



Reducing the Environmental Impact

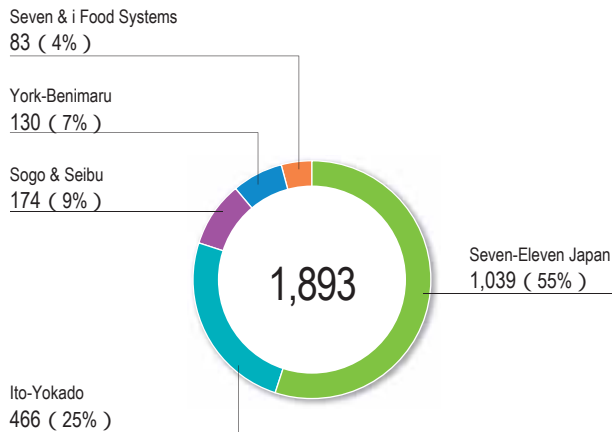
Implementing a range of anti-climate change measures in Japan and overseas

The Seven & i Group is addressing a range of measures to reduce the environmental impact caused by expansion of business such as opening new stores and increasing products and services.

For example, as a measure for reducing CO₂ emissions, we are adopting energy-saving equipment for new stores and refurbished stores. We are also proactively conducting environmental activities in cooperation with customers by selling eco-friendly products, reducing the use of plastic disposable bags, and collecting donations for environmental protection.

Moreover, as a corporate group that operates globally, we are implementing forest conservation projects both within and outside Japan to reduce CO₂ emissions on a global scale. We are continuing these activities to curb CO₂ emissions from deforestation and forest degradation, which represent one of the factors contributing to climate change; to foster CO₂ absorption by forests; and to secure habitats for diverse living forms.

CO₂ emissions in FY2011 (1,000 t-CO₂)*



* CO₂ emissions stemming from the use of energy in store operations, logistics and headquarters
For the calculation method, please see the Data Section (on page 46 onwards).

Efforts in product development → P.25

- Simplifying packages
- Using plant-derived plastic materials



Boxed meal sealed by tapes instead of being filmed

Increasing efficiency in logistics operations → P.24

- Introducing eco-friendly vehicles
- Improving fuel efficiency
- Reducing the frequency of delivery to stores



Energy conservation at stores

- Introducing LED lights
- Opening eco-friendly stores

Reducing waste including food waste

Reducing water use → P.22-26



Number of the Seven-Eleven Japan stores using LED lights
8,966 in total
(as of the end of FY 2011)

CO₂ emissions reduction and biodiversity conservation

➡ P.27

- Tropical Forest Conservation Project in Indonesia
- Forest Conservation Project in Nagano

(Use of forest thinning as materials for stores and office supplies and for product development)



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Targeted area
About **58,200** ha

Communication

- Publishing CSR reports
(The CSR Report 2011 won Excellence Award in sustainability report section of 15th Environmental Report/Sustainability Report Awards.)
- Introducing initiatives taken by the operating companies in their websites
- Participating in the Eco-Products Exhibition
(We offset the CO₂ emissions from the opening of the booth at Eco-Products 2011 with the domestic emission credits obtained by supporting the Tohoku region affected by the March 11 earthquake.)



Visitors to the booth
About **25,000**

Reducing environmental impact in various aspects

Cooperation with employees ➡ P.27

- Environmental education
- Conducting volunteer activities



Cooperation with customers

Measures related to products

- Selling eco-friendly products ➡ P.35
- Reducing the use of disposable plastic bags ➡ P.25



Poster made by the Japan Franchise Association to reduce the use of plastic bags

Measures taken at stores ➡ P.27



- Both the money donated by customers through the collection boxes installed at Seven-Eleven Japan stores and the donations made by the headquarters are sent to and used by the Seven-Eleven Memorial Foundation to give support to environmental organizations and conduct activities to protect and conserve the natural environment.

Total amount of donations made at Seven-Eleven stores
About **422.05** million yen
(FY 2011)

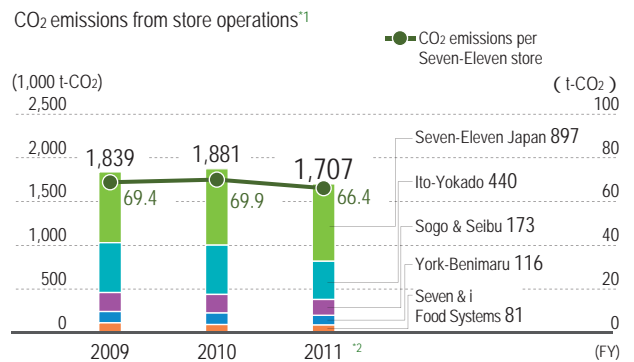
Energy conservation at stores

In FY2011, Seven-Eleven Japan accelerated the introduction of energy-saving equipment to its stores, such as LED lights, top lights to take in sunshine, and solar panels installed on the rooftop for the maximum use of natural energy. The number of stores installed solar panels has increased significantly from 210 at the end of FY 2010 to 1,393 at the end of FY2011.

In addition, the company has been increasing the number of eco-friendly stores, in which a range of devices, such as energy-saving air conditioning systems and circulation ventilation systems are installed. The number of these stores reached 239 as of the end of February 2012, increased by 3.7 times from the

number at the end of the previous fiscal year. At eco-friendly stores, the company aims to reduce the annual use of electricity by 30% relative to existing stores, and plans to open another 300 eco-friendly stores within FY 2012.

CO₂ emissions from store operations^{*1}



*1 For the calculation method, please see the Data Section (on page 46 onwards).

*2 Verified by an independent organization

Energy conservation measures taken at Seven-Eleven stores (the number of stores is as of the end of Feb. 2012)

Solar power generation
Using the generated power for in-store lighting
Installed in **1,393 stores**

Top lights
Taking in sunshine to reduce the use of electricity for lighting

Pole signs
Replacing with LED lights to reduce power use

Store signboards
Replacing with LED lights to reduce power use

Number of eco-friendly stores
239 stores
Power use reduction target
About 30%/year relative to existing stores

LEDs

LEDs consume less power and have longer lives than fluorescent lights. Seven-Eleven Japan began adopting LED lights for the lighting of signboards in December 2008 and for the lighting of its new stores and refurbished stores in August 2009. At new stores established in and after September 2011, LED lights are used as standard lights.

Numbers of stores using LED lights



* For FY2009, the total for store signboards and pole signs is shown.

TOPICS

Opening stores made of wood

Stores made of wood have smaller CO2 emissions at the time of their construction than conventional steel-frame stores. Seven-Eleven Japan began opening these stores in FY2009 and the number substantially increased from 18 stores as of the end of the previous fiscal year to 45 stores as of the end of FY2011. The company plans to continuously open more in the future.

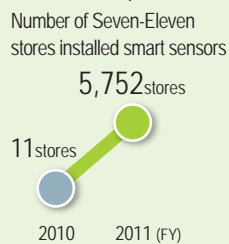


Wooden store under construction

Smart sensors

Only by attaching a smart sensor to the power distribution board of the store, the store staff can check when, where, and how much electricity was used on a PC so that they can reduce the waste of electricity. In addition to the "visualization" of power use, Seven-Eleven Japan also urges store employees to follow the in-house "10 energy conservation rules" that provide for the cleaning of machines and temperature settings for more energy conservation.

Following Seven-Eleven Japan, some of Ito-Yokado stores, Denny's restaurants, and York Mart stores have also conducted tests to use smart sensors.



Updating equipment

It also helps reduce the use of electricity to update in-store equipment with advanced, highly energy-efficient machines. In FY2011, Seven-Eleven Japan updated the following machines: freezers, air conditioners, Chinese bun warmers, energy drink cases, and microwave ovens. Moreover the company attached wind protectors to refrigeration cases and introduced frost-free doors to the showcases of frozen food.

Pleasant work environment

Accompanying the revision of the temperature settings at its stores, Seven-Eleven Japan newly prepared polo shirt-type summer uniforms for store staff in FY2011.



Striving to make use of geo-heat, a promising new energy

Seven-Eleven Japan introduced an air conditioning system using geo-heat to two stores in Saitama and Fukuoka in February 2012. The company plans to implement a demonstration test on thermal energy measuring technology by February 2014, which will be carried out jointly with the manufacturer that has developed the system. The test, which will be the first of the kind conducted at convenience stores, is designed to demonstrate the effectiveness of air conditioning using geo-heat and the utilization of the Green Heat Certificate* in the future.

By the use of geo-heat, which is warm in winter and cold in summer compared with external temperature, both the consumption of electricity by air conditioners and CO2 emissions from them are expected to be reduced by about 30%.

* Green Heat Certificate: In addition to its value as thermal energy, heat generated by renewable energy has an environmental added value as a contributor to energy conservation, CO2 emissions reduction, etc. The certificate approves the environmental value of the heat to make it tradable in the market.



TOPICS

Reusing construction materials and fixtures from old stores

Seven-Eleven Japan repairs and reuses the shelves and other fixture salvaged from the stores to be rebuilt or to be closed.

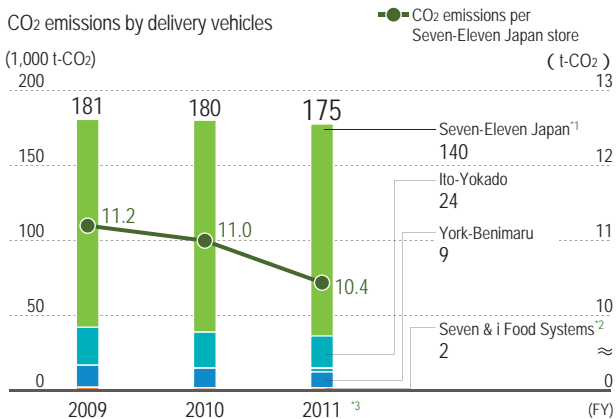
Also to reduce the construction waste generated from disassembled stores, the company uses reusable steel frames and recyclable sashes as construction materials for new stores. In the fall of 2010, the company had a whole store disassembled and moved to a new place to open it as a new store. By the end of February 2012, the company removed and rebuilt three stores in total in this manner.

Reducing CO₂ emissions from logistics operations

The Seven & i Group is introducing eco-friendly vehicles and improving fuel efficiency while reducing the frequency of the delivery of goods to its stores. Seven-Eleven Japan, Ito-Yokado, and York-Benimaru are reviewing the locations of their distribution centers and establishing intermediate centers to deliver various products, including those that need to be kept at different temperatures, all together to their stores. Moreover Seven-Eleven Japan and Ito-Yokado are fostering the introduction of drive data recording terminals to their trucks to give advice to truck drivers based on the data, while holding eco-driving training sessions.

Energy conservation at distribution centers

Seven-Eleven Japan has been promoting a modal shift from truck to railway for the transportation of materials at room temperatures. In November 2011, the company changed the means of transportation from its Saitama Center to Fukuoka and Sapporo Centers to railroad (the CO₂ emissions are expected to be reduced by 331 tons a year). Also at the distribution centers, the introduction of demand controllers has been fostered to monitor and control each facility's use of electricity. As of the end of 2011, 52 centers out of 149 have already introduced the controllers to reduce the waste of electricity. Also at the Chilled Rice Product Niigata Center, a total of 280 solar panels were installed (the expected reduction of CO₂ emissions is 1.4 tons per year).



¹ Seven-Eleven Japan's data include CO₂ emissions from the operation of distribution centers.
² This value is for Denny's only
³ Some data are missing due to the Great East Japan Earthquake.

Measures for waste

The Seven & i Group is endeavoring to increase the waste recycling rate by thoroughly sorting waste.* Also the company is simplifying product packages and reducing the use of disposable plastic bags at the stores to reduce the generation of waste, receiving support from customers.

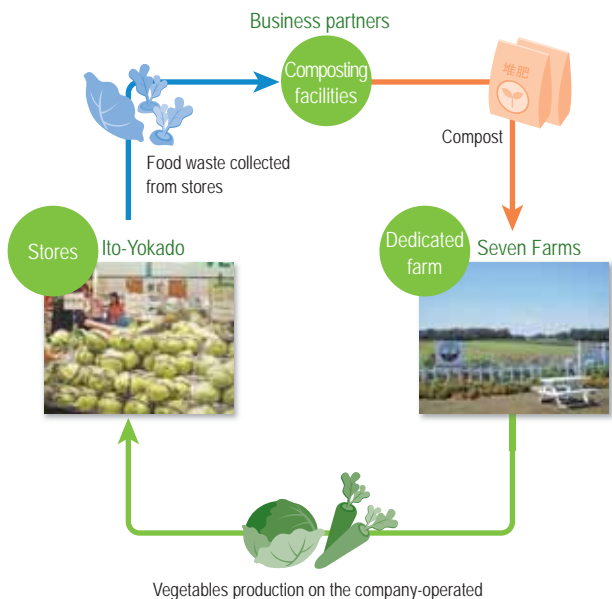
* For the waste generated by each company, please see the Data Section (on page 46 onwards).

Reducing food waste by a range of methods

The Seven & i Group is committed to improving the food recycling rate as a priority.

Ito-Yokado turns the food residues from its stores into compost and cultivates crops using the compost at its dedicated Seven Farms. The harvested crops are sold mainly at neighboring Ito-Yokado stores. There are six Seven Farms (37 hectares in total) across Japan as of the end of July 2012, where closed-loop agriculture is conducted. The number of the farms is planned to be increased to 10 by the end of FY2013 (see page 29).

Closed-loop food recycling system



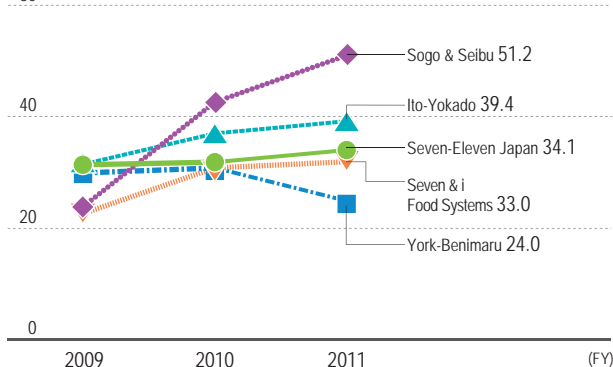
Ito-Yokado introduced a system to treat garbage by using microorganisms in October 2011. The system breaks down



garbage into water and carbon dioxide to reduce the amount of waste effectively. As of the end of July 2012, the company introduced this system in two of its stores.

Seven-Eleven Japan collects expired food products to recycle them into compost or livestock feed. The area in which this activity is conducted has been expanded year by year. As of the end of February 2012, the number of stores using the system was by 16.5% larger than that in the previous fiscal year. Also oil wasted from the in-store cooking process is recycled into materials for livestock feed, industrial products and fuels.

Food waste recycling rate (%)



* For the calculation method, please see the Data Section (on page 46 onwards).

Adopting eco-friendly packages

At Ito-Yokado and York-Benimaru stores, a lot of foodstuffs are processed and cooked, so various efforts are being made to reduce the use of packaging materials as well as to review their materials. At some stores, for example, blocks of meat are now sold in plastic bags or being vacuum-packed, instead of being sold on trays. Also for packaging of cut fruits, Ito-Yokado uses plant-based plastic as an elaboration of packaging materials themselves.

Reducing the use of disposable plastic bags

The Seven & i Group asks customers to bring their own shopping bags to the stores, sells its original eco-bags, and posts enlightenment posters. Moreover at Ito-Yokado, York-Benimaru, and Sogo & Seibu stores, "No Plastic Bags" cards are prepared at checkout counters for use by customers who want to decline accepting disposable bags. Ito-Yokado and York-Benimaru also provide customers who do not accept plastic bags with discounts, while charging fees for plastic bags based on agreements concluded with local governments and citizen groups.

Also starting from September 2011, some Ito-Yokado stores ask their Net Supermarket customers to choose the packaging method (whether to use a plastic bag or a basket) in placing their orders. The use of returnable and reusable baskets helps reduce the use of plastic bags. Subsequently, in May 2012, all the stores started this initiative, and as of July 2012, about 30% of the online customers chose the use of baskets. (At some stores the percentage exceeded 50%.)

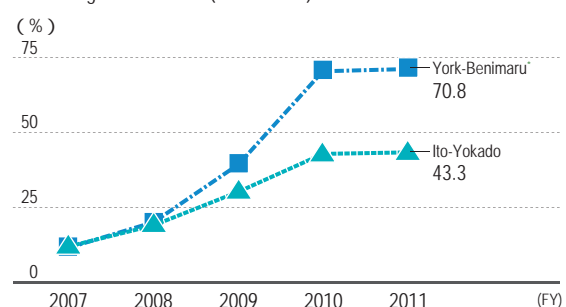


Packed in disposable plastic bags



Packed in a basket

Plastic bag turndown rate (food section)



* For data in and before FY2009, calculations were made based on the number of Eco Stamp cards collected. In FY2010, we changed the calculation method, which is now based on the number of customers who do not accept plastic bags at checkout counters.

Fostering the recycling of the PET bottles

Ito-Yokado and York-Benimaru began to install automatic PET bottle collection machines in March 2012 and July 2012, respectively. Unlike the conventional collection boxes, the machines automatically sort bottles and reduce their volume by compressing or crushing.

Because the machines remove foreign matter in the sorting process, recycling companies can obtain PET bottles in conditions suitable for recycling. Moreover, because their volume is reduced, stores do not need to spend much labor and backyard space for the bottles. Also logistics companies can transport more bottles at one time, and together with utilizing the transportation routes of the Seven & i Group, they can achieve highly efficient transportation.

The PET bottles thus collected are recycled again into PET bottles in Japan for use by beverage companies. This “closed-loop recycling” system to recycle PET bottles to PET bottles is the first attempt by a major retail chain in Japan to be implemented on a large scale.

In order to foster PET bottle collection, we provide “recycle points” that can be exchanged with “nanaco” (the Group’s electronic money) points to customers who bring used PET bottles to stores.

The automatic collection machines will be introduced to a total of 200 stores of Ito-Yokado, York-Benimaru and York Mart by the end of FY2012.

Measures to save water

Seven & i Group companies are making daily efforts to reduce their water use while introducing water-saving faucets and other devices and using rainwater.

York-Benimaru has adopted inverter-type pumps to standardize water supply pressures, thereby reducing its water use.

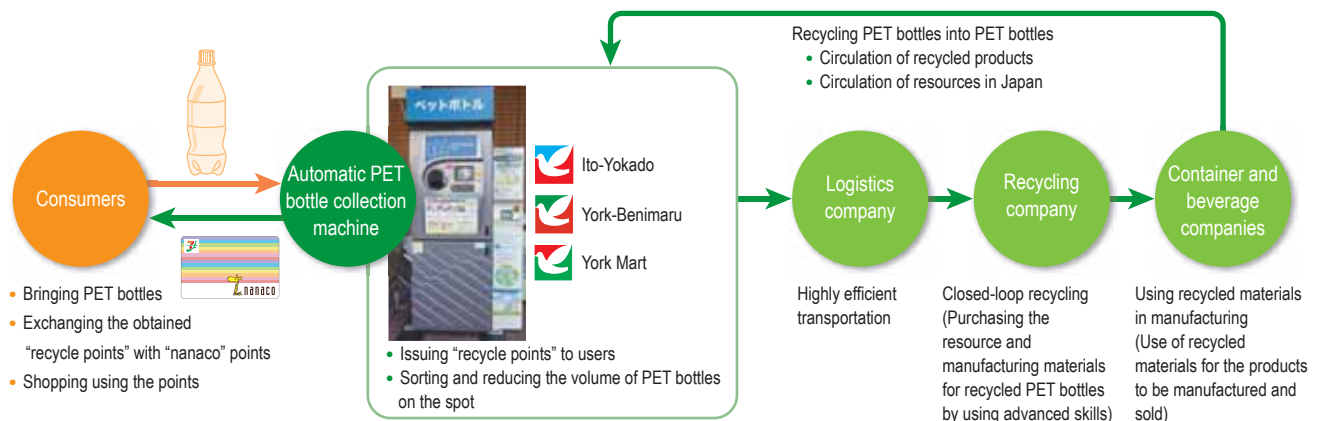
Seven & i Food Systems has asked the cleaners of its uniforms to clean them only by water without using solvents that contain volatile organic compounds (VOC) and other substances that might cause photochemical smog. The water used for the cleaning is purified by microorganisms (by adsorption and decomposition) to be reused as cleaning water.

* For the water use by four operating companies excluding Seven-Eleven Japan, please see the Data Section (on page 46 onwards).

Management of CFCs

At Seven & i Group stores, devices using CFCs are replaced with those using CFC alternatives at such occasions as when the stores are refurbished. The stores also daily conduct temperature checks on the devices for the early detection of any CFC leakages. The devices using CFCs are disposed of by professional companies in compliance with laws, and the stores receive collection certificates from the companies as the proof of appropriate disposal.

PET bottle recycling system using an automatic collection machine



Implementing measures for biodiversity

The Seven & i Group has been implementing the “REDD+” project* at Meru Betiri National Park (about 58,000 hectares) in Indonesia since 2010. This project helps to conserve biodiversity and mitigate climate change while also contribute to improving the lives of local people. In FY2011, we implemented plans to plant trees in proportion to the number of replies made to the questionnaire survey conducted on readers of the CSR Report. In this activity, only trees bearing fruit were planted, such as avocado trees, so that the activity would help conserve the forest while also supporting local citizens, who would be able to sell the fruit to earn money.

In June 2012, jointly with the Seven-Eleven Memorial Foundation (see the column below), the Group launched a project to foster forest improvement in Japan. Under this project we will conduct activities to address current domestic issues regarding forests, such as thinning artificial forests, clearing brush, and planting different tree species, in order to conserve the forests in a sustainable manner and in harmony with biodiversity conservation.

* “REDD+” means to reduce greenhouse gas emissions from deforestation and forest degradation, and boost carbon absorption by conserving forests and managing them in a sustainable manner

Web Tropical Forest Conservation Project:

<http://www.7andi.com/en/csr/indonesia.html>



Local people are involved in environmental education by teaching children how to grow seedlings

Raising environmental awareness among employees

The Seven & i Group and Seven-Eleven Memorial Foundation are asking Group employees to participate in environmental activities. For example, the Foundation has been conducting a reforestation activity on Miyake Island* since 2008, in which a total of 554 employees have participated and planted 18,000 trees in the area of about 7.2 hectares. In this activity, employees are given opportunities to learn about biodiversity and the local natural environment to increase their environmental awareness.

Also, a campaign to encourage all Group employees to conserve energy at their homes was implemented for three months from July 2011, following the one implemented in FY2010.

Moreover, a CSR section has been created in the Group magazine for employees, in which the Group’s environmental issues are regularly introduced.

* In June 2000, the island suffered great damage due to the eruption of Mt. Oyama.



Reforestation activity on Miyake Island

TOPICS

Seven-Eleven Memorial Foundation

<http://www.7midori.org/> (in Japanese)

The Seven-Eleven Memorial Foundation was established in 1993 for Seven-Eleven Japan headquarters and its franchise stores to conduct environmental contribution activities together. The money donated by customers through collection boxes installed at the stores is sent to the Foundation together with the donations made by the headquarters of the company. The money is used to support environmental NPOs chosen through a public offering and to conduct activities for mitigating global warming and to protect and conserve the natural environment. In FY2011, a total of 422,053,005 yen was donated by customers at the

stores and a total of 158,980,713 yen was used to give financial support to 240 organizations.

Example of activities conducted to protect and conserve natural heritage

The Foundation concluded a partnership agreement with Kiritappu Wetland National Trust, an authorized NPO in Hokkaido. Based on this agreement, the Foundation has purchased private land within the wetland to conserve the natural heritage. As of the end of FY2011, it acquired wetland extending over a total of about 405 hectares.