



## Providing Safe, Reliable Products and Services

### Ensuring the quality and safety of products and services

The Seven & i Group places the greatest importance on safety and reliability in all stages, from product planning to retail. At our stores, product quality is comprehensively checked, and we sell private brand items that place value on the location and method of production as well as on the traceability of food products. Measures are also being implemented for the stable operation of financial, IT, and other service products.

Since March 2012, a joint training seminar is being conducted for those in charge of purchasing at our Group companies in order to further improve the quality of our products.

### Commended by the Ministry of Economy, Trade and Industry for product safety measures

Ito-Yokado applies its unique quality standards formulated in line with the public standards for each product group; taking into consideration previously identified accidents and issues, as well as requests from customers.

For private brand products, domestic and overseas plants have been audited in collaboration with inspection organizations. Comprehensive follow up is being conducted at plants where problems were found in order to make steady improvements. Prior to product launch, quality is inspected by a third-party organization. Seminars are also held with business partners for sharing product safety measures and information on quality.

In recognition of these efforts, Ito-Yokado received the Minister of Economy, Trade and Industry Award, first among general supermarkets, in the Large Retailer Category of the Fifth (FY 2011) Best Contributors to Product Safety Awards. Since the commendation, Ito-Yokado has participated as a committee member in a range of efforts to formulate product safety standards in response to requests by the Ministry of Economy, Trade and Industry and other administrative and public organizations.



2011

製品安全対策優良企業

Logo granted by the Ministry of Economy, Trade and Industry to recipients

### We developed a private brand called Foods with Traceability that links producers with customers.

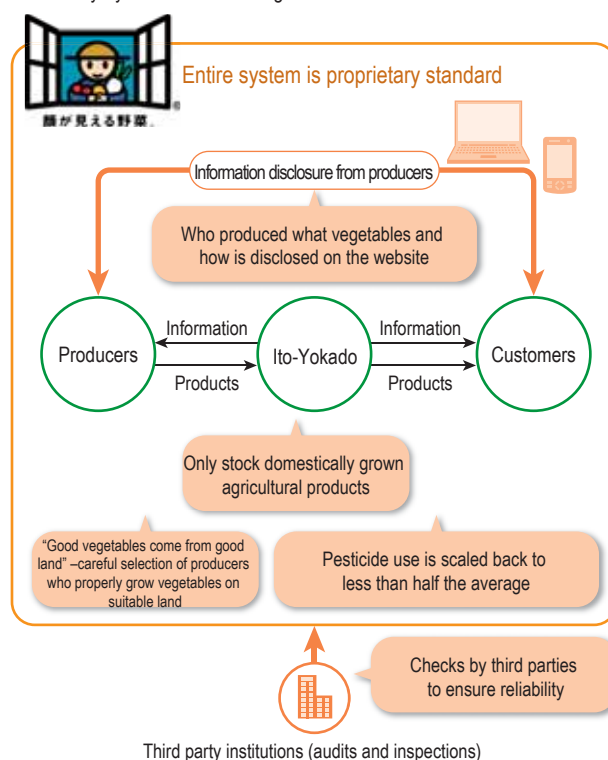
Foods with Traceability is a private brand developed by Ito-Yokado. Based on the concept of bringing producers and customers closer together, we disclose information on producers' sincere efforts for ensuring safety to customers. In September 2011, the inspection system on radioactive substances was strengthened for the production stage and prior to shipment in order to eliminate customers' worries about the presence of radioactivity. We have also begun disclosing the inspection results on our website.

In recognition of the efforts regarding Good Agricultural Practices (GAP – methods of agricultural production process management promoted by the government) in relation to Fruits and Vegetables with Traceability we received the GAP Dissemination Award in July 2012, first among retailers.

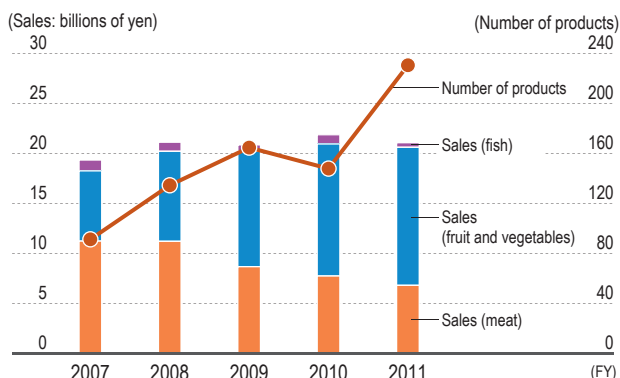


The producer and other information can be confirmed via PC and mobile phone

#### Traceability System for fruit and vegetables



Sales of Foods with Traceability Products



## We support agriculture through Seven Farm, which links producers with stores.

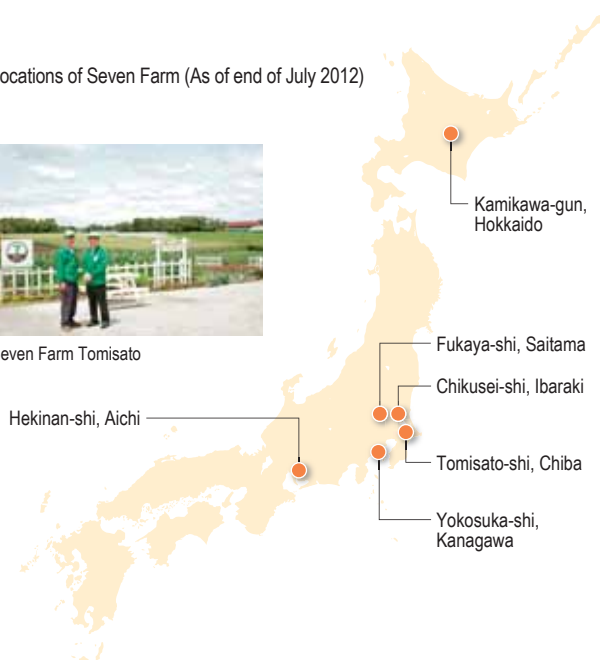
The agriculture environment in Japan has faced a major turning point, brought about by the aging of farmers, increase of farmland that is no longer cultivated, and amendments to the Agricultural Land Act. Ito-Yokado has responded by establishing Seven Farm in different areas, based on the concept of helping agriculture and promoting recycling. We strive to contribute to the revitalization of regional agriculture and improvement of agricultural productivity.

In our efforts, we have established a system for maintaining freshness in all processes from the field to the storefront, by connecting producers with a retailer. We also sell irregular products, which have typically been discarded, enabling efficient sales without waste. (See p.24)

Locations of Seven Farm (As of end of July 2012)



Seven Farm Tomisato



## Safety is ensured through a system that enables interaction between products and source materials to be traced.

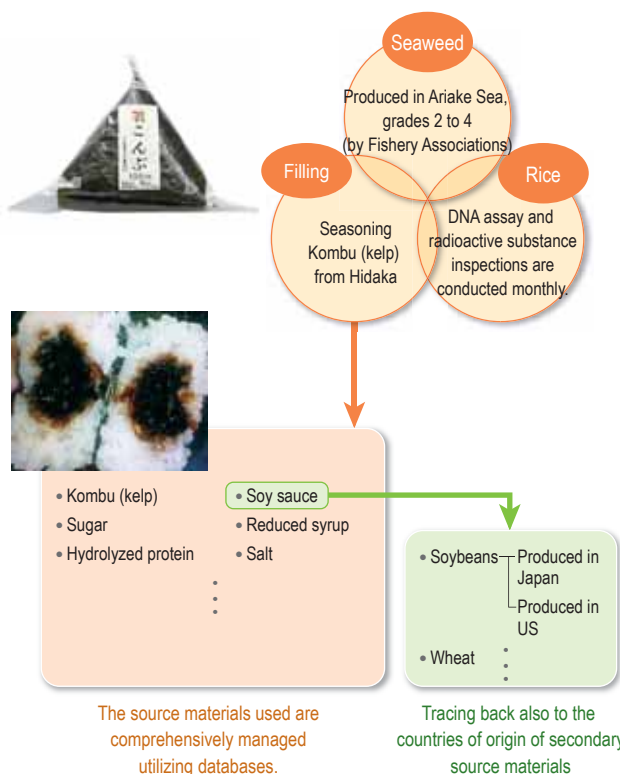
Seven-Eleven Japan uses an average of 40 types of source materials for each rice-based food item, prepared dish and other daily delivered food products. We sell upward of 1,000 prepared food options and release 100 new items each week.

In order to manage each of these products, we apply the Recipe Master System that regulates what kind of source materials are being used, their quantity, and at which plant. For this system, complete information from over 300 partner manufacturers and about 170 dedicated plants is managed in a database, enabling the relation between source materials and products to be traced. As a result, we are able to promptly address any problem that is found concerning a source material by immediately seeing which products used it.

We also voluntarily conduct DNA assays on rice to prevent mixing of varieties, as well as inspections on radioactive substances contained in food products.

Also notable is that no preservatives or artificial colorings are used in original brand products of Seven-Eleven Japan, .

Traceability management by Recipe Master System  
(Onigiri rice ball to be wrapped in seaweed)



### Assuring appropriate information provision

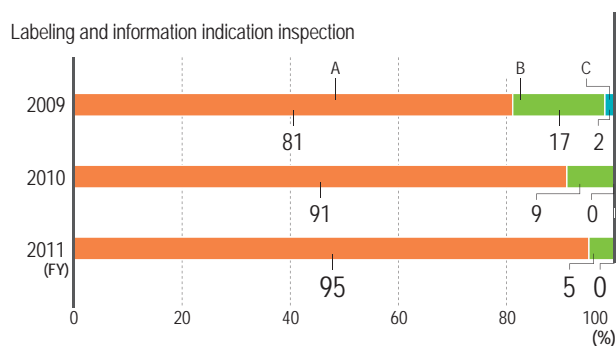
The Seven & i Group strives to disclose accurate information on products and prices that customers need. In addition to allergic food substances, for which the Food Sanitation Act mandates indication, our Group also displays food substances for which indication is recommended. There are also operating companies that handle anti-allergic food products.

At the storefront, staff in charge check for inappropriate product labels and displays/information. And training seminars are held to thoroughly educate employees on proper indication.

During the first half of FY2012, comprehensive guidelines for the Group were prepared concerning unclear expressions that are outside the scope of provisions of the JAS Act and Food Sanitation Act in order to avoid expressions which may cause customer misunderstandings.

### We confirm labels and indications in order to prevent misunderstanding.

At Ito-Yokado, members of the secretariat of the Fair Trade (FT) Subcommittee conduct labeling and information indication inspection in all stores every half term. At the same time, they provide storefront education and interview section managers for labeling and information indication inspection. They evaluate stores based on objective numeric values and implement specific measures for improvement in collaboration with store managers and assistant managers in charge of each store.



- A: Labels and displayed information are appropriate, and employees are fully aware of labeling requirements.  
 B: There is room for improvement, and employees in some divisions lack sufficient awareness.  
 C: There is room for improvement, and employees require training in truth in labeling.  
 D: Immediate improvement is required, and the entire store organization must be reconsidered.

### We continue efforts to reduce trans-fatty acids and disclose information.

Based on the initiative for developing safe and reliable products, Seven-Eleven Japan continually strives to improve quality. As a part of these efforts, since 2005 we have sought to reduce trans-fatty acids, which are said to increase the risk of heart disease. The fryer oil, fatty pastes and cream we use have been switched to exclusive source materials containing lower amounts of trans-fatty acids, in our pursuit of improvements with source material manufacturers. With Strawberry Jam & Margarine, one of our most popular bread products, the trans-fatty acid content in 2011 had been reduced by 91% compared to the same product in 2005.

Also, since May 2011 pursuant to the Guidelines on Information Disclosure about Trans-Fatty Acid issued by the Consumer Affairs Agency in February 2011, we have disclosed on our website the saturated fatty acid, trans-fatty acid and cholesterol content in our major products.

Grams of trans-fatty acid contained in every 100 g of Strawberry Jam & Margarine bread (calculated value)

FY2005	FY2007	FY2012
1.86g	0.18g	0.15g

### Developing stores and facilities that customers can visit with a sense of security

With the hope of enabling all of our customers to shop comfortably at our stores with a sense of security, the Seven & i Group conducts daily storefront patrol and inspection, has installed crime prevention and disaster prevention equipment. We have also adopted the notion of universal design in our store designs, and conducted employee training for assisting customers with physical disabilities.

Sogo & Seibu has also established the Seven Prohibited Actions for managing personal information of customers, which have been thoroughly disseminated among all employees.

#### Seven Prohibited Actions for maintaining customers' trust

1. Sending emails to customers from personal computers on the sales floors
2. Maintaining personal information on personal computers
3. Leaving documents containing personal information unattended
4. Taking personal information outside of the store
5. Maintaining personal information in a location other than that designated by the store
6. Sending advertising mail without the approval of the Sales Promotion Manager
7. Receiving or delivering personal information without keeping a Personal Information Handling Record.

### Improving service for responding to customers' expectations

In order to continue improving our products and services from the customer's standpoint, each Seven & i Group company has established a customer consultation desk for receiving customers' opinions and requests and responding to them promptly. The information collected is sorted according to the contents and distributed to relevant divisions and stores for making improvements.

Notable examples of comments of appreciation sent in by customers to Group companies are featured in the monthly Seven & i Group in-house magazine in order to improve the Group's overall ability to communicate and deal with customers.

Starting in FY2012, employees in charge of the customer consultation desk at each of the Group companies have also been given training by outside lecturers.



Seminar by an outside lecturer

### We continue to make improvements from the customer's standpoint

Ito-Yokado consigns storefront surveys to qualified advisory specialists for collecting customers' opinions on customer service, sales floor design and product lineup. Also, in February 2012, outside mystery shoppers conducted sales floor surveys at all our stores. They paid unannounced visits to stores and graded the three items as above as they shopped. Stores were ranked based on the survey results, and the ranks were announced at a store managers' meeting.

The Operation Support Division of Seven & i Food Systems has conducted mystery shopper surveys 10 times each year per store (in areas excluding employee cafeterias) on 130 items concerning customer service, food products, cleanliness and other matters in order to identify issues needing attention. The family restaurant chain Denny's has also gathered customers' opinions and comments on specific menu options on its website in order to develop products that reflect customers' evaluations and opinions.

### TOPICS

#### Assisting business partners in areas affected by the Great East Japan Earthquake through product development

Each of the Seven & i Group companies strives to contribute to the region's recovery from the Earthquake and founding of sustainable regional industry through sales of products from the region.

Ito-Yokado has sold Iwate Tohno beef, produced in the comprehensive production system covering all the processes from breeding to retailing, jointly with the Tohno City government in Iwate Prefecture and food product manufacturers, as a private brand product called "Meat with Traceability." Outstanding processed meat products made from Iwate Tohno beef born and bred in Tohno have been developed in efforts to configure a new business model that supports Iwate Prefecture's quick recovery.

Seven-Eleven Japan has sold onigiri rice balls and salad using wakame seaweed from Sanriku area beaches. Sogo & Seibu also sponsors the Tohoku Cotton Project, which supports farmers trying to restart farming by cultivating cotton that can withstand soil with high saline content, in farmlands where rice breeding is not possible due to salt damage from the tsunami. Products using the harvested cotton have been sold in department stores.

#### Employee's voice

The Seafood Division of Ito-Yokado continues to support producers and processors, so they can supply us with products while they maintain a sense of security.

Fish farmers in Rikuzentakata from whom we have purchased raw wakame seaweed for many years had their business halted by the earthquake. We visited them and asked them to continue production because we are more than willing to sell their products; a move that helped rid them of some anxiety and restart their operations.

Concerning the issue of radioactive residue, we have used the Group's expertise to advise producers on methods for self-initiated inspections and indexes to be met for selling products. Since the earthquake, we have come to realize that we are engaged in the important task of conveying the thoughts of producers to our customers.



Masami Takeuchi,  
buyer, Seafood Division,  
Ito-Yokado.