

REDUCING THE ENVIRONMENTAL IMPACT



Our Group is enhancing measures for reducing the environmental impact in an integrated manner, with an emphasis on preventing global warming and creating a recycling society.

Group Management Policy

Based on our Environmental Declaration, we implement environmental impact reduction measures to prevent global warming.

In June 2008, Seven & i Holdings formulated two sets of environmental policies and goals — (i) the Environmental Declaration and (ii) the Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming — to strengthen activities by operating companies into group-wide initiatives toward global warming prevention. Based on these policies, we will introduce measures across our entire supply chain.

For each operating company to implement effective measures suited to its business, they need to fully understand the CO₂ emissions data. Consequently, we conducted a third party review¹ of data on CO₂ emissions from our major operating companies for FY2008.

¹ The term "review" refers to third party data confirmation, and subsequent reporting of the results.

TOPICS

We launched a tropical forest conservation program covering some 58,000 hectares in Indonesia.

Seven & i Holdings launched the program in spring 2009 through a U.N. treaty based organization, the International Tropical Timber Organization (ITTO). In this program, we cooperate with the Indonesian government to conserve roughly 58,000 hectares of tropical forests.

Through the program, ITTO will cooperate with the forest bureau in activities such as strengthening the forest conservation department system, encouraging citizen leaders to undertake forest conservation activities, and develop a social infrastructure for forest conservation education and establish schools.



In addition to preventing CO₂ emissions, the program also protects rare plant and animal species in tropical forests for biodiversity conservation. The program is estimated to have reduced CO₂ emissions by 1.2 million tons, approximately 54% of total CO₂ emissions by our major domestic operating companies in FY2008.

List of Principal Measures Undertaken by Our Major Operating Companies

	Convenience Store Operations
	Seven-Eleven Japan
Appropriate Understanding of Environmental Impact	○ Third party review of data on CO ₂ emissions →P76
Improvement of Energy Efficiency and Introduction of Renewable Energy	<ul style="list-style-type: none"> ● Installation of energy efficient store facilities and equipment →P27 ● Installation of LED lights and solar panels →P27 ● Efficient logistics management (promoting installation of in-vehicle terminals and introduction of CNG and hybrid vehicles) →P29 <p>Participation in the Black Illumination initiated by the Ministry of the Environment</p>
Waste Reduction and Creation of a Recycling Society	<ul style="list-style-type: none"> ● Reduction of plastic bag consumption (asking customers, adoption of thinner plastic bags, reviewing bag sizes) →P28 ● Promotion of food recycling →P28 ● Reduction in use of containers and packaging materials (taping up boxed meal containers instead of covering them with shrink wrap, reducing the size of plastic bottle labels for house brand soft drinks and abolishing the use of caps for house-brand chilled drinks, etc.)
Measures for Biodiversity	Implementation of tropical forest conservation program →P24
Offering Eco-Friendly Products	<ul style="list-style-type: none"> ○ Sale of original eco-bags →P59 ○ Development and sale of locally-produced products for local consumption →P50
Raising Environmental Awareness among Employees	<ul style="list-style-type: none"> ● Sharing environmental information with franchisees →P29 <p>Group wide activities during June as Environment Month, including those for raising the awareness of all employees and cleanup activities</p>



●: Described in this Report in independent sections ○: Referred to in the main body of this Report —: Measures not implemented

Superstore Operations		Department Store Operations	Food Services	Financial Services
Ito-Yokado	York-Benimaru	Sogo & SEIBU	Seven & i Food Systems	Seven Bank
				—
<ul style="list-style-type: none"> ● Installation of energy efficient store facilities →P30 ● Installation of LED lights and solar panels →P31 ● Achieving use of fewer distribution vehicles and shorter travel distances through establishment of temperature-specific and area-specific transfer centers ● Promotion of eco-friendly driving 	<ul style="list-style-type: none"> ● Applying energy efficient measures for multi-shelf open-top display freezers →P30 ● Installation of LED lights →P31 	<ul style="list-style-type: none"> ○ Installation of energy efficient facilities →P34 ○ Installation of LED lights →P34 ● Daily “Black Illumination” ● Promoting green walls and roofs in stores 	<ul style="list-style-type: none"> ● Installation of energy efficient store facilities and equipment →P33 ● Reduction of travel distances of vehicles through reallocation of distribution depots ● Achieving use of fewer distribution vehicles by improving cargo loading efficiency through promotion of mixed deliveries ● Improvement of fuel efficiency through management via in-vehicle terminals 	<ul style="list-style-type: none"> ● Promotion of energy efficient ATM designs
<ul style="list-style-type: none"> ● Reduction of plastic bag consumption (establishment of strict criteria for plastic bag distribution, use of thinner bags, introduction of “Eco Stamp Card” program, charging fees on plastic bags) →P32 ● Reduction of food packaging consumption (unpackaged sales, use of alternative materials) →P32 ● Establishment of the food recycling loop →P32 ● Thorough separation ● Offering of the Food Waste Recycling Financial Support Program ● Use of fewer cardboard boxes through introduction of reusable plastic containers 	<ul style="list-style-type: none"> ● Charging fees on plastic bags →P32 ● Promotion of food waste recycling →P32 ● Introduction of recycled food trays →P32 	<ul style="list-style-type: none"> ● Installation of composting equipment in stores ● Sale of fresh produce grown using the compost ● Promotion of “Smart Wrapping” (simplified wrapping) ● Introduction of “No Plastic Bags” cards ● Use of fewer cardboard boxes through introduction of returnable containers and on-hanger shipment 	<ul style="list-style-type: none"> ○ Reduction of food waste and making compost from food waste →P33 ● Development and use of durable uniforms that can withstand 120 washes. ● Recycling of water used for cleaning uniforms ● Granting points to employees who bring their own bottles to the employee cafeteria at the headquarters 	<ul style="list-style-type: none"> ○ Reduction of printed sales promotion materials through the use of second displays →P46  <ul style="list-style-type: none"> ● Displaying messages for confirming whether or not to issue a transaction slip ● Recycling of ATM parts
<ul style="list-style-type: none"> ● Sale of products grown using biodiversity-conscious farming methods 				—
<ul style="list-style-type: none"> ○ Sale of original eco-bags →P59 ● Sale of organic food items and products grown using eco-friendly farming methods ● Sale of COOL BIZ and WARM BIZ products 	<ul style="list-style-type: none"> ○ Sale of original eco-bags →P59 ● Sale of organic food items 	<ul style="list-style-type: none"> ● Offering eco-friendly products and lifestyles →P35 ● Development and sale of original eco-bags 	<ul style="list-style-type: none"> ● Introduction of chopsticks for customers made from construction lumber remnants or wood from thinning 	—
<ul style="list-style-type: none"> ● Distribution of booklets for employees ● Revision of “Waste Disposal Procedure Manual” and implementation of “Recycle 333 Campaign” for providing education on waste segregation 		<ul style="list-style-type: none"> ● Provision of environmental education to employees through e-learning ● Provision of environmental education to new employees ● Distribution of leaflets on environmental issues to employees 	<ul style="list-style-type: none"> ● Provision of education for promoting energy conservation during meetings and training sessions ● Use of Energy Conservation Checklist in restaurants 	<ul style="list-style-type: none"> ● Introduction of “Bonolon’s Forest Environmental Activities,” in which employees and their families learn about nature ● Provision of environmental training

Convenience Store Operations

1 The amount of CO₂ emissions from all the stores was calculated based on the average amount of electricity consumption per store. The figure was estimated based on data from stores for which energy consumption figures were available.

2 For details of the report from the Study Group on the Roles of Convenience Stores as Social Infrastructure and details of the Convenience Stores as a Social Infrastructure Declaration, visit the websites of the Ministry of Economy, Trade and Industry and the Japan Franchise Association.

Ministry of Economy, Trade and Industry
<http://www.meti.go.jp/>

Japan Franchise Association
<http://jfa.jfa-fc.or.jp/index.html>

Controlling CO₂ Emissions in Stores



We are controlling the increase of electricity consumption pertaining to the diversification of services and the increase in the number of stores.

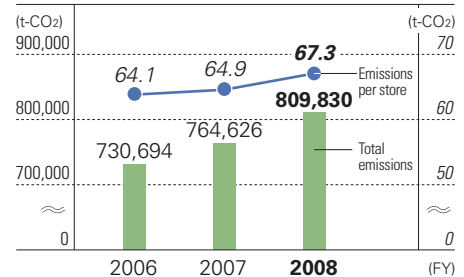
The majority of CO₂ emissions from Seven-Eleven Japan (SEJ) stores arise from the consumption of electricity by lights, air-conditioners, and other facilities and equipment that are essential for operating the stores. The amount of energy consumption in the stores has been on the increase due to the introduction of new services in response to the diversification of customer needs and the increase in the number of stores.

In FY2008, SEJ opened two eco-friendly stores and installed energy efficient lighting fixtures and facilities to new and remodeled stores. Nonetheless, the amount of CO₂ emissions per store increased from the previous year due to the increase in the number of stores with in-store fryers (cooking appliances and warmers) and larger floor areas.

We at SEJ will continue to invest in

energy conservation measures and inform our employees and franchisees of these measures to reduce per-store energy consumption. We will also strive to build mechanisms for saving energy in cooperation with our franchisees by making use of the regular store maintenance system.

■ CO₂ emissions from all the stores¹ and per store



TOPICS

Convenience Stores as a Social Infrastructure Declaration

In December 2008, the Study Group on the Roles of Convenience Stores as Social Infrastructure² was founded at the initiative of the Ministry of Economy, Trade and Industry, and was joined by experts and representatives of major convenience store chains. The Group issued a report in April 2009². The report points out four issues that convenience stores will face in fulfilling their social responsibilities, and three viewpoints from which those issues should be tackled.

In response to this report, the Japan Franchise Association, to which SEJ belongs, announced the Convenience

Stores as a Social Infrastructure Declaration² as the common goal of the convenience store industry. To tackle environmental issues, the Declaration proposes: 1) the installation of solar power generation devices; 2) the installation of LED lights; 3) the introduction of electric vehicles and the installation of quick charging stations, and 4) the promotion of food waste recycling.

SEJ recognizes these as its important assignments and is determined to strive to achieve the goal in cooperation with the franchisees and other companies in the industry.

The four issues:

1. Environment
2. Safety and reliability
3. Revitalization of the local economy
4. Improved convenience for consumers

The three viewpoints:

1. Building relationships between the headquarters and franchisees for sustainable development
2. Competition between convenience store chains and their collaboration as an industry
3. Segregation of duties from those of the local governments and cooperation with the local governments

Development and Installation of Energy Efficient Facilities



We aim to improve energy efficiency in both existing and new stores.

To improve the energy efficiency of existing stores, SEJ continuously reviews their facilities. We also publicize methods of maintaining and cleaning facilities and equipment via in-house magazines and in Product Exhibitions. In addition, we are advancing the installation of facilities incorporating new energy efficient technologies.

Use of LED lights for signs.

Approximately 15% of all the electricity consumed by a store is used for in-store lighting and signs. To reduce this, SEJ has been encouraging the adoption of LED as the light source for store signs. The benefits of LED lights are lower power consumption and longer life than fluorescent lights. We started to introduce LED lights in new and remodeled stores in December 2008. As of August 31, 2009, LED lights have been

installed in as many as 836 stores.

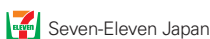
Tests with solar panels.

In September 2008, SEJ launched a test in which solar panels are set up in stores to supply part of the electricity consumed there (at eight stores as of August 31, 2009). In this test, we are checking how the solar panels, whose efficiency fluctuates depending on the weather, generate power at the stores. We will study the future expansion of the use of solar panels based on the test results.



A store with solar panels

Development of Eco-Friendly Stores



We have opened eco-friendly stores that make the best use of sunlight.

In February 2008, we at SEJ opened an eco-friendly test store, Seven-Eleven Nagano Yoshida 2-Chome Store, in Nagano prefecture. In November of the same year, we opened Kamigamosakakida-Cho Store in Kyoto.

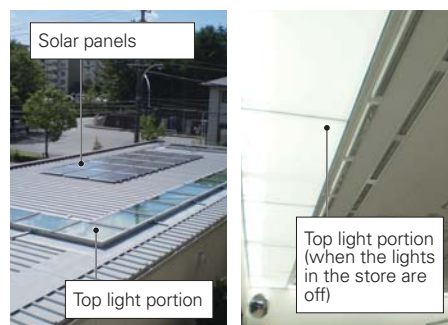
We also opened Tama Toyogaoka 4-Chome Store in Tokyo in August 2009. We applied the latest energy-efficient measures throughout this store, from its interiors and exteriors to its facilities.

For example, we equipped the store with a top light that lets in the sunlight (natural light), by making use of its advantage as a standalone, one-storied building. We installed solar panels on its roof to make the best use of natural energy. The store uses LED lights for in-store illumination, outdoor lights and showcases. It also features energy-efficient air-conditioning facilities and the use of heat-insulating pair glass for the front side, a measure for reducing the amount of power used for in-store air-conditioning.

By combining these measures, the Tama

Toyogaoka 4-Chome Store aims to lower its annual electricity consumption by 20,000kWh compared with conventional stores. It also aims to make a positive impression on customers by letting in more daylight. We expect that the new Seven-Eleven store will appear fresh to customers.

We will verify the effects of these measures to study the possibility of their adoption when designing new stores and remodeling existing stores.

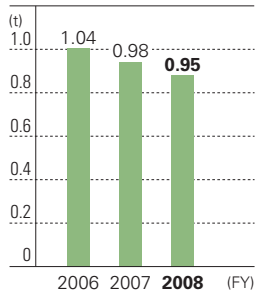


Solar panels installed on the roof

Top light (seen from within the store)

Convenience Store Operations

1 Plastic bag consumption per store



2 Areas where food waste is recycled:

Tokyo's 23 wards, Nagoya City, part of Tama area, Kyoto, Kumamoto City

Reducing Consumption of Plastic Bags



We are controlling the use of plastic bags with the cooperation of customers.

Japan Franchise Association, whose membership consists of SEJ and other convenience store chains, has set the industry target for reducing plastic bag consumption, being a 35% reduction in the total weight of consumed plastic bags per store over FY2000 levels by FY2010. The companies are cooperating in activities for achieving the goal by displaying posters for raising customer awareness and taking other measures.

In FY2008, we displayed awareness-raising posters and asked customers at the checkout whether they required a plastic bag at each SEJ store. During the three months from July to October, we also posted a sign at the register to ask for customers' cooperation.

In Suginami ward in Tokyo, where an ordinance encouraging the charging fees for

plastic bags was enacted in 2008, SEJ submitted its plans for reducing the use of plastic bags in June of the same year. In Suginami ward, we offered "No Plastic Bags" cards as well at checkout stands from



"No Plastic Bags" card



Awareness-raising sign posted at the register

January through June 2009. The design of the cards featured Namisuke, the ward mascot that is familiar to local customers.

In FY2008, the weight of plastic bag consumption per SEJ store¹ was 953.3kg — a 32.9% reduction from FY2000 levels. We will continue our efforts to achieve the target of a 35% reduction over FY2000 levels.

Promotion of Food Waste Recycling



We recycle food waste from stores to make compost, livestock feed, and soap.

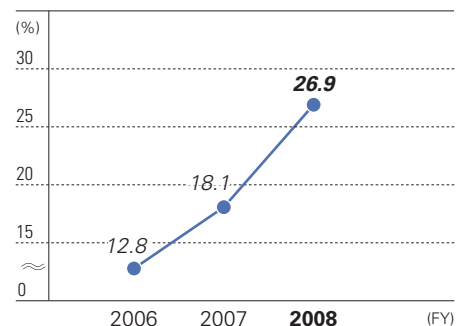
Each SEJ store procures products by estimating the quantity of food that will be sold based on schedules of events to be held in the neighborhood, the number of customers who visit the store per day, their needs, and sales trends. Despite these efforts, however, some products expire at each store, which is unavoidable.

In response, SEJ has been operating "eco-friendly logistics" since 1994 to collect and treat food waste appropriately. Making use of this system, SEJ has been recycling food waste from its stores² such as expired products to make compost and livestock feed, etc.

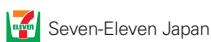
In 2007, SEJ introduced fryers for cooking fried chickens and other food in stores to sell on site. The use of this equipment generates oil waste. We collect and recycle the used cooking oil to make raw materials for livestock feed, soap and paint.

In FY2008, these food recycling measures were expanded to as many as 1,830 stores, and the food waste recycling rate for the year was 26.9%, including used cooking oil. We will continue to control the generation of food waste at each store and encourage recycling, while gaining the understanding and cooperation of our franchisees and business partners.

Food waste recycling rate



Reduction of the Environmental Impact Related to Logistics



We reduce the environmental impact related to logistics from two perspectives — vehicles and the distribution system.

The distribution of products involves transportation by vehicle and the operation of combined distribution centers where products are sorted, both of which have an impact on the environment. At SEJ, we have created the following voluntary control standards: "Use only vehicles with a service age of within six years and a travel distance of within 500,000 kilometers" and "Conduct preventive maintenance and inspections every month" in cooperation with our logistics partners, to reduce the environmental impact caused by vehicle conditions as well.

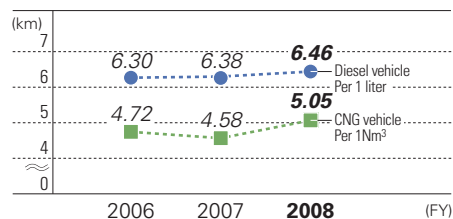
To reduce the environmental impact and ensure safe driving, all our distribution vehicles transporting products from combined distribution centers to SEJ stores (3,993 vehicles as of the end of FY2008) have had in-vehicle terminals installed since 2001. Data gathered via the equipment — such as the travel distance, maximum speed, engine-idling duration and driving patterns (including sudden starts, acceleration or deceleration) — is quantified and then analyzed to use in providing individual guidance to drivers and for the possible revision of driving routes.

Since FY1999, we have used an increasing number of compressed natural gas (CNG) vehicles³, which effectively reduce

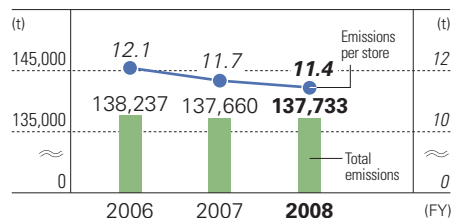
the environmental impact caused by exhaust gas. As of the end of FY2008, 306 units⁴ of our vehicles were powered by CNG (a year-on-year increase of 53 units).

Our logistics-related CO₂ emissions in FY2008 increased slightly from the previous year, however, because we opened stores in new areas (Toyama, Fukui, and Shimane), and the travel distances of our vehicles became correspondingly longer. We will begin strengthening measures for saving energy at our combined distribution centers, etc.

Fuel efficiency



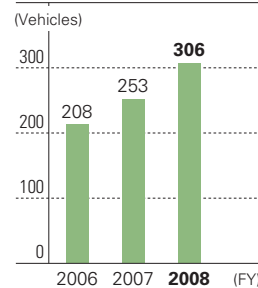
Total and per-store logistics-related CO₂ emissions



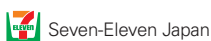
3 Compressed natural gas (CNG) vehicle

These types of trucks emit minimal toxic nitrogen oxides (NO_x) and sulfur oxides (SO_x), and emit a smaller amount of CO₂ while being driven.

4 Number of our CNG vehicles



Sharing Environmental Information with Franchisees



We provide information to our franchisees so we can reduce the environmental impact together.

To reduce the impact of operations at each store, we must raise awareness among our franchisees. We at SEJ provide information to that end in every issue of the in-house magazine for our franchisees. We also promote awareness through Environmental Corners in the venues of Product Exhibitions for franchisees held annually throughout Japan in spring and autumn.

In FY2008, we featured global warming prevention at the spring exhibitions. At the autumn exhibitions, we detailed measures being taken by SEJ and proper treatment and

recycling of used cooking oil in installing new fryers. We even distributed soap made from this oil to demonstrate that it really can be recycled. At the Product Exhibitions in spring of FY2009, we introduced measures for

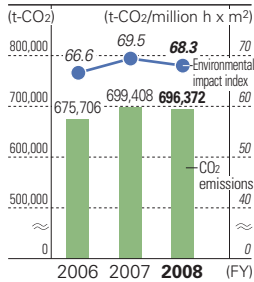


Product Exhibition held in the spring of FY2009

individuals to do in their daily lives, along with some to be done in stores.

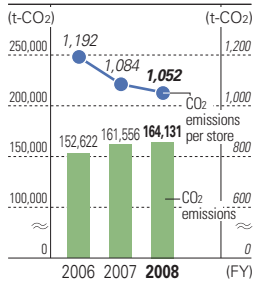
Superstore Operations

● CO₂ emissions and environmental impact index of Ito-Yokado



The CO₂ emission figures above indicate the emissions attributed to energy consumption for store operations and logistics. The environmental impact index indicates the CO₂ emissions per total floor area x operating hours.

● Total and per-store CO₂ emissions of York-Benimaru



The CO₂ emission figures above indicate the emissions attributed to energy consumption for store operations and logistics.

Saving Energy in Stores



We encourage the introduction of energy efficient equipment to reduce CO₂ emissions.

Ito-Yokado and York-Benimaru utilize energy efficient equipment and conduct regular maintenance of their facilities to reduce the environmental impact related to store operations. We also apply innovative

measures at newly opened stores, such as installing solar panels to make use of renewable energy and installing low-power, long-life LED lights.

① Continuously adjusting lighting equipment

We have installed "continuously adjusting lighting equipment," which automatically adjusts the lighting levels on the sales floor to correct brightness uniformly (all stores opened since June 2000).



② Reduction of lights

We have halved the number of fluorescent lamps used to individually illuminate the freezer and refrigerator shelves. We have eliminated the lamps under each shelf and installed lights at the top to illuminate the entire showcase from above (52 Ito-Yokado stores and 9 York-Benimaru stores).



③ Night covers

We have installed night covers for the multi-shelf open-top display freezers. These covers provide better insulation at night (100 Ito-Yokado stores and York-Benimaru stores remodeled or opened since 2001).

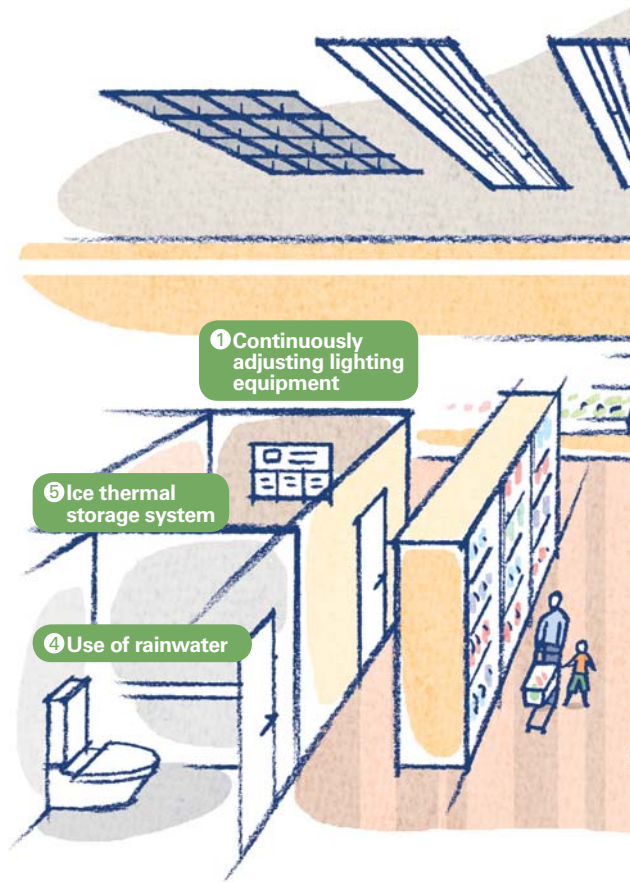


④ Use of rainwater

At Ario Nishi-Arai and Musashi-Koganei Store, we store rainwater to use as general service water for toilets.

⑤ Ice thermal storage system

To reduce the amount of energy used to air-condition the sales floors, we have been installing air-conditioners with an ice thermal storage system. To air-condition the stores during operating hours, this system uses ice made during off-peak night hours, when a lower percentage of electricity is generated from fossil fuel. These devices emit approximately 5% less CO₂ per year than the air conditioners in other stores (6 Ito-Yokado stores and 4 York-Benimaru stores).



⑥ Heat pump water heaters

A heat pump water heater creates hot water by applying the principle that when air is compressed, its temperature rises. The equipment is more efficient than conventional water heaters and supplies hot water with far lower power consumption.

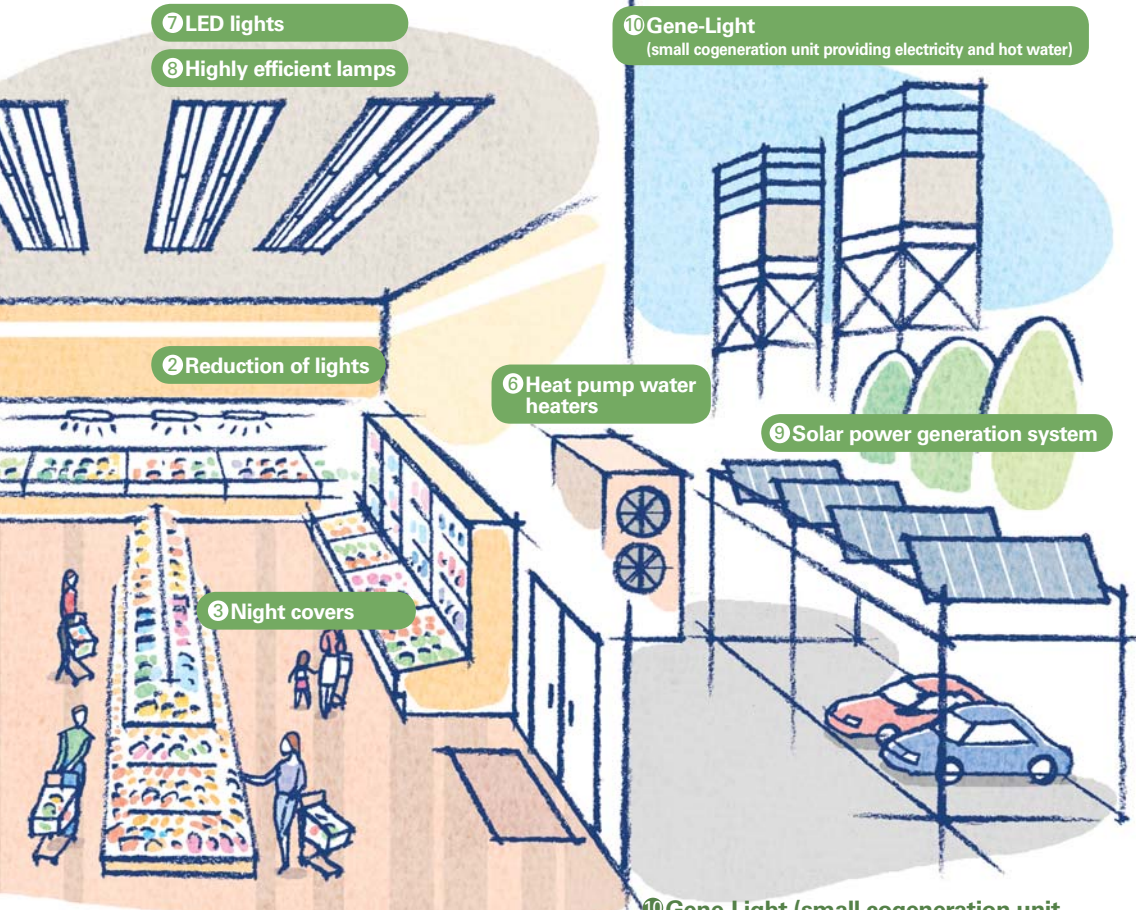
7 LED lights

We have installed low-power, long-life LED lights. The Musashi-Koganei Store has installed LED lights as the base lighting for its children's clothing sales floor. This project was certified as a Model Project of Energy efficient Light Design by Japan's Ministry of the Environment. The store has installed approx. 2,250 LED lights in total. The use of these lights is expected to reduce the annual electrical power consumption and CO₂ emissions by 312MWh and 122 tons respectively, compared with conventional lights.



8 Highly efficient lamps

When lamps are replaced, we install 50W lamps that are equivalent to conventional 70W ceramic metal halide lamps (113MWh less electricity consumption and 39 tons less CO₂ emissions each year). We also use 100W lamps that are equivalent to conventional FHT42W-4 fluorescent lamps (116MWh less electricity consumption and 40 tons less CO₂ emissions each year).



9 Solar power generation system

Solar panels at Ario Otori and Musashi-Koganei Store power the in-store lighting. Panels in the outdoor parking lot at Ario Otori will generate approx. 7,000kWh, reducing CO₂ emissions by around 2 tons per year. Panels in the south-facing walls at Musashi-Koganei Store will generate approx. 24MWh, reducing CO₂ emissions by around 9 tons per year.



10 Gene-Light (small cogeneration unit providing electricity and hot water)

We are installing Gene-Light in stores — a system that generates electricity with a natural gas engine and uses the exhaust heat to produce hot water. Providing both electricity and hot water from a single source, Gene-Light is highly energy and cost efficient, and it reduces CO₂ emissions. This system is generally estimated to reduce CO₂ emissions by more than 15% (26 stores).



Superstore Operations

1 Ito-Yokado operates this program in stores where charging fees for plastic bags has not been introduced.

2 As of July 31, 2009, the number of stores that had introduced charging fees for plastic bags was 31 for Ito-Yokado and 111 for York-Benimaru.

3 Food Waste Recycling Law

The Food Waste Recycling Law stipulates that all businesses that generate food waste must make concerted efforts to reduce and recycle food waste.

Reducing the Consumption of Packaging, especially Plastic Bags



We strive to reduce the use of packaging with the cooperation of our customers.

At Ito-Yokado and York-Benimaru, we have been striving to reduce plastic bag consumption to achieve the industry-wide target of a 30% plastic bag refusal rate by the end of FY2010, which has been set by the Japan Chain Stores Association we belong to. Specifically, we offer "No Plastic Bags" cards at check-out stands, have introduced the "Eco Stamp Card" program¹, and sell original eco-bags in the stores. Since FY2007, we have been introducing fees for plastic bags² in areas where we have obtained the unanimous approval of local governments, consumer groups and businesses after consultation. As a result of these efforts, the plastic bag refusal rate as of July 31, 2009 was 27.6% in Ito-Yokado stores and 61.8% in York-Benimaru stores.

We have also worked to reduce the number of food packaging used for prepared boxed meals and side dishes, fresh food, and other food items through the adoption of

thinner containers and the introduction of unpackaged or sell-by-weight sales. Moreover, Ito-Yokado introduced eco-friendly paper bags in February 2009. They are considered eco-friendly because the amount of CO₂ emitted when these paper bags are burned is 70% lower than what is emitted when plastic containers are burned. The paper bags are used for unpackaged sales of prepared food. York-Benimaru has started to use food trays recycled from used trays collected from customers in stores. The recycled food trays constitute around 48% of all the food trays used in the perishables department.



Paper bags for unpackaged prepared food



Recycled food trays

We are promoting food waste recycling to achieve the 2012 target.

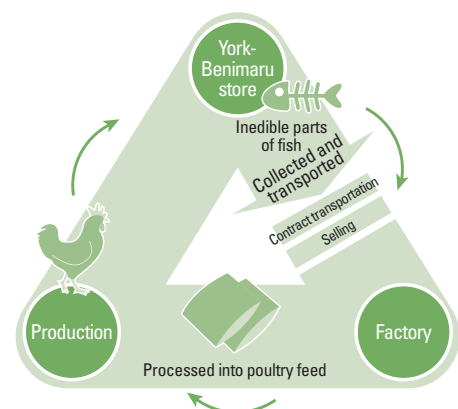
Under the Food Waste Recycling Law³ revised in December 2007, food retailers must achieve a food waste recycling rate of 45% by 2012. To achieve this legally binding target, Ito-Yokado and York-Benimaru have been working to generate less food waste, and recycle more.

Ito-Yokado is working to develop a "recycling loop," whereby food waste generated by our stores is used to make compost. The compost is then applied to soil to grow vegetables, which then come back to our stores as products. In July 2007, Ito-Yokado began making compost from food waste collected from our six stores in Chiba and selling vegetables grown using this compost in our Anesaki and Ichihara Stores. In August 2008, Ito-Yokado established Seven Farm Tomisato as a model of recycling-based agriculture (see page 18). As a result of these efforts, the recycling of food waste into compost and livestock feed was practiced at 50 Ito-Yokado stores as of February 28, 2009. York-Benimaru processes

the inedible parts of fish, which account for about 20% of food waste, to make poultry feed. Eggs from chickens raised on the feed are sold as our house brand *Kenyo-ran* in York-Benimaru stores. This practice has been implemented in all the York-Benimaru stores.

Consequently, the food waste recycling rate in FY2008 was 26.5% in Ito-Yokado and 23.6% in York-Benimaru.

System for producing *Kenyo-ran* eggs



Food services

Reducing CO₂ Emissions by Saving Energy Seven & i Food Systems

We are installing more efficient equipment for more energy efficient restaurant operations.

At Seven & i Food Systems, we engage in food service which consumes a considerable amount of energy for kitchen facilities and air-conditioning equipment. To help prevent global warming, we have been striving to reduce the CO₂ emissions attributed to energy consumption in our operations by installing highly energy efficient equipment.

Most dishes served in Denny's restaurants are cooked in their kitchens, enabling us to offer menu items that are in optimal condition. To reduce kitchen energy consumption, we have increased all-electric facilities, rather than using natural gas-powered equipment — such as induction heating (IH) stoves and Eco-Cute⁴ water heating systems.

In July 2009, we opened Denny's Kemigawa as an experimental "green" restaurant, where we have implemented a variety of eco-friendly measures. In addition to the all-electric kitchen facilities, we have installed a solar power generation system. The power generated using natural energy is

used for illuminating the dining area and kitchen. We also use low-power LED lights for all lights and signs in the restaurant. We reuse rainwater by sprinkling it on the roof and outdoor units of the air-conditioner to reduce the burden on the air-conditioner. The restaurant also features a water-saving toilet system that reduces the water consumption of the toilets, while the use of heat-insulating pair glass improves the air-conditioning efficiency.



Solar panels



Panel indicating the amount of solar power generated



LED lights for the dining area



Rainwater filtration system

Food Waste Reduction and Improvement of Recycling Rate Seven & i Food Systems

We undertake food recycling as appropriate, depending on the characteristics of each restaurant.

At Seven & i Food Systems, we usually prepare guests' meals in our restaurants' kitchens to serve them in a fresh and tasty condition, which inevitably generates cooking refuse. We are working to minimize such food waste and customer leftovers, and use the waste effectively by utilizing it to make compost, etc.

Denny's has joined the network of SEJ's food waste recycling system (p.28), aiming to encourage recycling and proper disposal. As of FY2008, this system had grown to include 83 Denny's restaurants. Consequently, Seven & i Food Systems achieved a food waste recycling rate of 20.5% in FY2008.

According to the Food Waste Recycling Law, food service operators are required to

achieve a 40% food waste recycling rate by 2012. To meet and exceed this statutory food waste recycling target, Seven & i Food Systems intends to implement such food waste recycling systems in approximately 330 restaurants by 2012, and reduce the size of ingredient shipments to procure only the necessary quantity of ingredients and minimize disposal loss by using them all.



Food waste being collected from a restaurant

4 Eco-Cute

Eco-Cute is an electric water heating system that makes use of the heat in the air.



Department Store Operations

Reduction of CO₂ Emissions Through the Replacement of Facilities

Sogo & SEIBU

We are installing energy efficient equipment.

At Sogo & SEIBU department stores, around 40% of all the energy is consumed by lighting equipment. As a result, we at Sogo & SEIBU have been installing energy efficient lighting equipment.

As a part of our project for remodeling the entire building of the SEIBU Ikebukuro Main Store, in November 2008 we completed an approx. 231-m² section illuminated by low-power, long-life LED lights. This section is one of the largest department store sales floors using LED lights, and around 90% of its light sources — including those in the ceiling and walls and those illuminating the displays and fitting rooms — are LED lights. It is expected that the amount of CO₂ emissions attributed to electricity consumption on this sales floor will be more than 40% lower than for a floor illuminated by conventional lights. We are also planning to expand the use of LED lights to the other stores.

The energy efficient measures applied

through the project are not limited to lighting equipment. The project actually involves a large-scale renovation for energy conservation. We have replaced some of the air-conditioning facilities with more energy-efficient ones and installed a cooling system that uses outside air. Such measures were also applied to the electric power system, including transformers and heat source facilities such as freezers and boilers. The remodeling of the entire SEIBU Ikebukuro Main Store building is scheduled for completion in 2010.



LED lights in SEIBU Ikebukuro Main Store



Saving Energy in Stores

Sogo & SEIBU

We are engaging in environmental activities in cooperation with the Japan Department Stores Association (JDSA).

“COOL BIZ” is one of the global warming measures of the Ministry of the Environment (MOE), which suggests that people are comfortable in room temperatures air-conditioned to no lower than 28 degrees centigrade. In May 2009, we at Sogo & SEIBU participated in the “COOL BIZ’ Presentation in Kansai,” an event hosted by MOE, as a member of JDSA. We ran the fashion show, in which two of our employees appeared as models.

Sogo & SEIBU also participates every year in the “CO₂ Reduction/Black Illumination¹,” which encourages facilities to turn off their exterior illuminations. In FY2008, we turned the illuminations off one or two hours earlier than usual on June 21 and July 7. This resulted in a power consumption reduction of approx. 2,000kWh by all stores.

Our other measures against global warming include “Mission Uchimizu” (sprinkling water on the road, etc. to lower

the temperature) that was carried out in August. Our customers enjoyed participating in this environmental activity.



The “COOL BIZ” fashion show hosted by MOE



Mission Uchimizu

1 Black Illumination

The Black Illumination is an event initiated by MOE to raise awareness of global warming. The exterior illuminations of many facilities, which are familiar to many people, are turned off to raise their awareness of the impact of electricity consumption. The campaign was first implemented in 2003 and has been carried out every year since then.



Promoting environmentally fashionable products and lifestyles

Sogo & SEIBU

We held "Bike-Conscious Life," an event for encouraging an eco-friendly lifestyle.

At Sogo & SEIBU, we deliver environmentally-friendly, comfortable and stylish products to our customers. As a part of our efforts, we held an event called "Bike-Conscious Life" during April and May, 2009.

With the key words of "beauty," "ecology" and "health," this event proposes the use of bicycles on a daily basis. During the event, we displayed stylish looks and goods for riding bicycles on our sales floors. We also held a test-riding event, a seminar on bicycle etiquette and a talk show.

At SEIBU Ikebukuro Main Store, we regard purchasing bicycles and related products and participating in bicycle-related events as Eco Actions, because riding bicycles does not emit any CO₂. We issued Eco Action Points to customers who bought bicycles and related

products, and held an "Eco Action Point Lottery." Customers who had Eco Action Points went into the lottery to win prizes. This lottery was backed by the MOE.

More than 1,000 customers participated in the event, and we undertook carbon offsetting for the reduction of CO₂ in accordance with the number of Eco Action Points collected from customers who participated in the lottery. We contributed to the economic development and

CO₂ reduction of developing countries by investing the points in clean energy development projects in those countries.



A talk show for "Bike-Conscious Life" was held with Rie Hasegawa, a TV personality

Introduction of environmental activities in our daily life

Ito-Yokado

We promote eco-friendly products and lifestyles in our stores.

In FY2008, Ito-Yokado launched the ecoRIBBON campaign by developing an original character named RIBBOMI. The campaign is aimed at encouraging environmental activities in our daily life, together with our customers, by offering eco-friendly products and lifestyles. We selected products to offer in the campaign by referring to the opinions of three external advisors.

In the summer of 2009, for example, we offered clothing and bedclothes that ensure comfortable living without excessive air-conditioning. We posted a sign with an illustration of RIBBOMI on the sales floor to let customers know that they were eco-friendly products. We also issue pamphlets and distribute them to customers to share awareness of environmental issues with them.

At Ario Otori and Musashi-Koganei Store, we created the Eco and UD (Universal Design) Section on the theme of becoming earth-friendly and people-friendly. This section presents Ito-Yokado's activities related to energy conservation, recycling, reuse, and natural energy via panels and videos, etc. For example, the

section at Musashi-Koganei Store indicates the amount of power generated by the solar panels installed in the store building.



In-store sign featuring an illustration of RIBBOMI



The Eco and UD (Universal Design) Section



Pamphlet for customers



Panel illustrating solar power generation