

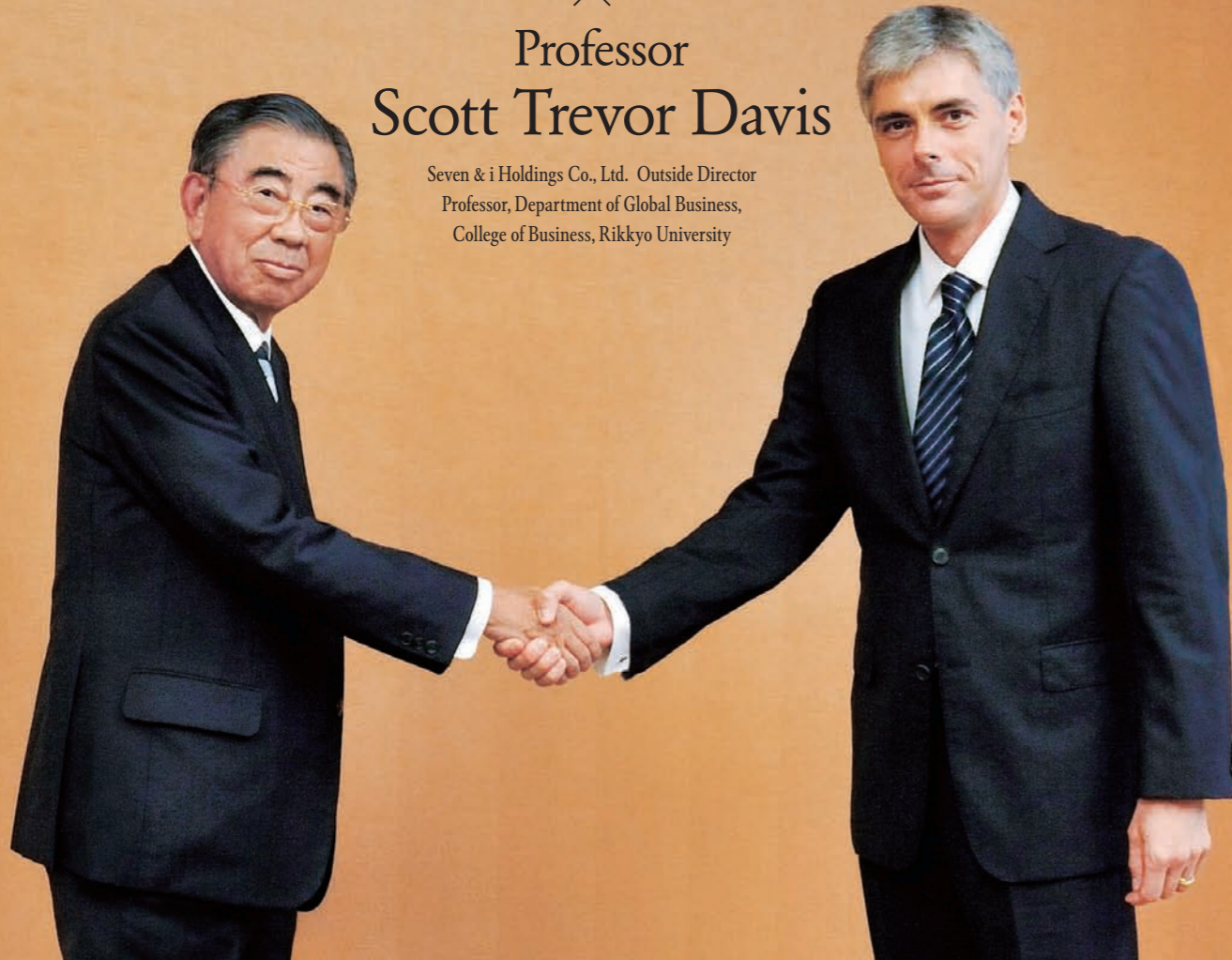
# Toshifumi Suzuki

Seven & i Holdings Co., Ltd.  
Chairman and Chief Executive Officer (CEO)



# Professor Scott Trevor Davis

Seven & i Holdings Co., Ltd. Outside Director  
Professor, Department of Global Business,  
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## Thoughts on the Seven and i Group's CSR Activities

Professor Scott Trevor Davis, an Outside Director of Seven & i Holdings and a specialist in management strategy with a profound knowledge of worldwide CSR trends, and the Seven & i Holdings Group's Chairman and CEO, Toshifumi Suzuki, engaged in a discussion recently concerning the Seven & i Group's CSR activities. The following is an excerpt from that discussion.



### Management from the Stakeholders' Perspective

#### CSR and the Seven and i Group

**Davis** (Honorifics are omitted from names here and below.): ISO26000<sup>1</sup>, which is scheduled for publication this year, defines SR (social responsibility) as a "contribution to sustainable development, including the health and prosperity of society" in "consideration of stakeholders' expectations."

As an outside director who has observed Seven & i's management since the holding company was established, I have the impression that CSR (corporate social responsibility) is incorporated naturally into the Seven & i Group's management makeup.

**Suzuki:** Ever since the founding of our business at a time when the CSR concept was as yet undeveloped, our Group has endeavored to carry out sincere management—or "management from the stakeholders' perspective"—according to our corporate creed, "We aim to be a sincere company trusted by our customers, business partners, shareholders, local communities and employees." Underlying this "management from the stakeholders' perspective" is the concept of "putting yourself in the customer's shoes," a viewpoint we must always keep in mind when conducting business. Simply stated, this means doing everything possible to make shopping convenient and satisfying for shoppers, however inconvenient and unreasonable it may seem to the seller. This has been, and will remain, the basis for Seven & i's management.

### CSR and the Seven and i Group



Professor, Department of Global Business, College of Business, Rikkyo University Specialist in corporate social responsibility  
May 2004 – May 2006: Outside Director for Ito-Yokado Co., Ltd.  
September 2005 – present: Outside Director for Seven & i Holdings Co., Ltd.  
Provides advice and recommendations to ensure the appropriateness and propriety of decisions made by the Board of Directors from the perspective of business management and CSR.

**Davis:** I quite understand that Seven & i has consistently practiced "management from the stakeholders' perspective." You've taken such unique, innovative steps as the founding of Seven-Eleven, Japan's first full-fledged convenience store; development of Japanese-style fast foods, such as rice balls and boxed meals, which had previously been regarded as home-cooked foods; and the establishment of Seven Bank. How were you able to grasp the needs of your customers and society at large so accurately?

**Suzuki:** I was never motivated on any of these occasions by a fervent desire to do "something innovative." Instead, all these developments grew out of my personal way of thinking, that, "given these circumstance, this is the way it should be."

**Davis:** So, these can be seen as necessary consequences?

What other products that incorporate the customer's perspectives or products and services that meet the needs of society do you offer?

**Suzuki:** If you consider the food business, for example, customer needs—such as considerations of health and the environment, not to mention safety and reliability—keep changing from day to day. At Seven-Eleven, all the products we deliver on a daily basis, such as cooked rice products, sandwiches, prepared foods and cooked noodles, have been completely free of preservatives and artificial coloring since 2001. We have also been reducing the use of sodium phosphate and trans-fatty acids.

At Ito-Yokado, we collect leftover foods and make them into compost. The compost is then used to grow vegetables for sale at our stores.

**Davis:** One factor that's stressed in discussions of social responsibility in recent years is supply chain management. Every stakeholder who's involved in the conduct of business, from the upstream end all the way to the downstream end, has to be taken into consideration.

**Suzuki:** I recognize the critical importance to the continuation of business for retailers like us, who function as a links in the supply chain that includes manufacturers and distributors as well as stores



## Replacing a Focus on Social Concerns with a Focus on Business

**Suzuki:** Our Group operates retail businesses, so many of our customers are naturally women. This makes the strength and outstanding performance of the women in our employ extremely important for developing products and serving customers.

As concerns systems, we strive to create workplace environments that women find comfortable, taking into consideration not only the positions—as full-time or part-time employees—but also the diverse lifestyles of our various workers: whether they are single or married, raising children, providing nursing care for family members or intent on working in the local community.

To help our female employees feel at ease and motivate them, it is essential that we both “create an environment conducive to women’s personal growth” and change their way of thinking. Only when these two objectives are realized can women play a more active role. I consider it a mission for Seven & i’s future to enrich our environment so that competent people of either sex can work with easy minds.

A company cannot keep employees’ morale high unless it creates work styles that enable them to attain the lifestyles they seek.

### Future directions

**Davis:** Finally, we are in an era characterized by drastic changes. What challenges does Seven & i foresee?

**Suzuki:** We’ll work to ensure management from the standpoint of our customers and other stakeholders, undergo continuous self-reformation, and continue to take on challenges in the development of new products and provision of new services.

**Davis:** As an outside director, I look forward to observing the future endeavors of Seven & i Holdings.



**Suzuki:** I couldn’t agree more. The most important thing to an employee is whether or not the job gives him or her a sense of accomplishment or satisfaction. Companies that pay high salaries do not necessarily have low employee turnover rates, and, in some cases, the opposite is true. The bottom line is whether or not a person can realize the value of his or her existence. Humans are by nature creatures of goodwill. People who think, “I want to be like this” or “I want to become like that,” are more likely to be mentally stable people who actively seek meaning in their work. This is nothing less than a desire for fulfillment in life. All of us are endowed with the latent ability to attain self-enlightenment. The important thing is whether or not an opportunity, mechanism or occasion is available for realizing this ability to the greatest possible extent.

**Davis:** Tell me about your treatment of female employees.

<sup>1</sup> World’s first international standard for social responsibility targeting organizations of all kinds  
<sup>2</sup> People whose circumstances make daily shopping for grocery and other items difficult  
<sup>3</sup> International Tropical Timber Organization : A UN treaty-based organization that deals with issues facing tropical forests  
<sup>4</sup> Reduction of Emissions from Deforestation and Forest Degradation in Developing Countries

licensees from around the world at our International Licensee Summit, a global gathering of Seven-Eleven licensees.

These efforts notwithstanding, it remains true that it’s difficult to achieve a substantial reduction in CO<sub>2</sub> emissions here in Japan. This is why the Company partnered with the ITTO<sup>3</sup> to launch the “REDD<sup>4</sup> Project” in 2010. It targets emissions reduction (carbon stocks conservation and enhancement) of 1.2 Million Tons in CO<sub>2</sub> Emissions, a Volume Equivalent to Approximately 50% of the Total Annual CO<sub>2</sub> Emissions by Our Domestic Group Companies. We intend to continue to contribute to reducing CO<sub>2</sub> emissions through preservation of tropical forests, an approach offering superior cost-efficiency.

### Motivating employees

**Davis:** The Seven & i Group has approximately 140,000 employees. I believe human resources are the key to every aspect of a company’s operations. What’s your opinion?

and customers, to tackle social issues involving the supply chain and pursue active efforts to reduce the environmental impact and other problems.

I might add, incidentally, that besides their “convenient 24-hour operation,” today’s convenience stores are cooperating with local governments in such matters as development and sale of products produced locally for local consumption and issuance of residence certificates. The role of convenience stores is evolving, moreover, as they become “community life bases” with close connections to the local community that provide such support for customers’ lives as serving as centers for disaster preparedness and crime prevention.

At Ito-Yokado, we operate a Net Supermarket business that enables senior citizens, pregnant women and other challenged shoppers<sup>2</sup> to place orders over the Internet and have the merchandise delivered to their residences with no need to visit a store.

**Davis:** I refer to such responses to changes in the circumstances surrounding customers and society as “social sensitivity.” By this I mean “replacing a focus on social concerns with a focus on business,” which transforms an activity from a temporary to a sustainable form. At this point, CSR is not translated into management, but CSR itself has become management.

### Tackling global warming

**Davis:** Global warming has become a pressing issue on a global scale. How does Seven & i view this issue?

**Suzuki:** Domestically, as in the case of product development and marketing, our Group companies share information about the effectiveness of energy-saving measures in relation to store management. We are pushing ahead with global-scale reductions in CO<sub>2</sub> emissions, moreover, through sharing of Japan’s latest energy-saving technologies with

## Pursuing Continuous Self-Reformation, New Product Development and New Service Provision



## Corporate Creed

We aim to be a sincere company that our shareholders trust.

We aim to be a sincere company that our customers, business partners and local communities trust.

We aim to be a sincere company that our employees trust.

## Seven & i Holdings Corporate Action Guidelines (Formulated 1993, most recently revised 2007)

### Preamble

The Company’s mission is to provide customers with valuable products and services and to create new wealth and employment opportunities by conducting management with respect for business ethics. All the management and staff of Seven & i Holdings view customer satisfaction as their highest responsibility, and all are engaged in the pursuit of this mission. To this end, we have established a sound management structure.

We meet our social responsibilities, employing business practices in accordance with laws, regulations and social norms and with respect for human rights, the dignity of everyone with whom we are associated and the diverse values of international society.

For the full text, please visit the following site:  
<http://www.7andi.com/csr/guidelines.html> (in Japanese)

# Seven & i Holdings' CSR Management

Our perspective on the Group's CSR management philosophy is as follows.

## ■ Stakeholder management

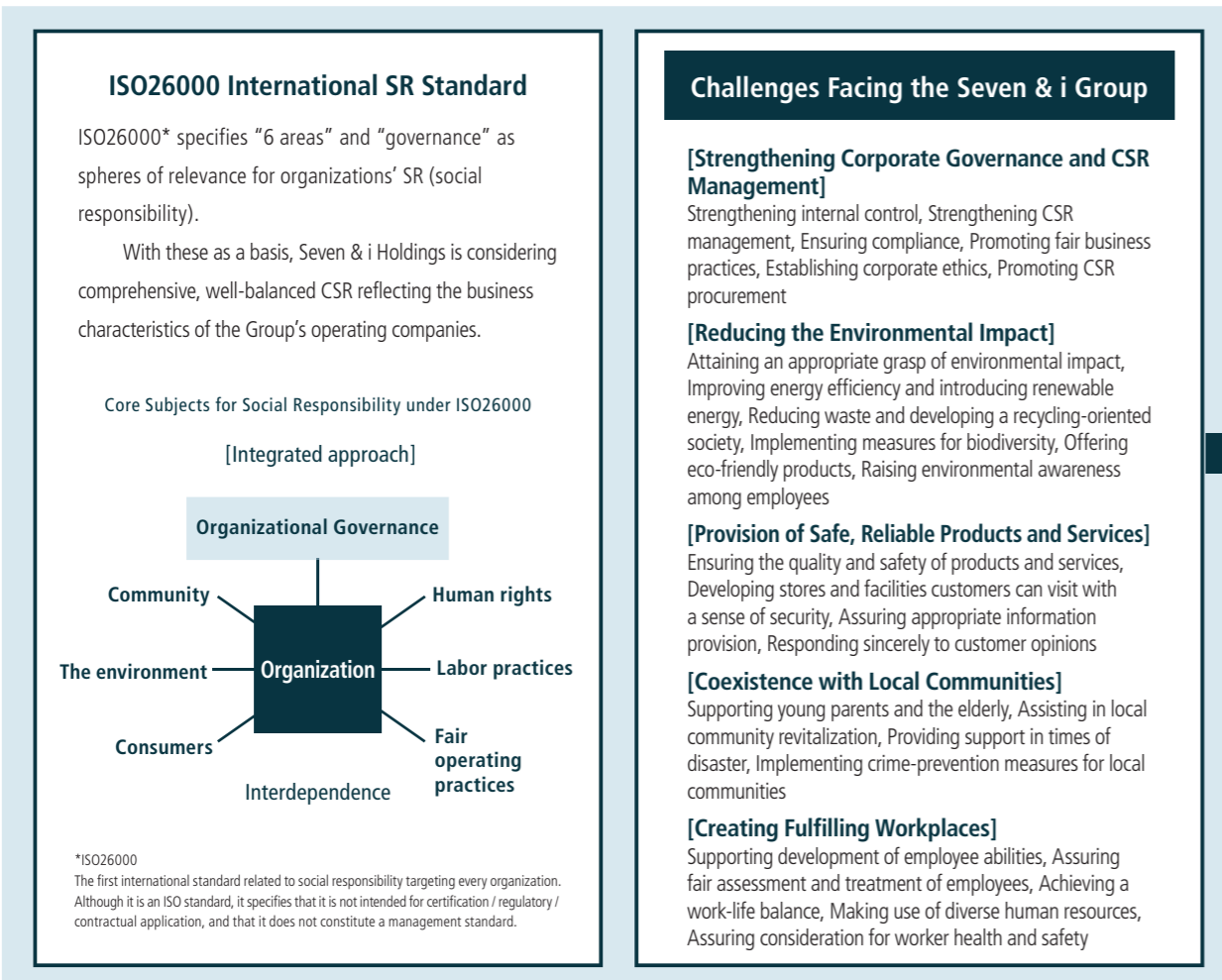
Since the Company's founding, we have adhered to a corporate policy of being "a sincere company that our customers, shareholders, business partners, local communities and employees trust," endeavoring to conduct management from the perspectives of our various stakeholders.

## ■ Business activities and social issues

In these times of rapidly changing social conditions, the environment surrounding every stakeholder is undergoing daily change as well. Under these circumstances, our stakeholders' expectations and demands also keep changing. Keeping our relationship with our stakeholders constantly in mind, we will continue our efforts to serve them through our core businesses, solve issues and give them satisfaction. If our efforts to solve the issues facing society succeed to even a limited extent, we believe this is the kind of CSR the Company seeks. To this end, we consider establishing sound internal corporate governance to be of paramount importance.

Issues we identified during the past year as needing to be addressed in consideration of both society's expectations and the Company's basic posture of prioritizing corporate governance correspond closely to ISO26000, as described below.

## Seven & i Group Challenges and ISO26000



The operating companies leverage their respective business characteristics to contribute to solving social issues. They consider which concrete measures they should implement and reevaluate their activities constantly.

The operating companies deal with their priority issues based on their respective business characteristics.	Business Characteristics	Priority Issues
	<p><b>Seven-Eleven Japan</b></p> <ul style="list-style-type: none"> <li>● Franchise business</li> <li>● Stores: 13,000 (approx.)</li> <li>● 24-hour operation</li> </ul> <hr/> <p><b>Ito-Yokado</b></p> <ul style="list-style-type: none"> <li>● Retailing of products related to daily life</li> <li>● Locating Ario, large-scale shopping centers: 8 (as of June 2010)</li> <li>● Part-time worker ratio: about 80%</li> </ul> <hr/> <p><b>York-Benimaru</b></p> <ul style="list-style-type: none"> <li>● 75% of sales in foods</li> <li>● "Area dominant" store strategy</li> <li>● Part-time worker ratio: about 80%</li> </ul> <hr/> <p><b>Sogo &amp; Seibu</b></p> <ul style="list-style-type: none"> <li>● Three department store brands, Sogo, SEIBU and Robinson's (28 stores), and institutional customer business (B-to-B operations)</li> <li>● Approximately 50,000 employees (including employees of the Company and its business partners)</li> <li>● Offering high-quality services by specialists (87 types of specialized qualifications / 3,547 certified personnel)</li> </ul> <hr/> <p><b>Seven &amp; i Food Systems</b></p> <ul style="list-style-type: none"> <li>● Food service company operating three businesses (Restaurant, fast food and meal provision service divisions)</li> <li>● In-store food preparation services providing fresh-cooked good taste</li> <li>● Part-time worker ratio: about 90%</li> </ul> <hr/> <p><b>Seven Bank</b></p> <ul style="list-style-type: none"> <li>● ATMs: Over 14,500</li> <li>● Over 550 partner financial institutions</li> <li>● 24-hour operation</li> </ul>	<ul style="list-style-type: none"> <li>● Pursuing "coexistence &amp; mutual prosperity" through cooperative operations based on role sharing by franchise stores and Seven-Eleven Japan</li> <li>● Becoming a "nearby convenient" store</li> <li>● Reducing the environmental impact</li> </ul> <hr/> <ul style="list-style-type: none"> <li>● Product safety &amp; quality management</li> <li>● Store creation in consideration of a diverse range of customers</li> <li>● Provision of services &amp; use of stores as "community life bases"</li> <li>● Reducing the environmental impact</li> <li>● Improving part-time staff job satisfaction</li> </ul> <hr/> <ul style="list-style-type: none"> <li>● Food safety &amp; security</li> <li>● Promotion of food education</li> <li>● Exchanges between the stores and the surrounding community</li> <li>● Improving part-time staff job satisfaction</li> </ul> <hr/> <ul style="list-style-type: none"> <li>● Assuring a safe, pleasant environment as local community-based stores</li> <li>● Ensuring quality merchandise management &amp; appropriate product labeling</li> <li>● Customer service by sales staff with specialized knowledge</li> <li>● Promoting social contribution activities with customer participation</li> </ul> <hr/> <ul style="list-style-type: none"> <li>● Foodstuffs safety &amp; hygiene management</li> <li>● Product development responding to diversified needs</li> <li>● Social contribution through food</li> <li>● Reducing the environmental impact of food preparation / kitchen operation</li> <li>● Fair and impartial treatment of part-time staff</li> </ul> <hr/> <ul style="list-style-type: none"> <li>● Creating mechanisms that assure stable ATM operation</li> <li>● Improving skills in call center customer responsiveness</li> <li>● Employee participation-style environmental preservation activities</li> <li>● Support for donation picture book and drive</li> <li>● Organizing educational and training systems to cultivate employees' capabilities</li> </ul>

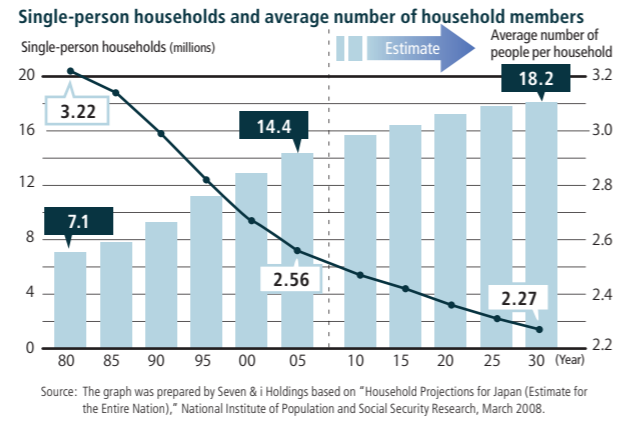


# Helping to Solve Social Issues by Leveraging the Characteristics of Our Various Business Operations

## ■ Seeking to Be a Store Offering Greater “Nearby Convenience” — Seven-Eleven Japan

Among the dramatic changes in the social environment and people’s lifestyles today, the ratio of working women as well as the number of single-person households and households comprising couples without children are trending upward. In this social environment, such meal-related requests as, “I’d like to buy only the quantity I need because mine is a small household,” or, “I don’t want to spend much time cooking because I’m pressed for time,” are on the rise. Service bases such as small and medium-sized retailers and bank branches are decreasing year by year, moreover, inconveniencing growing numbers of people when they go out to shop or for other purposes.

Seven-Eleven, which has offered utility bill payment services as well as installed bank ATMs for some time, is responding by expanding its selection of merchandise and services with the aim of becoming a store offering greater “nearby convenience.”



### Dishes that eliminate the fuss and bother of cooking

Seven Premium brand prepared dishes, which free customers from the fuss and bother of cooking without compromising quality, freshness or taste, successfully combine high quality and reasonable prices. Besides using only carefully selected ingredients, we make extra efforts, such as shipping some vegetables unpeeled directly from the growers to the manufacturers’ factories, where they are cooked only briefly in order to maintain their freshness and good taste. In the case of potato salad, we employ various techniques, including heat sterilization of vacuum-packed salads to lengthen their shelf life.



### Chilled boxed meals with long shelf lives\*

We sell chilled boxed meals that can be managed and sold in the chilled temperature range (5°C), which is lower than that employed for conventional boxed meals. We revamped our manufacturing methods and implemented thorough temperature control to give these products a shelf life extending over three times that of existing boxed meals, while pursuing the quintessential taste of the dishes and ingredients. As a result, purchasers can keep our chilled boxed meals longer than before, freeing them to eat them at their convenience.

\* The photo shows an example.



### Well-balanced boxed meals available at a choice of locations

Seven-Meal Service takes advantage of Seven-Eleven Japan’s product development, manufacturing and distribution infrastructure to offer authentic prepared foods, easy-to-cook meal kits and boxed meals that vary with the day, all of them nutritionally balanced and developed under the supervision of licensed dietitians. Customers can order them at Seven-Eleven stores as well as on the Internet or by phone or fax. Our convenient meal delivery service allows customers to pick up the items they order at the store or have them delivered to their home or workplace.



### Issuance of residence certificate copies and seal registration certificates

Japanese have conventionally been able to obtain a copy of their residence certificate or a seal registration certificate only during the set daytime operating hours of local government offices on weekdays. At Seven-Eleven, customers can take advantage of a special service that issues a copy of their residence certificate or seal registration certificate when they simply hold their Resident Registration Card over a multi-functional copy machines installed in many stores. The ability to obtain copies of their certificates at Seven-Eleven stores located outside their district of residence as long as they have their Resident Registration Card with them offers the convenience of obtaining them at a store nearby their workplace, for example. Special printing that prevents forging or tampering ensures a high degree of security.



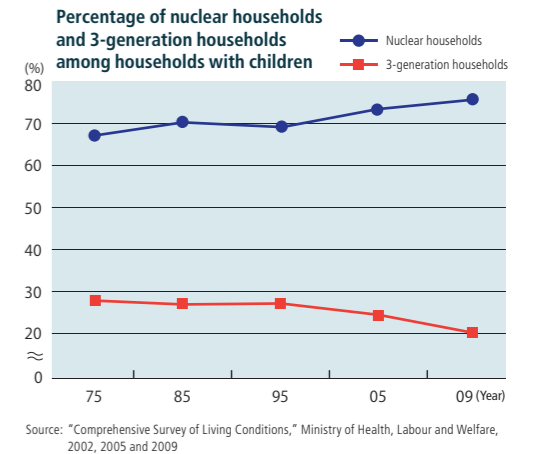
\* The service is available to residents of communities in which the service is offered (Shibuya Ward and Mitaka City in Tokyo, Ichikawa City in Chiba Prefecture and Soma City in Fukushima Prefecture, as of end August 2010) and who have registered a password for their Resident Registration Card that permits automated issuance. The number of local authorities participating in this service is expected to increase in the future.

\* Regular service hours are set, except for the year-end holidays and New Year’s Day. Issuance fees vary depending on the local government concerned.

## ■ Striving to Contribute to Local Communities through Appropriate Use of Stores — Ito-Yokado and Sogo & Seibu

In an environment of social changes such as a declining birthrate and a trend toward nuclear families, there are fewer people or institutions to which parents in local communities can turn for consultation about their anxieties or problems concerning childbirth and parenting.

Determined to develop into “community life bases” for local residents, Ito-Yokado and Sogo & Seibu have not only installed Baby Rooms in their stores to ensure a safe and pleasant shopping experience for customers with infants, but they also offer free consulting on childbirth and parenting. The stores also support parenting among our customers in cooperation with local governments.



### Installation of Baby Rooms for customers with infants

Ito-Yokado has installed Baby Rooms in 157 of its stores (as of end August 2010). Each Baby Room is equipped with a diaper changing table, a washbasin where mothers can wash their hands before and after changing a diaper or nursing their baby (equipped with an automatic faucet at some stores), a nursing area (corner) that provides mothers with reassurance, even if their shopping takes a long time, a scale and tape measure for measuring their baby’s weight and height, and a dedicated water heater (that supplies water heated to 70°C or above) for milk formula preparation. This frees customers from the need to bring hot water from home so they can feel free to enjoy shopping longer. Some stores (25 stores as of end August 2010) have installed picture book sections with benches, moreover, and children’s toilets (28 stores as of end August 2010).

Stores with Baby Rooms installed have registered with local government parenting support programs to enable residents other than Ito-Yokado customers to use the rooms as “places for nursing or changing diapers away from home.” The registered stores are marked with stickers. Sogo & Seibu have installed Baby Rooms with diaper changing beds and nursing areas in 27 stores, and the stores in some areas are registered with local government parenting support programs.



A dedicated water heater for milk formula preparation (Ito-Yokado)



Diaper changing beds (Sogo & Seibu)

### Parenting consultation customers can access informally during a shopping trip

To support parents who have no one living nearby they can ask for advice on parenting without inhibition, Ito-Yokado has been operating Maternity and Childcare Consultation Centers in Baby Rooms since 1975. Free consultation sessions on prenatal health care and parenting that customers can join without hesitation during a break in shopping are offered by registered nurses or midwives from two to nine times a month. The Maternity and Children’s Education Centers also host events designed to offer parenting advice on such themes as “accident prevention” or “until the baby is out of diapers” as well as events to enable exchanges among parents. In FY2009, the centers organized a new event for mothers with infants who have few opportunities to meet other people entitled “Make Friends with Other Moms! A Social Networking Event for Moms with Babies under 1 Year of Age.” We plan to make greater efforts to support mothers who tend to be isolated with such socializing forums.

Sogo & Seibu has installed “Pre-Mama Station,” a maternity and childcare consultation counter offering free consultations every day, in the SEIBU Ikebukuro main store. Employees with midwife licenses support customers in parenting by providing advice concerning their worries about raising children as well as on preparations for childbirth and parenting.

