factories, which in turn leads to proper procurement and inventory control, and waste reduction.

### ● NDF-HACCP Certification Program based on our own standards

We introduced the Hazard Analysis and Critical Control Points (HACCP) method for food sanitation control in 1997, and then commenced our own NDF-HACCP Certification Program in 2002 to inspect and certify hygiene control performance of each dedicated factory. The HACCP methodology originates from a space food program.

In this certification program, factories are independently inspected by Tokyo Kenbikyoin Foundation against some 140 food safety items, which were determined by SEJ, based on the HACCP. Then, the NDF reviews the inspection results and provides certifications to factories meeting the standards. Certified factories need to receive annual follow-up inspection to maintain the control systems' quality.

A total of 86 NDF factories were certified by February 29, 2008. It is also planned that the remaining factories will obtain certification: factories manufacturing boxed meals and side dishes within the year 2009 and other factories within the next three years.



To maintain the production site dust and hair free, air shower and thorough hand washing is required before entering the room.

### NDF-HACCP Certification Program evaluation items

Organization and management, document management, factory floor conditions, general sanitation controls, HACCP items, etc.

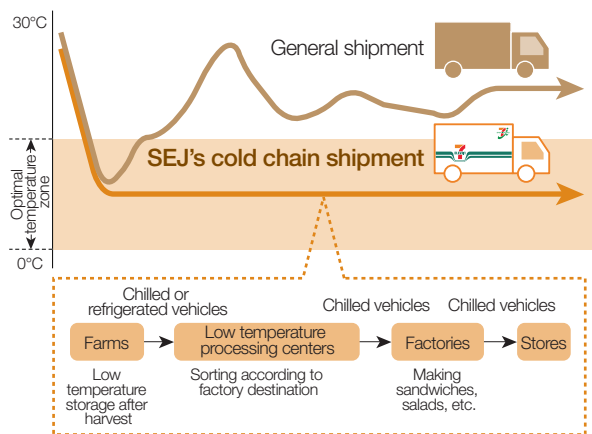
## Expanded use of domestically produced vegetables for boxed meals and side dishes to about 93%

We at SEJ strive to meet customers' demand for safe and reliable food by using vegetables produced in Japan in our boxed meals and side dishes to the extent possible. Imported produce is used but in a small percentage as insurance against unexpected low crop yield caused by typhoons, cold summer, and so on. However, as a result of our aggressive expansion of the network of our contract farmers across Japan, we are now able to cover poor crop yield in one area by sourcing from a different region in the country. Consequently, the usage of domestic vegetables accounted for about 93% in FY 2007, up from about 89% in FY 2003.

As the next step, we are planning to use more domestic livestock ingredients, such as chicken, pork and beef.

To offer fresh products, we developed and operate the so-called cold chain system, where freshness-sensitive vegetables mainly for salads and sandwiches are transported at low temperatures during the entire trips from farms to stores. In doing so, vegetables can remain fresh and nutritious throughout the entire process.

### Temperature change under general and cold-chain shipments



## Reduced use of food additives in our Daily Products

At SEJ, we avoid using food additives wherever possible for our flagship boxed meals, side dishes, sandwiches and other prepared foods, which are intended to be consumed immediately after purchase. This basic policy of our product development is our response to customers' increasing demand for food safety and reliability. Even if we need to use some food additives, we use only safety-proven ingredients in minimal amounts.

In accordance with this policy, we eliminated sodium phosphate\*1 from ham and sausages for our sandwiches in 2007. In addition, trans-fatty acids\*2 (not food additives but their excessive intake is considered to have some negative health impact) in our house-brand bread have been reduced to one-third of the previous content. We have also reduced trans-fat in soybean oil, which is used to make fries for boxed meals and side dishes, by some 20%.

We will continue taking many steps to deliver safe and reliable food to our customers.



Our Daily Products

\*1 Sodium phosphate is used to improve food texture. It is considered that its excessive intake may prevent calcium from being absorbed into body, which may lead to osteoporosis.

\*2 Trans-fatty acids are a byproduct of manufacturing process of oil products. It is considered that their excessive use may cause arterial sclerosis or heart diseases. In July 2008, the State of California in the U.S. legally prohibited the use of trans-fatty acids.

## TOPICS

### Agricultural Minister Award for our promotion of domestic spinach

SEJ has worked with farmers and agricultural retailing experts to use more domestic spinach in our products. To grow tastier spinach for our products, such as sandwiches and side dishes, we have sought the best soil and cultivation methods. In recognition of such efforts, the project received the first-place award from the Ministry of Agriculture, Forestry and Fisheries in March 2008. This award program honors businesses that promote production and consumption of domestic vegetables. SEJ's teams working on higher quality cucumbers and on the promotion of contract farming also received different awards in the program.



# Combating Global Warming

## Q How is SEJ working to reduce energy consumption?

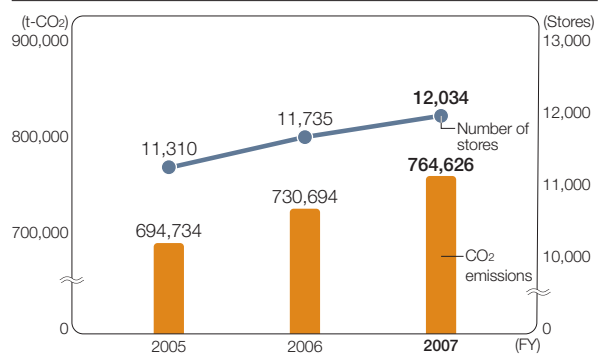
A We have developed original energy-efficient store equipment and building material to reduce power consumption in stores.

### Reducing carbon emissions mainly through equipment improvement, while maintaining quality service and store functions

We at SEJ provide convenient shopping experiences to customers by opening anytime. Electricity is essential to sustain such store operations. We aim to reduce our CO<sub>2</sub> emissions without affecting our stores' shopper-friendliness or functionality for our employees, by installing a variety of energy-efficient store equipment.

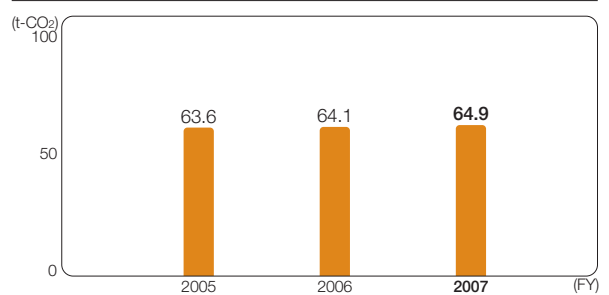
Nonetheless, our CO<sub>2</sub> emissions per store have been increasing gradually. Probable causes include increased power consumption associated with the installation of in-store fryers, expanded in-store services, and larger floor spaces. We will continue working to reduce our environmental impact by installing more energy-saving equipment in our stores and monitoring the performance of our experimental green store (p.31).

Number of stores and total CO<sub>2</sub> emissions across the chain

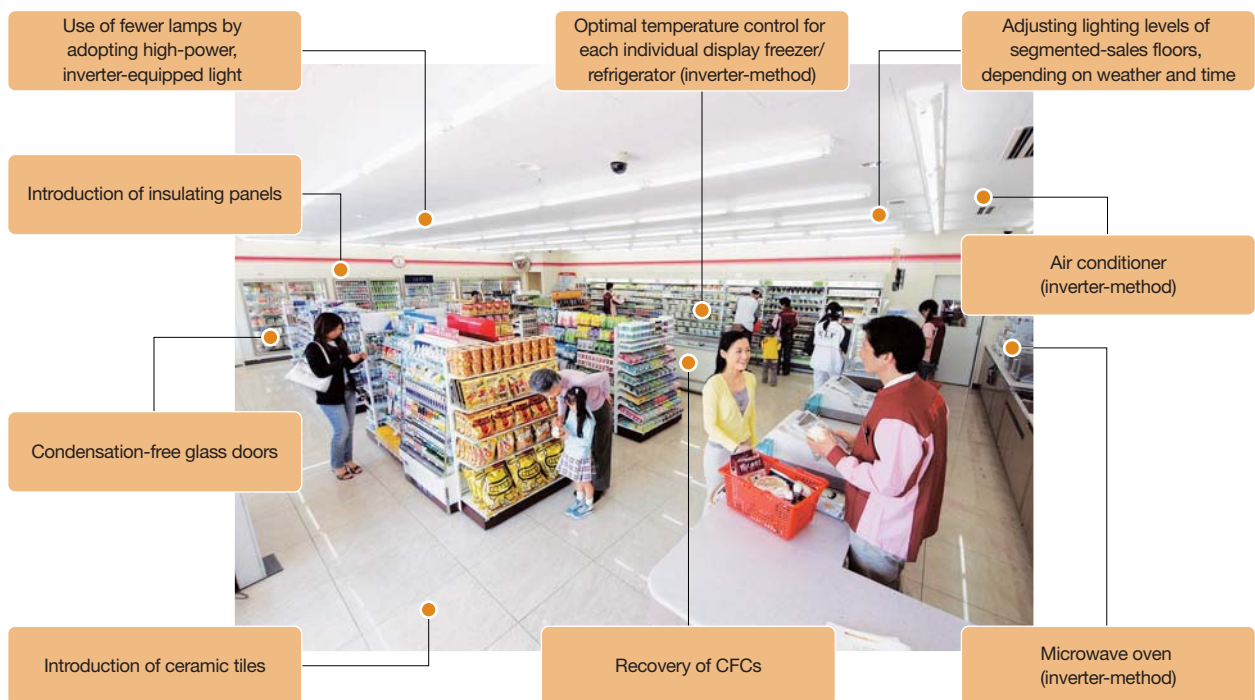


Note: Distribution-related emissions are excluded.

CO<sub>2</sub> emissions per store



### Energy-saving features at Seven-Eleven stores



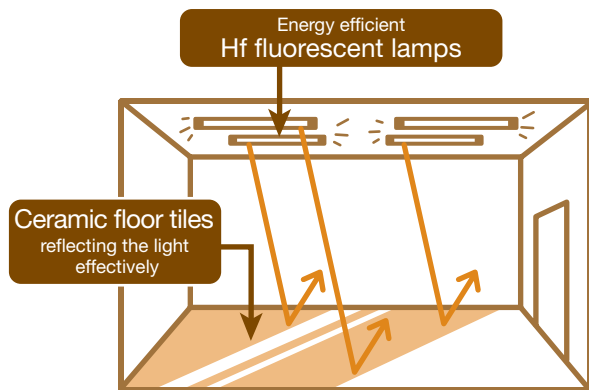
● **“Continuously adjusting lighting equipment” correcting brightness in stores automatically**

About 23% of electricity consumption at each store is used to keep the store bright. To achieve a lower electricity use, SEJ introduced continuously adjusting lighting equipment in 1986, which automatically adjusts light levels of three-segmented sales floors (the magazine section, the wall-side and the center), in accordance with the intensity of the natural lighting exposure in the store that varies depending on seasons, weather conditions and time hours. The introduction of this equipment has allowed us to reduce the lighting-related electricity consumption by 6%.

● **High-power lighting fixtures and ceramic floor tiles**

Since March 2007, our new and remodeled stores have installed high-power lighting fixtures and ceramic floor tiles that effectively reflect the light from the ceiling. The combination of these new fixtures has allowed an effective lighting arrangement, resulting in fewer fluorescent lamps used in our store from 85 to 63. This means an approximately 2,750 kWh (about 1t-CO<sub>2</sub>) reduction in our annual electricity consumption per store.

**Effect of energy efficient fluorescent lamps and ceramic floor tiles**



● **Induction-heating *oden* warmer**

In August 2007, we started to replace heat-conduction *oden* warmers with induction-heating (IH) ones. We completed the installation in all stores by August 2008. By shifting to the IH method that allows more flexible temperature control, we can now offer our *oden* products in better conditions, while achieving greater energy efficiency. Electricity use per store is expected to be reduced by approximately 1,650 kWh (about 0.6t-CO<sub>2</sub>).



IH *oden* warmer

● **Condensation-free glass doors of display freezers/refrigerators**

In our new and remodeled stores, we use display freezers and refrigerators with special, condensation-free glass doors. We no longer need to use heaters to prevent condensation on the door surface caused by opening/closing the doors, resulting in an approximately 10% reduction of electricity use by freezers and refrigerators.

● **Temperature controllers enabling individual showcase management**

In FY 2005, our stores started to use a new temperature control panel to monitor and control each display freezer and refrigerator. We developed this panel for our own use because the previous inverter-mounted model was unable to control showcases individually, which sometimes caused unnecessary power consumption. The shift allowed us to reduce freezer/refrigerator-related electricity consumption by 15 to 20%.

**TOPICS**

**Eco-friendly test store in Nagano City**

On February 29, 2008, we opened an environmentally friendly test store, Seven-Eleven Nagano Yoshida 2-Chome Store, in Nagano City. With the latest green equipment that reflects SEJ's accumulated efforts and improvements, this store is expected to emit approximately 1.4 tonnes less CO<sub>2</sub> than an average existing store. The store has introduced and is experimenting with many eco-friendly equipment and fixtures, such as motion sensory lighting, called "Jinkan-akari sensor," in the storage and the office. We will closely monitor the effects of these new technologies.

The store celebrated its grand opening and the launch of the partnership agreement between SEJ and Nagano Prefecture (p.36), by holding a prize draw event for those who brought their own shopping bags, and displaying the environmental conservation awareness-raising posters that won prizes in the prefecture's contest in the store.



In-store displays of prize-winning posters on environmental conservation

**Q How are you addressing environmental concerns in your logistics operations, such as daily product distribution by truck?**

**A We have reduced the number of distribution vehicles in use per store—eight times fewer than in our founding period.**

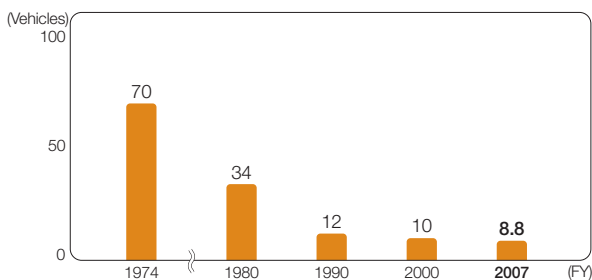
**Substantial reduction of delivery vehicle usage through logistics streamlining**

At the time we started SEJ, merchandise was delivered directly by suppliers to our stores, which was a typical business practice then. Our stores needed to handle more than 70 delivery visits a day, which affected the stores’ daily operations. Concerns were also raised over adverse impact on neighborhood traffic and living environment. In addition, overstocking occurred in some stores because ordering and delivering quantities were larger than now.

To fix these problems, we at SEJ initiated a “logistics reform” toward leaner and more streamlined operations. We developed a combined distribution system where products from different suppliers are consolidated at temperature-specific combined distribution centers and cross-docked for delivery to stores. With this new system, flexible shipping schedule catering to product characteristics is made possible. For example, shipments of boxed meals and sandwiches are designed to meet the peak demand in breakfast, lunch and dinner hours. As a result, we use far fewer delivery vehicles now: 8.8 trucks per store on average in the areas of highly streamlined operations.

We are also working with our logistics partners toward safer and eco-friendlier distribution. For instance, we use an increasing number of compressed natural gas (CNG) vehicles, and all our delivery trucks have been equipped with in-vehicle terminals since June 2001. Using the data recorded by the terminals, we provide individual guidance to drivers and revise distribution routes, where needed, to facilitate eco-friendlier driving.

**Daily number of distribution vehicles per store**



Note: The actual figures vary, depending on locations, seasons, etc. The figures in the chart represent the average vehicle number in a highly streamlined location.

**Area dominant strategy concentrating store openings in certain locations**

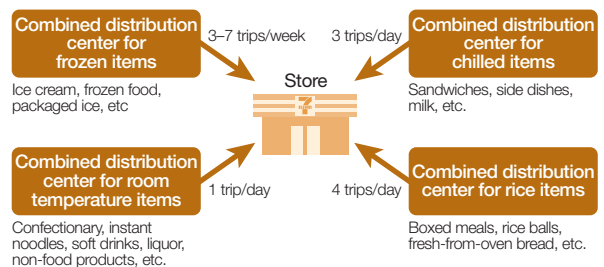
Area dominant strategy—concentrating new store openings in selected areas—is an important underpinning of SEJ operations. In addition to marketing advantages such as higher store brand recognition and efficient advertising activities, this strategy allows us to operate leaner logistics due to dedicated factories established near our stores, and well-planned product delivery, among other things.

**Combined distribution system with optimal temperature**

In the late 1970s, SEJ started to develop a combined distribution system, where shipments of various products from many suppliers are consolidated and cross-docked for delivery to stores by optimal temperature-controlled vehicles. The system was put into practice in 1980, initially for milk transportation. Since then, we have expanded the system to frozen items (e.g., ice cream and frozen meals), chilled items (e.g., sandwiches and side dishes), rice items (e.g., boxed meals) and room temperature items (e.g., soft drinks and non-food products). With these combined distribution centers in place, merchandise is now delivered to our stores at optimal temperature with optimal frequency.

We are also working with business partners to improve the efficiency of the inbound distribution from suppliers to the distribution centers.

**Illustration of the combined distribution system**



● **Environmentally friendlier CNG vehicles**

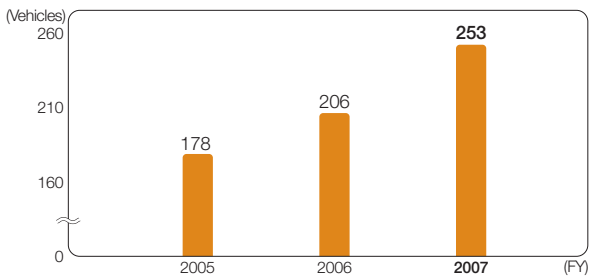
In certain areas where compressed natural gas (CNG) stations are available, we use CNG vehicles to deliver products to our stores. This type of trucks emit little nitrogen oxides (NOx), carbon oxide (CO), carbon dioxide (CO<sub>2</sub>) and hydrocarbon (HC), and no sulfur oxides (SOx) or particle matter (PM) during driving.

As of February 29, 2008, 6.1% or 253 units of our vehicles were powered by CNG. They transport our merchandise in Tokyo, Kanagawa, Saitama, Chiba, Yamanashi, Kyoto, Osaka, Hyogo, and Fukuoka prefectures. We plan to introduce more CNG vehicles on an ongoing basis in the areas having CNG stations.



CNG vehicle

**Number of our CNG vehicles**



● **In-vehicle terminals to quantify driving patterns**

Environmental impact of logistics operations depends on not only the number of vehicles used but also vehicle maintenance and driving conditions. With this recognition, all our distribution vehicles transporting products from combined distribution centers to SEJ stores have had new terminals installed since June 2001. Data gathered via the equipment—such as travel distance, maximum speed, engine-idling duration, driving patterns (including sudden starting, acceleration or deceleration)—is graphically displayed

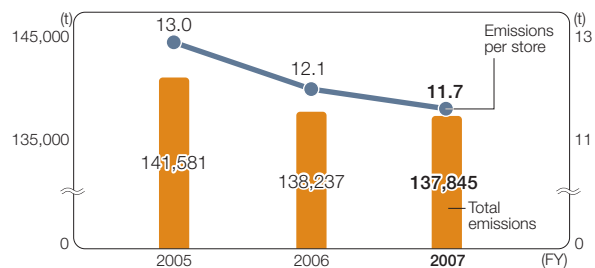
and then analyzed to use for individual guidance to drivers and for possible revision of driving routes.

As a result, with greater recognition among the drivers that “safe driving is environmentally friendly,” our logistics-related CO<sub>2</sub> emissions per store have been declining steadily, despite the increase of aggregated travel distance by all vehicles.



In-vehicle terminal equipment

**Total and per-store logistics-related CO<sub>2</sub> emissions**



Note: These data include CO<sub>2</sub> emissions related to the operations of combined distribution centers.

● **Rail freight containers for collection and recycling of used lights**

Each year SEJ and Ito-Yokado jointly replace fluorescent lights for sales floors, refrigerators and freezers, signage, and other equipment in stores. As the lights contain mercury, we collect and recycle them properly. During FY 2007, the two companies collected and recycled some 1.1 million fluorescent lights.

Collected lights are shipped in cargo containers by train to JR Kitami Station, the nearest railway station to the recycling facilities. This combined transportation emits 82 tonnes less CO<sub>2</sub> than truck-only method.



Annual replacement and recycling of fluorescent lights

**TOPICS**

**Transforming used cooking oil into bio-diesel fuel**

In SEJ stores, we started to offer in-store fried products, such as fried chicken, from June 2007. We are working to develop a mechanism to collect the waste cooking oil used for these products, and recycle it to make livestock feed, soap, paint and others.

As a part of this effort, we had a three-month experiment to produce and use bio-diesel fuel (BDF). From June to August 2008, BDF was made from used cooking oil collected from SEJ stores in and around Sapporo City, Hokkaido, and blended with gasoline (5% BDF) to run 58 delivery vehicles. Approximately 43 tonnes of CO<sub>2</sub> emissions were saved during the experiment.

Based on further study of this experiment, we intend to provide our findings on the challenges and issues related to the introduction of bio-diesel fuel to the government and relevant organizations.



Collecting waste cooking oil



## Waste Reduction

**Q** Are all your unsold boxed meals dumped into garbage bins?

**A** We compost them to grow vegetables for product ingredients.

### Promoting an expired product recycling network

The Food Waste Recycling Law revised in December 2007 requires food retailers, including convenience store operators, to achieve a 45% recycling rate of their food waste by 2012.

At SEJ, effective use of expired food products and unused parts of ingredients was high on the agenda even before this legal requirement came into effect. In March 2003, we started to collect and recycle expired products in the central Tokyo area. Contract waste management companies collect expired products from our stores, and then separate food from containers to make compost and livestock feed at recycling facilities. The recycling network has been expanding to outside of the central Tokyo area: currently 1,677 stores participate in this circle (as of February 29, 2008).



Recycling facility in Kyoto making livestock feed

### Building networks to achieve a sustainable recycling loop

In our sixth year of recycling food waste, we receive many positive comments from farmers using the compost made from unconsumed food about the compost's usefulness in producing quality agricultural products. In turn, our contract farmers have also begun using the compost to grow vegetables for our Daily Products, including "Kanto-san Spinach *Gomaae* (boiled spinach with sesame sauce)," which has been available at SEJ stores in Tokyo metropolitan area since October 2006. We also launched our original carrot juice and tomato juice in June 2007, using carrots and tomatoes grown with such compost, through our meal delivery service, Seven Meal Service.

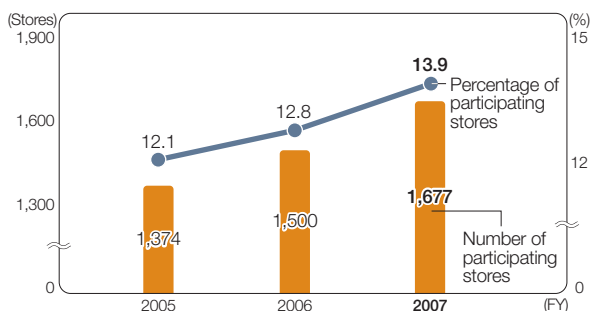
Such a "recycling loop" system—starting from collection of food waste from stores, making compost and livestock feed, and producing vegetables and livestock, and coming back to stores as products—is a recommended practice in the Food Waste Recycling Law, revised in December 2007.

We at SEJ will continuously expand our sustainable recycling network, communicating the benefits of our recycling loop system to agricultural producers. For instance, the livestock feed is high in quality as our boxed meals meet our rigorous quality standard and contain no preservatives or artificial colors. In addition, food waste is separated into many detailed categories, enabling compost and livestock feed to be made from suitable materials.



Kanto-san Spinach Gomaae

### Food waste recycling network



**Q While appreciating their convenience, I am concerned about waste associated with boxed meals and plastic bags.**

**A We use increasingly thinner plastic bags and containers, and invite customers to join our waste reduction efforts.**

**Reducing total consumption by 30.9% from the FY 2000 level with thinner and better-sized plastic bags**

Japanese consumers use roughly 30 billion plastic bags a year, according to statistics by Japan Poly Olefin Film Association. Aiming to reduce this heavy consumption and ultimately reduce overall waste disposal and resource usage, Japan enacted the Amended Container and Packaging Recycling Law in April 2007, requiring businesses to report their weight-based plastic bag consumption to the government periodically.

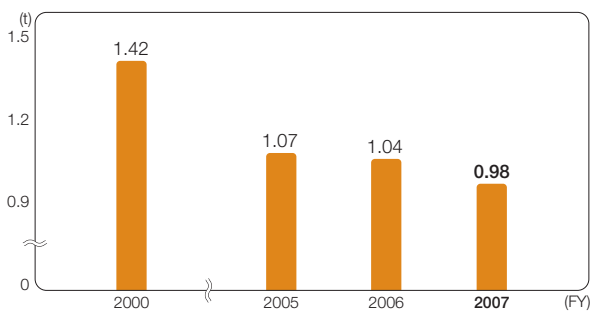
As a result of our longtime efforts to make our plastic bags thinner and in better sizes, and reduce the consumption itself, our current plastic bags have become 28.1% thinner from the 1999 level, and our total weight of consumed plastic bags per store in FY 2007 was reduced by 30.9% from the FY 2000 level.

However, these efforts alone are insufficient to meet the industry's reduction target set by the Japan Franchise Association, i.e., a 35% reduction of the total weight of consumed plastic bags per store over FY 2000 levels by FY 2010. We therefore look to customers' cooperation in reducing plastic bag usage. In our stores displaying an awareness-raising poster, we ask customers at the checkout about the necessity of a plastic bag.



Poster for reduced plastic bag consumption

**Total weight of consumed plastic bags per store**



**From wrapping to taping of boxed meals**

In December 2007, we started to change the way of fastening boxed meal containers. We are phasing out the use of shrink wraps that cover the whole containers, and instead have started to tape up the meal boxes at four points. This change is expected to reduce the consumption of plastic (material for shrink wraps) by some 570 tonnes a year.



Taped up boxed meal

**Halving the size of plastic bottle labels**

We have halved the label sizes of the three types of our house-brand soft drinks in June 2008. The production of the new labels requires less plastic film and less energy use, resulting in an estimated annual reduction of CO<sub>2</sub> emissions of about 5,000 tonnes.



Reducing the size of plastic bottle labels

**Changing chopsticks material to fast-growing bamboo**

Toward more effective use of resources and less environmentally impactful operations, we started to offer bamboo disposable chopsticks to shoppers of boxed meals and some other food products from November 2006. Previous chopsticks were made from white birch, which requires over 30 years of growing. In contrast, bamboo grows fully within 3 to 4 years and requires no replanting.

## Giving Back to Our Communities

**Q We expect positive community contributions from SEJ stores encompassing more than 12,000 locations across Japan**

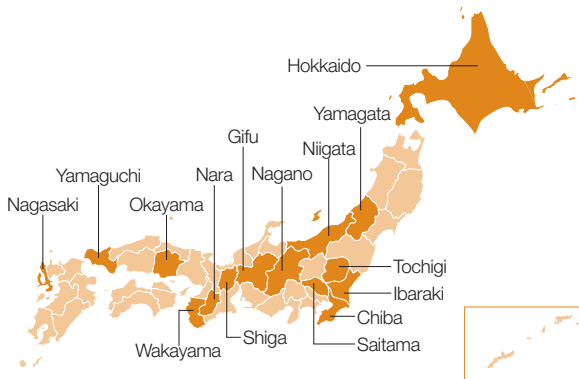
**A Centering on partnership agreements with local governments and the Safety Station activities, we are building and strengthening ties with local communities.**

### Partnering up with local governments for better public service and community revitalization

SEJ has entered “Local Revitalization Comprehensive Partnership Agreements” with many prefectural governments, aiming to support the communities where we operate in their public service improvement and community revitalization efforts. Initially with Wakayama Prefecture in 2004, we are currently in partnership agreements with a total of 15 prefectural governments (as of October 31 2008): Hokkaido, Yamagata, Niigata, Nagano, Tochigi, Ibaraki, Saitama, Chiba, Gifu, Shiga, Nara, Wakayama, Okayama, Yamaguchi, and Nagasaki.

Details of the agreements, such as in which areas and themes we will collaborate, are determined based on discussions with respective local governments. Our current focus includes the development of “region exclusive” products in collaboration with the JA agricultural cooperatives and local farmers. This project is expected to contribute not only to energizing the

#### Prefectural government partnership agreements



#### Examples of partnership activities

Promotional campaigns and sale of regional specialty products; sale and use of local agricultural, forest, fishery and their processed products, and local craft items; wellness promotion and food education; support for the elderly; support for children and youth; tourism promotion and sightseeing information provision; environmental management; safety and security of the community; disaster preparedness; and other actions to vitalize the local community and improve public service

local communities but to reducing logistics-related CO<sub>2</sub> emissions through local production and local consumption, and shorter transportation distance. We will continue offering many more suggestions to our partner governments.

#### ● Tochigi Prefecture: “Rediscover Tochigi” campaign

SEJ stores in Tochigi ran the “Rediscover Tochigi” campaign in February 2008 to commemorate the launch of the agreement with the prefectural government. We offered 11 food items using high-quality, made-in-Tochigi ingredients, such as *Tochiotomoe* strawberries, pork and milk from the Nasu area, and *kakina* leaf vegetable. These products were made in factories within the prefecture by using choice ingredients and following locally popular recipes.



Rediscover Tochigi section

#### ● Nara Prefecture: “Food Education with Nara Local Food” campaign

Nara Prefecture and SEJ made a partnership agreement in April 2008. Our stores in the prefecture had a campaign called “Food Education with Nara Local Food” from April 18 to May 11, 2008. We sold boxed meals and other local food items, such as “*nara-nameshi*” (rice with local *Yamato* green tea) and “*nara-noppe*” (a local dish with cooked vegetables). As a more ongoing-based service, our stores in Nara always make the restroom accessible to tourists to the prefecture.



Nara-noppe section

#### ● Yamagata Prefecture: “Delicious Yamagata” campaign

Two companies of our Group, SEJ and York-Benimaru, entered a partnership agreement with Yamagata Prefecture in October 2008. During the campaign, we offered our original five products using locally produced food. Examples include *Yamagata Umaimono Bento*, a boxed meal made with high quality ingredients coming from farms, forests and sea in Yamagata.



(From right) SEJ President and COO Yamaguchi, Yamagata Governor Saito, and York-Benimaru President and COO Ohtaka



Yamagata Umaimono Bento section

### Safety Station activities as a base of local safety and security practices

As a provider of time-convenience, SEJ stores are open around the clock. Even after midnight, the store lights are on and our employees are working inside. To make the most of such business nature, we are functioning as a base of safety and security for local communities. These are called the “Safety Station activities.”

This program was originally started by a request from the National Police Agency, calling on the Japan Franchise Association (JFA) to cooperate in nurturing a sound environment for young people and creating safe and secure communities. Displaying an identifiable poster on the store front, our stores take various actions such as: (1) strengthening crime prevention measures to keep the stores crime-free, (2) taking care of those who rush in the store for help, including women and lost children, (3) assisting the elderly and people with disabilities, and (4) making emergency calls to report accidents and other emergency situations. We have also tightened age verification practice to prevent the sale of cigarettes and alcohol to minors.

Stores performing well are recognized by the JFA’s annual review conference on the Safety Station activities.



Award ceremony

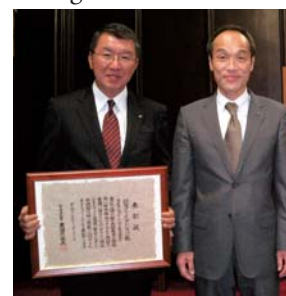


Activity mascot “Esuzou-kun”

### Improved store facilities with greater shopper-friendliness

To deliver a comfortable shopping experience to all customers, we have continually improved our store facilities, for example by eliminating steps at the store entrance, and displaying merchandise in a way that enables people in wheelchairs to check and pick products without difficulties. As an extension of this approach, we have adopted universal design considerations, especially in designing new stores, since FY 2004. Example features include accessibility by wheelchairs and strollers, installation of a potty seat and baby changing facilities in the restroom, and introduction of safer shopping carts, which can remain stable even when the user’s bodyweight is placed on the handles, eliminating concerns of senior and pregnant customers.

These efforts were recognized externally in November 2007 when our Ootsu-Ooginosato Store in Shiga became the first retailer that received the Oumi Universal Design Award from the prefectural government. In the following December, our Tadeike-Nanbaru Store in Miyazaki also received a gubernatorial award (the facility development section) that recognized the contributions to creating a community with people-friendly welfare systems.



Award by the Miyazaki Governor



Safer shopping carts



Spacious aisle



Multi-use restroom

## TOPICS

### Semiannual cleanup event by all SEJ stores in Japan

We believe each individual’s small improvements will lead to environmental conservation. Therefore, all our stores across Japan, together with the headquarters staff, have cleaned up the neighboring areas twice a year since 1999.

Since June 2006, this nationwide cleanup activity has attracted wider participation from other Group companies’ staff, such as employees of Ito-Yokado, Sogo, Seibu, York-Benimaru and Seven & i Food Systems. The latest event in October 2008 was joined by a total of some 30,000 employees from about 10,000 stores of the Group.



Keeping the communities clean as a part of broader green initiatives

**SEVEN-ELEVEN MidorinoKikin**

**Promoting environment-focused societal contributions through the fund**

As a project celebrating our 20<sup>th</sup> anniversary, we at SEJ established our green fund, named Seven Eleven Midorino Kikin, in 1993 to facilitate joint environmental efforts by our franchisees and the headquarters. Based on the contributions from customers through in-store donation boxes and from SEJ, the fund provides financial support to environmental projects by civil society organizations, and conducts a variety of activities on its own, such as nature conservation and protection, community beautification and awareness improvement.

In FY 2008, a total support of ¥119,268,981 was provided to ongoing projects from FY 2006 and new 180 projects. Recipients were determined based on the application document screening by external experts and ourselves.

In parallel with the financial aid, we also offer a leader development program. Selected present and future leaders in environmental civil society activities visit environmental NPOs abroad to improve their skills in organizational management and green activities. From the launch in February 2002 to October 2008, the program had sent an aggregation of 51 green leaders to New Zealand, Australia and Germany. In the latest 10-day tour in October 2008, four final applicants visited a Germany-based environmental organization called the BUND and other organizations, and learned about fundraising, staff development and other expertise.



Study tour to Germany

**Recipient and support amount by project type (FY 2008)**

Project type	Financial support provided		% of total financial support
	Projects	Amount provided	
Nature protection	58	¥ 43,446,762	42.4%
Biodiversity protection	8	¥ 8,555,925	8.3%
Hands-on environmental education	28	¥ 19,332,750	18.9%
Promotion of eco-friendlier lifestyles	21	¥ 14,299,608	13.9%
Planting flowers	41	¥ 13,507,565	13.2%
Community cleanups	24	¥ 3,389,799	3.3%
<b>Total</b>	<b>180</b>	<b>¥ 102,532,409</b>	<b>100.0%</b>

**● Kujyu Furusato Nature School**

In addition to providing the aforementioned financial support to environmental organizations, Seven Eleven Midorino Kikin aims to make direct contributions to protecting precious nature and ecosystems in Japan. To this end, the fund created Kujyu Furusato Nature School in Kokonoe-cho, Oita, in April 2007, with a fundamental philosophy of “learning from nature about coexistence and co-prosperity with natural environment and local communities.”

The school is striving to conserve local nature and its ecosystems. Specific activities include the conservation of Bogatsuru and Tadewara-Shitsugen wetlands (the sites are under the Ramsar Convention) and Kujyu Mountains, as well as the protection of community forests and farmland mainly by cultivating fallow rice fields and terraced paddies, growing organic rice, and making charcoal to help reforestation.

To encourage more visitors and residents in Kokonoe to watch, experience and participate in its activities, the school also offers various participatory programs for adults and children, such as pesticide-free rice growing, as well as nature watching and trash collection in mountains.



Bird watching



Charcoal making

**● Restoring typhoon-hit forests near Lake Shikotsu-ko**

Forests near Lake Shikotsu-ko were devastated by a powerful typhoon in 2004. The steering committee to lead restoration activities was established jointly by Seven-Eleven Midorino Kikin, the local government, environmental organizations, businesses and community groups. As “foster parents” of the forests, local citizens planted and have been “nurturing” a total of some 100,000 trees across the 100-hectar land. In addition to a donation of ¥ 60 million, our fund operated in-store donation campaigns and invited participation in the restoration program. In recognition of these activities, our fund was honored with the Environmental Minister Award for Global Warming Prevention Activities in FY 2007.



Afforestation program



Award ceremony



## Pursuit of coexistence and co-prosperity with franchisees as Japan's largest franchise chain

### Offering full range of franchisee support

Success in retail business rests with the store's capability to offer products and services that meet customer needs at any given time. Retailers need to go to the great lengths to make this happen, by carefully developing their store plans, providing locally tailored product assortments, educating and rewarding store staff properly, and doing much more.

We at SEJ support our franchisees in a multifaceted and continuous manner so that our franchisees are able to focus on managing stores and serving customers. SEJ is responsible for offering product information, expertise, logistics and sales infrastructure. Such a genuine joint business is what makes the nationwide network of Seven-Eleven stores tick.

### Special counselors to support store openings and operations

To support our franchisees, we offer consultation by Recruit Field Counselors (RFCs) and Operation Field Counselors (OFCs). RFCs support prospective franchisees in detailed store planning and OFCs support in the post-opening phase.

OFCs visit stores at least twice a week and provide a range of operational advice: e.g., how to improve order placement and merchandise display. Through such advisory provision, these counselors work with franchisees to increase the stores' sales and profitability. To support locally tailored stores operations, OFCs also advise on the introduction of local products that are originally developed or exclusively available within the region. Furthermore, they are a liaison between franchisees and the headquarters. By informing SEJ's policies and programs to stores, and reporting franchisees' concerns and issues back to the headquarters for rectifying actions, OFCs facilitate close communication between the two parties.

In addition to such consultation support, we hold our semiannual Product Exhibitions in 10 locations to introduce our new products, as well as store display and operation ideas.

### Mutual aid compensation program to support stable business

A typical SEJ franchise store is operated by 20 to 30 regular and part-time employees and the store owner. To support those who strive for the success of SEJ stores, we launched a mutual aid compensation program for franchisees in 1980. In this program, franchise owners are entitled to cash out reserved funds in case of emergency, and receive medical benefits and condolence money. Franchisee staff can receive occupational injury benefits with regard to accidents during work or commuting. The size of our nationwide franchise chain gives the program the status of group insurance, which allows franchisees to join the program with low-priced premiums.

#### Our mutual aid compensation program

	Condolence payment	Medical benefits	Reserves, etc.	Employee injury benefits
Franchise owner	●	●	●	—
Spouse	●	●	—	—
Regular employees	●	—	●	●
Part-timers	—	—	—	●

### Occupational safety for store staff

As a participant in the Safety Station Activities (p.37), we have further strengthened our efforts to prevent store crimes. We are also working to protect store staff safety, as it is an important responsibility of the franchise headquarters. Our safety measures include: provision of security precautions through OFCs; installation of crime reporting systems; and provision of emergency response information through Product Exhibitions, in-house magazine "Seven-Eleven Family," and other opportunities.

