

■ General Overview of the Report

The CSR space in 2010 witnessed various historic events.

First of all, a decision was made to launch ISO26000, the first international standard for SR (Social Responsibility). During the process of the discussion that led to the decision, a notable role was played by the Japanese delegation in coordinating opinions from different countries. Separately, due to the growing effect of the so-called Climategate affair*1, a scandal not well covered by the Japanese mass media, the credibility of the IPCC*2 Assessment Report was called into question. In fact, some countries reportedly went on to revise their policies on the CO₂ issue.

Under such circumstances, discussion on REDD developed significantly in the wake of COP-15, resulting in a heightened global awareness of the effectiveness and importance of REDD. Seven & i Holdings became the first private company to endorse REDD, initiating a project for tropical forests in Indonesia, which is expected to achieve emissions reduction (carbon stocks conservation and enhancement) by an amount equal to approximately 50% of the annual CO₂ emissions by our group companies in Japan. We wish to express our heartfelt thanks to Mr. Emmanuel Ze Meka, Executive Director of ITTO as well as Mr. Takeichi Ishikawa, Assistant Director, Dr. Hwan Ok Ma and other ITTO staff for their passionate and enthusiastic guidance.

Meanwhile, the importance of ESG (Environmental, Social and Governance) was widely discussed in the capital market as a corporate performance measure that is as relevant as profitability, which presumably resulted from a growing perception after the Lehman Brothers' collapse that such

elements have a huge impact on enterprise value.

As our previous CSR reports, the CSR report 2010 was prepared by a team of our younger staff without any restrictions based on their own thinking. Looking back at our CSR reports issued in the last 2 to 3 years, it is evident that continuous improvement has been made each year in editing and the manner of fulfilling accountability requirements. Yet we think there are still many aspects that are less than satisfactory and creativity needs to be applied in various respects. Our young staff involved continue to ask themselves what a CSR report by a corporate group's pure holding company should be like, and seek to find the answer.

It is our desire that the diffusion of the CSR concept in society will make it a dynamic place where citizens will find it easier to live and work. Our company group also will strive to take the lead in becoming a model organization practicing that concept.

We would like to sincerely ask for your continued support and loyal patronage.

*1 Please see a July 8, 2010 press release on the Ministry of the Environment website <http://www.env.go.jp/press/press.php?serial=12697>

*2 The Intergovernmental Panel on Climate Change

Minoru Inaoka

Chairman of CSR Management Committee
Managing Executive Officer
Seven & i Holdings Co., Ltd.

■ Postscript by the Editors

Thank you for reading the CSR Report 2010.

This year's edition presented opinions provided by experts on respective key items. Some experts commented that, like last year, our targets were not clear enough. As a step to remedy this persistent issue, the CSR Report 2010's data section contained the results of the efforts made by individual companies as well as their targets for the next fiscal year. In the CSR Report 2011, we will present our self-assessment concerning the targets stated in this edition for the purpose of communicating our PDCA cycle.

Also included in the comments from the experts was the suggestion that we should trace back our sourcing processes, starting with products for which we inevitably rely on imports.

From the next fiscal year, we would like to enhance the presentation on our sourcing activities, including the manufacturing process for products we provide to our customers.

We intend to deepen our efforts on the respective issues and continue to prepare reports that meet your interest. We sincerely hope you will provide your candid views through our questionnaires.

September 2010
Itoh/Ozawa/Nakamura (concurrent)/ Akatsuka
CSR Management Committee Office