



An in-store rainwater recycling facility

Reducing the Environmental Impact

Basic Group Policy

Seven & i Holdings is committed to pursuing effective use and recycling of resources, energy conservation, waste reduction, loss reduction and environmental pollution prevention in its business operations, as well as to contributing to the creation of a richer, healthier social environment through efforts to strike a harmonious balance with nature. We also provide active support for global-scale nature conservation activities.

Code of Corporate Conduct

- 1 Sell products with low environmental impact—not to mention safe products—and propose eco-conscious lifestyles.
- 2 Strive to reduce loss in every area of business, operate energy-efficient stores in terms of power and water savings, review ways of packaging products and providing services and strive to conserve resources.
- 3 Push ahead with waste reduction, at the same time developing systems for efficient recycling of waste and stressing use of recycled materials.
- 4 Set voluntary targets and work to achieve them to ensure that our environmental measures improve every year. Document the results of our activities, moreover, and share the information with a wide audience.

From the Seven & i Holdings Corporate Action Guidelines (Formulated 1993, revised 2007)
<http://www.7andi.com/csr/guidelines.html> (in Japanese)

Group-wide Measures

Contributing to environmental impact reduction through product sales

As part of the environmental conservation efforts we pursue together with our customers at Seven & i Holdings, we have been selling originally developed eco bags (colorful shopping bags). We use ¥5 from the sale of each bag for the purchase of emissions credits in a UN-approved greenhouse gas emissions reduction project. We purchased 500 tons of CO₂ emissions credits from a wind power generation project in the state of Tamil Nadu, India, in February 2009 and again in June 2010 and transferred the credits to the Japanese government at no charge.




Wind power station in Tamil Nadu State



A colorful shopping bag
 * Available at most Seven-Eleven Japan, Ito-Yokado, York-Benimaru and York Mart stores

Primary Efforts by Our Main Operating Companies

	Convenience Store Operations	Superstore Operations		Department Store Operations	Food Services	Financial Services
	Seven-Eleven Japan	Ito-Yokado	York-Benimaru	Sogo & Seibu	Seven & i Food Systems	Seven Bank
Attaining an appropriate grasp of environmental impact	Preparation of a Group-wide Manual for CO ₂ Emissions Calculation					
Improving energy efficiency and introducing renewable energy	<ul style="list-style-type: none"> ● Installation of energy-efficient store facilities and equipment ▶ P.26 ● Installation of LED lighting and solar panels ▶ P.26 ● Environmental impact reduction in logistics (Promoting installation of in-vehicle terminals and introduction of CNG and hybrid vehicles) ▶ P.27 	<ul style="list-style-type: none"> ● Installation of energy-efficient store facilities ▶ P.28 ■ Installation of LED lighting and solar panels ▶ P.28 ■ Reducing travel distances and number of delivery vehicles by establishing temperature- and area-specific transfer centers ▶ P.29 ■ Promotion of eco-friendly driving ▶ P.29 	<ul style="list-style-type: none"> ● Installation of energy-efficient store facilities ▶ P.28 ■ New logistics center establishment ▶ P.29 ■ Promotion of eco-friendly driving ▶ P.29 ● Installation of LED lighting 	<ul style="list-style-type: none"> ● Installation of energy-efficient store facilities ● Installation of LED lighting ● Daily "Nameboard Light Off Campaign" (shortened hours for outdoor advertising lighting) ● Promotion of rooftop and wall greening and green curtains at stores ● Promotion of ISO 14001-compliant environmental impact reduction activities 	<ul style="list-style-type: none"> ● Installation of energy-efficient store facilities and equipment ▶ P.30 ● Reallocation of distribution depots to reduce vehicle travel distances ● Promotion of combined product deliveries to enhance cargo-loading efficiency ● Management using in-vehicle terminals to improve fuel efficiency 	<ul style="list-style-type: none"> ● Establishing an environmental task force and eco-staff ● Promotion of energy-efficient ATM designs
Participation in Ministry of the Environment-sponsored Light Off Campaign						
Reducing waste and developing a recycling-oriented society	<ul style="list-style-type: none"> ● Promoting food waste recycling ▶ P.27 ● Reducing plastic bag use (asking customers whether they need a bag, adopting thinner bags, reviewing bag sizes) ● Reducing use of containers and packaging materials ● Reusing store facilities and fixtures ● Constructing stores with wood (some areas) 	<ul style="list-style-type: none"> ● Establishment of a food waste recycling loop ▶ P.31 ● Reducing plastic bag use (strict criteria for plastic bag distribution, thinner bag use, offering discount service, charging fees for plastic bags) ▶ P.29 ● Reducing food packaging consumption (unpackaged sales, use of alternative materials) ▶ P.29 ■ Introducing recycled food trays ▶ P.29 ● Thorough trash sorting ● Replacing cardboard boxes with reusable plastic containers 	<ul style="list-style-type: none"> ● Promotion of food waste recycling ▶ P.31 ● Reducing plastic bag use (charging fees for plastic bags, offering discount service) ▶ P.29 ● Reducing food packaging consumption (unpackaged sales) ▶ P.29 ■ Introducing recycled food trays ▶ P.29 ● Replacing cardboard boxes with reusable plastic containers 	<ul style="list-style-type: none"> ● Promotion of food waste recycling ● Installation of composting equipment in stores ● Sale of fresh farm produce grown using the compost ● Promotion of "smart wrapping" (simplified wrapping) ● Introduction of "No Plastic Bags" cards ● Reducing cardboard box use by introducing returnable containers and on-hanger delivery ● Introduction of (fee-charged) tea provision service to encourage customers to bring their own bottles 	<ul style="list-style-type: none"> ● Reducing food waste ● Promoting food waste recycling (converting vegetable waste and coffee grounds into compost and livestock feed) ● Introduction a point system for employees who bring their own bottles to the employee cafeteria at headquarters ● Recycling of employee uniform laundry water ● Development and introduction of durable uniforms that withstand 120 launderings 	<ul style="list-style-type: none"> ● Installation of secondary displays at ATMs to reduce use of printed sales promotion materials ● Display of messages to confirm whether customers need transaction receipts ● Recycling of ATM parts
Implementing measures for biodiversity		<ul style="list-style-type: none"> ● Sale of rice grown with biodiversity-sensitive farming methods 		<ul style="list-style-type: none"> ● Promotion of tree-planting and tree-growing activities ● Offering "green wrapping" gift-wrapping service to collect donations for tree-planting activities 		
Participation in tropical forest conservation programs ▶ P.18						
Offering eco-friendly products	<ul style="list-style-type: none"> ■ Development and sale of locally produced products for local consumption ▶ P.45 ■ Sale of original eco-bags ▶ P.23 	<ul style="list-style-type: none"> ● Sale of products grown with eco-friendly farming methods ● Sale of "cool biz" and "warm biz" products 		<ul style="list-style-type: none"> ● Proposing eco-friendly products and lifestyles ● Sale of "cool biz" and "warm biz" products 	<ul style="list-style-type: none"> ● Use of disposable chopsticks made from construction lumber remnants or wood from forest thinning 	—
Raising environmental awareness among employees	<ul style="list-style-type: none"> ■ Sharing environmental information with franchisees ▶ P.26 	<ul style="list-style-type: none"> ● Distribution of awareness booklets to employees ● Implementation of the "Recycle 333 Campaign" to promote waste reduction 	<ul style="list-style-type: none"> ● Distributing information from headquarters to the stores on energy and resource savings as well as on the targeted energy consumption and actual achievements of individual stores ● Sharing case examples of energy consumption reduction in meetings 	<ul style="list-style-type: none"> ● Providing environmental education for employees through e-learning ▶ P.30 ● Providing environmental education for business partners' newly hired employees ● Distribution of leaflets on environmental issues ● Publication of ecological activity checklists in employee education leaflets 	<ul style="list-style-type: none"> ● Providing education to promote energy conservation during meetings and training sessions ● Use of energy conservation checklists in restaurants 	<ul style="list-style-type: none"> ● Introduction of <i>The Bonolon Forest environmental activities</i> to teach employees and their families about nature ● Provision of environmental training ● Encouraging and supporting Certification Test for Environmental Specialists (Eco Test)
Conducting Group-wide activities such as employee awareness campaigns and cleanup activities ▶ P.53						

Third-Party Opinion



Maki Kimura
Associate Editor, *alterna*,
A Business Magazine for People,
Society and the Earth
Journalist

"I expect environmental efforts to be conducted through the core businesses."

The 10th meeting of the Conference of the Parties to the Convention on Biological Diversity (COP10) is held in Nagoya, Japan, this year, calling the world's attention to the issue of biodiversity. It is essential that environmental efforts, including efforts to preserve biodiversity, be integrated into an enterprise's core business. This is not to say that there is anything wrong with donation activities themselves, but unless the activities are related to the core business, I fear they will prove to be short-lived measures.

The Feature section of this report describes efforts to protect biodiversity. In my opinion, the significance of these activities would be communicated more effectively if the relationship between Seven & i Holdings and Indonesia were clarified.

Loss of biodiversity can make companies' procurement of products and raw materials unviable. This circumstance necessitates obtaining a grasp of the procurement process. I understand that the Seven & i Group's operating companies handle a large variety of merchandise. I believe the best place to start is with tracing back the procurement process of the products you obtain through importing.

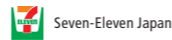
As for the section on the operating companies, which reports general measures such as eco-friendly store facilities and LED lighting, I believe it should include a description of the efforts the companies are making on a daily basis in addition to reporting on the facilities themselves.

I hope to see you engage in ongoing environmental efforts that your customers can understand through your core business for years to come.

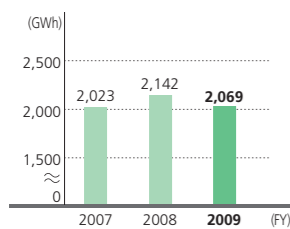
● Described in an independent section of this report ■ Discussed in the main body of this report — Measures not implemented

Convenience Store Operations

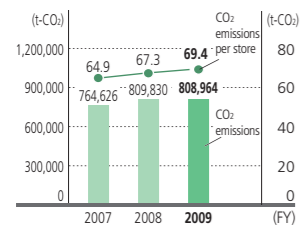
Construction of Stores with Lower Environmental Impact



*1 Electricity consumption in store operations



CO₂ emissions from store operations



Electricity consumption for fiscal 2007 and 2008 was calculated by estimating the total based on average electricity consumption per store. The figures for fiscal 2009 represent total electricity consumption by all but a few stores (about 3%) whose electricity consumption figures we were unable to access. Although average electricity consumption per store declined slightly in fiscal 2009 compared with the previous year, moreover, per store CO₂ emissions increased as a result of a revision of the CO₂ emissions coefficient in fiscal 2009.

Efforts to reduce electricity consumption by the stores

Total electricity consumption by Seven-Eleven Japan stores is trending upward, due mainly to an increase in the number of stores and introduction of new store facilities. We are working to reduce electricity consumption*1 by forwarding the installation of more energy-efficient facilities and equipment, mainly when constructing new stores and remodeling existing stores.

In fiscal 2009, we continued to adopt LED lighting as the light source for store-front wall signs and pole signs at new stores. Use of LED lighting, which has a longer life than fluorescent lighting, can substantially reduce the lamp replacement frequency and thus reduce the work hours and expenses associated with changing and disposing of burnt-out lamps. We are installing cassette-type air conditioners, moreover, which reduce electricity consumption by about 3,400 kWh a year compared with conventional air conditioners.

In addition to the above initiatives, we opened ten eco-friendly stand-alone (single-storey) stores equipped with top lights (skylights), solar panels and LED lighting to take full advantage of natural light sources. We have been forwarding the installation of solar panels primarily in the Kyushu area, installing them in a total of 104 stores as of February 2010.

Stores with the similar floor areas and facilities

Pursuing every avenue toward eco-friendly stores

The ceilings of eco-friendly stores opened in fiscal 2009 are equipped with top lights (skylights) that let natural light into the store and eliminate the need for electric lighting on sunny days.

We have also installed solar panels and adopted LED lighting that uses all the solar energy they generate to provide in-store illumination. Our Kyoto Shusse-Inari-mae store, which employs this system, was certified as an "energy-efficient lighting design model structure" for fiscal 2009 by Japan's Ministry of the Environment. Calculations are expected to show that the store's annual electric power consumption has been reduced by approximately 30% (about 53,000 kWh) compared with the average consumption in fiscal 2008.

often have different electric power consumption, depending on their location and circumstances. Cleaning or neglecting to clean refrigeration equipment filters, for example, can result in an approximately 8% difference in energy consumption. For reasons such as this, we communicate regularly with our franchisees about methods of maintaining and cleaning facilities and equipment through in-house magazines, product exhibitions and advice from our Operations Field Counselors.

We were awarded the Energy Conservation Center Chairman's Prize (Organization category) in recognition of these energy-saving measures and systems at the 2009 Energy Conservation Award sponsored by the Ministry of Economy, Trade and Industry.



The Energy Conservation Award commendation ceremony

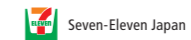
<Some measures adopted by eco-friendly stores>

- Use of LED lighting to illuminate store facilities
- Reuse of store shelves
- Water heaters employing exhaust heat from freezers
- Greening of external parking garage walls
- Use of thermal barrier paint in parking lots
- Installation of chargers for electric vehicles
- Others



An eco-friendly store equipped with top lights and solar panels

Food Waste Reduction



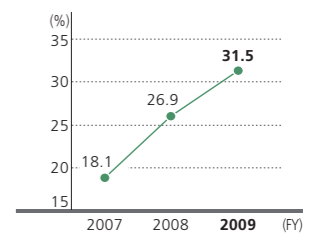
Promoting food waste recycling activities

Food products whose expiration date has passed and other food waste from our 1,964 stores in Tokyo, Nagoya, Kyoto Prefecture and Kumamoto (as of end fiscal 2009) are recycled to make compost and livestock feed.*2 We also collect and recycle oil waste from deep fryers we began installing in fiscal 2007 to generate raw materials for livestock feed, soap and paint.

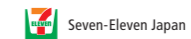
Our food waste recycling rate, including oil waste recycling, has increased annually, reaching 31.5% as of fiscal 2009. This reflects the expansion of the region in which food waste recycling is

conducted as well as an increase in the amount of recycled oil waste (almost all of which is recycled) due to growth in the number of stores equipped with the new deep fryers. We will continue our efforts to control food waste generation and encourage recycling, while obtaining the understanding and cooperation of our franchise owners and business partners.

*2 Food waste recycling rate



Reducing the Environmental Impact of Vehicle Use



Eco-friendly vehicle introduction

Materials are delivered nationwide by 3859 vehicles (as of end fiscal 2009) for Seven-Eleven Japan.

We are promoting eco-friendly driving by installing drive data recording terminals in all the vehicles to encourage safe driving by delivery personnel and reduce the vehicles' environmental impact.

Our efforts to reduce the environmental impact of exhaust gas have included introducing 366 eco-friendly vehicles*3 between 1999 and the end of fiscal 2009, including 310 compressed natural gas (CNG) vehicles and 56 diesel hybrid vehicles.

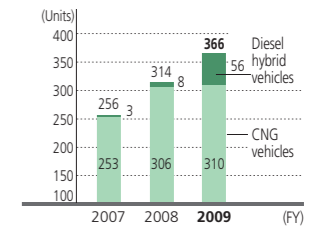
CNG vehicles have the advantages of discharging a minimum of toxic substances such as nitrogen oxides and sulfur oxides and emitting smaller volumes of CO₂. Diesel hybrid vehicles, meanwhile, have the ability to recover energy from braking for use as a power source as well as achieving better fuel consumption than conventional diesel vehicles. We plan to take advantage of these features by continuing to introduce these vehicles in the future.

Vehicles other than delivery vehicles are also used by official staff to visit franchisees. As of March 2010, we have added ten plug-in hybrid vehicles (PHVs) to our corporate fleet (four in Kyoto Prefecture, two in Saitama Prefecture, two in Tokyo and two in Aichi Prefecture). We have also installed an electric vehicle charger at our Kyoto Shusse-Inari-mae store,

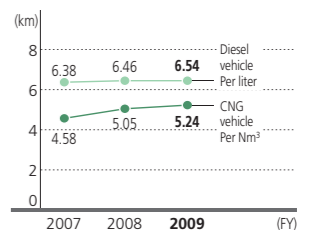
making it the first charger-equipped Seven-Eleven Japan store. Shoppers can use the charger free of charge for up to 30 minutes.

Demand is growing today to popularize electric vehicles and PHVs and increase the number of chargers available. Seven-Eleven Japan will consider further installations after reviewing the usage situation and other factors.

*3 Number of eco-friendly vehicles introduced



Delivery vehicle fuel consumption



Plug-in hybrid vehicles

Superstore Operations

*1

The volume of CO₂ emissions in fiscal 2009 was calculated based on Seven & i Holdings' newly formulated *Group-wide Manual for CO₂ Emissions Calculation*, resulting in partial changes in fuel type-specific CO₂ emissions coefficients.

*2 Geo-heat utilization

This system collects geo-heat from about 25 meters underground through tubing inserted in a building's structural pilings and employs it for air-temperature control. The temperature of geo-heat remains constant (at around 15°C) throughout the year, enabling its use for cooling during summer, when ambient air temperatures are higher, and for stabilizing the basic temperature of heating systems during winter, when ambient air temperatures are lower. This effectively reduces energy consumption associated with air conditioning and heating.

*3 Ice thermal storage system

This system uses ice made during off-peak night hours, when a lower percentage of electricity is generated from fossil fuel, to air condition stores during operating hours.

*4 Inverter-equipped freezers

Electronic control of the motor rotation speed can reduce unnecessary energy consumption.

*5 Eco Cute

A water heater that absorbs heat from the surrounding air for use in heating water

*6 Replacing external wall nameboard lighting with LED lights

We began to adopt LED lighting for store name signboards on external store walls in fiscal 2008. As of the end of June 2010, LED signboards were installed on 85 stores. We are targeting their installation at 95 stores by the end of fiscal 2010.

*7 Solar panels

Annual electric power generation is 24,456 kWh, which is expected to reduce annual CO₂ emissions by 8 tons.

*8 Hydrate slurry thermal energy storage system

Clathrate hydrate slurry, an aqueous solution of TBAB (tetra-*n*-butylammonium bromide), is a new latent heat storage medium. Stored in a thermal storage tank during nighttime hours, the slurry releases heat during the daytime for use in cooling. The system saves energy by permitting cool heat storage at higher temperatures than ice.

Promoting Energy Conservation in Stores



Striving to conserve energy through installation of energy-efficient facilities and daily management activities

At Ito-Yokado and York-Benimaru, we not only perform such daily management practices as taking care to turn off lights, but we are also taking advantage of new store openings to introduce energy-efficient facilities to reduce the environmental impact of store operations.

Ito-Yokado's CO₂ emissions from store operations during fiscal 2009 amounted to 569,248 tons (85.1% compared with fiscal 2008), mainly as a result of energy-efficient facility installation,

store closures and reduced heavy oil usage.

The emission unit (per total operating area × operating hours) has improved by 12.4 points. York-Benimaru's CO₂ emissions from store operations were 156,170 tons (103.2% compared with fiscal 2008), meanwhile, primarily due to an increase in the number of stores. Per-store emissions improved to 952 tons, however (98.1% of their fiscal 2008 level).^{*1}

▶ Data Section pages 80, 83

Making the most of new store openings to introduce energy-efficient facilities

Ito-Yokado has been introducing energy-efficient facilities when it opens new stores while conducting a review of the store location. The Ario Kitasuna store, which opened in June 2010, is equipped with a total of approximately 3,747 LED lights, which is expected to reduce CO₂ emissions by 161 tons a year compared with conventional lighting systems. To reduce energy consumption by store heating and cooling, moreover, the store has cooperated with the building owner in adopting geo-heat,^{*2} which maintains a constant temperature of about 15°C year-round, applying highly reflective paint to the building's rooftop surface and conducting greening of the building site and external walls. Efforts of this type are aimed at achieving an approximately 20% reduction in CO₂ emissions by our future new stores as compared with our current stores.

Installing energy-efficient facilities in existing stores when store remodeling

Ito-Yokado has been promoting the introduction of energy-efficient facilities in its existing stores, including replacement of the lights in external wall nameboard lighting with LED lights^{*6} and eliminating excessive store interior lighting.

The company collaborated with the City of Yokohama in fiscal 2009 to conduct extensive remodeling of its Kamioka store for purposes of introducing energy-efficient facilities. The remodeling entailed increasing the heat-shield effect of the rooftop and windows and installation of

York-Benimaru has been working to reduce electricity consumption by shortening the freezer cases in new stores opened since fiscal 2008. It also installed an ice thermal storage system^{*3} and inverter freezers^{*4} in the Higashine store that opened in August 2008 and other stores that opened subsequently. As for kitchen equipment, the company is stressing all-electric facilities, which consume less energy than gas equipment, installing them in the Tendo-Oinomori store that opened in November 2008 and other stores that opened subsequently. It has installed Eco Cute^{*5} water heating systems, as well, making electricity the sole heat source for kitchen operations. It plans to conduct future evaluations of the effectiveness of these facilities as a basis for considering their use in new stores.



solar panels^{*7} and hybrid lights powered by natural sunlight and wind (in the parking area). It has also adopted a hydrate slurry thermal energy storage system^{*8} for temperature control to take advantage of the slurry's ability to store two to three times as much cold thermal energy as water. An LCD screen installed in the store displays the amount of electricity generated by its solar panels. Making its efforts visible in this way is one means of encouraging energy conservation activities among community residents.

Environmental Impact Reduction in Logistics



Improving logistics operations by establishing delivery centers and fuel consumption

Ito-Yokado has moved to enhance its transportation efficiency by establishing area- and temperature-specific transfer centers for delivery of merchandise purchased from its business partners to its stores, while pushing ahead with creation of centers for combined distribution of clothing, household goods and processed foods in rural areas.^{*9} York-Benimaru has established a distribution center,^{*10} meanwhile, that not only centralizes merchandise shipping to all its stores but also includes products of its subsidiary, Life Foods, in the shipments.

To improve fuel consumption, Ito-Yokado has been installing in-vehicle terminals that record driving data for its trucks. It then employs the data it gathers

to provide guidance for its drivers and conduct eco-driving training sessions. Ito-Yokado has also established the Environment Subcommittee in cooperation with the companies that operate its distribution centers and its shipping company partners. In fiscal 2009, it implemented a system of information sharing in which Environment Subcommittee meetings are held in seven regional areas throughout the country. In fiscal 2010, it is targeting fuel consumption of 5.23 km/liter.^{*11} York-Benimaru is also pursuing efforts to improve fuel consumption by such means as holding regular eco-driving training sessions at all of its distribution centers.^{*12}

▶ Data Section pages 80, 83

Reduced Use of Containers and Packaging Materials



Cooperating with customers in efforts to reduce plastic bag use

Ito-Yokado and York-Benimaru are endeavoring to reduce the use of plastic bags, which account for the largest portion of all containers and packaging materials used. We are soliciting cooperation from customers by posting in-store POP posters asking them to bring their own shopping bags and selling our original eco-bags. We have also implemented a service that offers a discount on the total purchase amount to customers who decline plastic bags at checkout counters.^{*13}

Since fiscal 2007, the stores have been charging fees for plastic bags in areas where we received unanimous approval from the local governments,

regional consumer organizations and businesses after consultations. A plastic bag fee system had been instituted at 29 Ito-Yokado stores as of June 2010.^{*14} It will seek to reduce plastic bag use further by intensifying its appeals to customers with the aim of achieving a target bag turndown rate of 50% for February 2011. At York-Benimaru, 144 stores were charging fees for plastic bags as of the end of June 2010, including all 65 of its stores in Fukushima Prefecture.^{*15} The company plans to continue introducing the plastic bag fees and discount service and evaluate their effectiveness.

▶ Data Section pages 80, 83

Reviewing packaging methods and materials in order to reduce food container and packaging use

Ito-Yokado and York-Benimaru are adopting unpackaged sales that do not use trays in order to reduce the number of food containers used for perishable and prepared foods. Some Ito-Yokado stores are selling blocks of meat packaged in poly bags in the meat section. Since this approach has been well received, it plans to introduce the practice in newly opened stores, in particular.

The companies have also reviewed their tray materials and adopted recycled trays made from collected trays. Besides switching to paper containers, Ito-Yokado is considering introducing a plant-derived plastic (polylactic acid) in its fresh produce sections in fiscal 2010 as packaging materials for fresh-cut fruit containers and fresh-cut vegetable packages.

*9

The Chukyo Transfer Center opened in Komaki, Aichi Prefecture, in fiscal 2009 has consolidated the delivery of clothing, household goods and processed foods.

*10

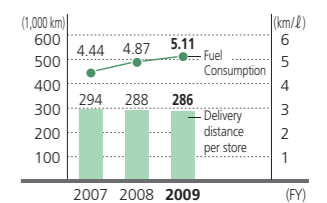
Fiscal 2009 witnessed both the relocation and reopening of the Tochigi Center and establishment of the new Iwaki Center.

*11

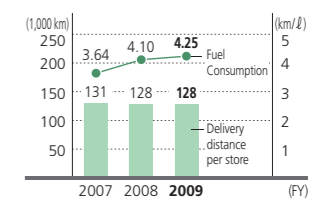
Vehicles include 4-ton and 10-ton trucks.

*12

Delivery distance per store and fuel consumption (Ito-Yokado)



(York-Benimaru)



*13

The service was introduced at stores that do not charge fees for plastic bags by Ito-Yokado in December 2009 and by York-Benimaru in July 2010. A 2-yen (3 yen at York-Benimaru) discount on the total purchase amount is offered to customers who refuse a plastic bag at the checkout counter.

*14 Plastic bag turndown rate (food section, June 2010)

Stores that charge plastic bag fee: 83.5%
Stores that charge plastic bag fee, do not charge plastic bag fee, implement a 2-yen discount: 44.3%

*15 Plastic bag turndown rate (June 2010)

Stores that charge plastic bag fee: 81.2%
Stores that charge plastic bag fee, do not charge plastic bag fee, implement a 2-yen discount: 71.3%

Department Store & Food Services Operations

Environmental Education to Raise Employee Awareness

***1 Training sessions conducted (fiscal 2009)**

Employees participating in environmental e-learning course: 5,511

Efforts to enhance employee awareness through environmental e-learning and training DVDs

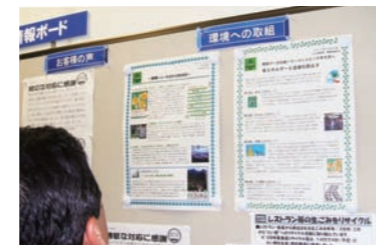
Sogo & Seibu expanded the environmental e-learning that has been conducted at SEIBU stores since 2002 to share its environmental knowledge with all its employees by introducing it in Sogo stores as well in 2009. We provide our employees with online menus on their personal computers, while using DVD viewing and in-store environmental broadcasting at morning meetings to train our partners' and business partners' employees.*1

We conduct additional environmental education on various occasions to encourage employees to engage in environment activities, both at the workplace and at home.

We also seek to raise environmental awareness among employees by posting a monthly environmental theme established as part of employee awareness activities at all our stores as well as environment news bulletins containing positive examples of in-house environmental practices.



Environmental e-learning enables employees to study online at their own convenience.



Use of bulletin boards for awareness enhancement

Introduction of Energy-Efficient Facilities into Stores

***2 Eco Cute**

A water heater that absorbs heat from the surrounding air for use in heating water

Installing eco-friendly facilities centered in kitchens

Seven & i Food Systems makes it a rule to cook dishes in its restaurant kitchens. The company consequently attaches special importance to reducing energy consumption by its kitchen facilities. Besides striving to achieve "all-electrification," not only by switching to IH stoves, which consume less energy than gas appliances, but also by adopting Eco Cute*2 water heaters.

The Denny's Kemigawa restaurant, opened in July 2009 as an experimental "green" restaurant, has introduced a variety of new energy-efficient facilities in addition to all-electric kitchens and Eco Cute. The restaurant features heat-insulating double-pane glass to improve its interior heating and cooling efficiency and a rainwater recycling system that reduces the load on air-conditioners by sprinkling water on the roof and outdoor air-conditioning units during the summer. Other installed equipment includes a photovoltaic power-generation system, LED lighting

and water-saving toilets. These measures have effectively reduced CO₂ emissions by 33.4 tons compared with the average CO₂ emissions of existing stores in the six months since the store opened. In future, the company will continue to pursue installation of eco-friendly facilities and equipment.



Rooftop solar panels



Dining area with LED lighting

Data Section page 89

Striving to Realize Closed-Loop Food Recycling

Working toward a food waste recycling rate of 45%

The revised Food Recycling Law stipulates that food retailers must achieve a food waste recycling rate of 45% by 2012. To achieve this statutory target, Ito-Yokado and York-Benimaru are pushing ahead with the practice of turning food waste into compost and livestock feed.

Ito-Yokado's food waste recycling rate was 31.4% in fiscal 2009, with recycling practiced at 62 stores. In the future, the company will strive to achieve the target by expanding the recycling loop at Seven Farm and instituting recycling at 100 stores by 2012.

York-Benimaru processes unused fish parts, which account for about 20% of its food waste, into poultry feed. Eggs laid by chickens raised on

the feed are sold as "Kenyo-ran" in all its stores. In addition, Life Foods Co., Ltd., a manufacturer of takeout delicatessen products such as prepared foods, *sushi* and breads sold through York-Benimaru stores, maintains a composting company under contract to turn almost all its food waste, except oil waste, into compost. Farmers in the area surrounding the composting factory employ the compost to grow farm produce which the York-Benimaru stores sell as 3 star vegetables (and fruits). The efforts described above contributed to raising the food waste-recycling rate at York-Benimaru to 26.9% in fiscal 2009.

Measures conducted by the "Seven Farm" agriculture business



A harvesting experience event

Ito-Yokado established an agricultural production corporation, Seven Farm Tomisato, in Tomisato, Chiba Prefecture, in August 2008 in a joint investment with the Japan Agricultural Cooperatives of the City of Tomisato and its members with the aim of realizing closed-loop food waste recycling. Food waste collected from seven Ito-Yokado stores in Chiba Prefecture is turned into compost, which is then used at farms directly managed by Seven Farm Tomisato to grow vegetables such as corns, broccoli and *daikon* radish for sale in about ten stores in Chiba Prefecture. In November 2009 we obtained JGAP certification* to address our customers' concerns with respect to safety and reliability. The farm offers harvesting experience and other events. In July 2010, we established Seven Farm Co., Ltd., a core company of our agricultural business to contribute to revitalization of local agricultural communities in accordance with our basic philosophy of "lending a helping hand to Japanese agriculture." In the future, Seven Farm Co., Ltd. will maintain central control over establishing agricultural corporations, business expansion and upgrading of our food recycling network in accordance with plans to expand the closed-loop agriculture practiced by Seven Farm Tomisato to 10 locations across the country by February 2013. It will begin by establishing operating companies in the Miura district of Kanagawa Prefecture and Chikusei, Ibaraki Prefecture, to operate directly managed farms.

* An agricultural production management technique recommended by the Ministry of Agriculture, Forestry and Fisheries of Japan under which growers achieve continuous improvement on their own initiative by performing, recording, inspecting and assessing each process in their agricultural production activities accurately in accordance with a checklist of items determined in accordance with the contents of relevant laws.

Opinion

At Seven Farm, Ito-Yokado employees and growers from the community farm the land together. We have staged a total of four harvesting experience events for parents and children at Tomisato, inviting customers as guests. Store employees perform farm work, such as sowing and harvesting. We would like to implement these measures in all areas where we plan to start operations in the future to enable customers to familiarize themselves with agricultural processes.

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