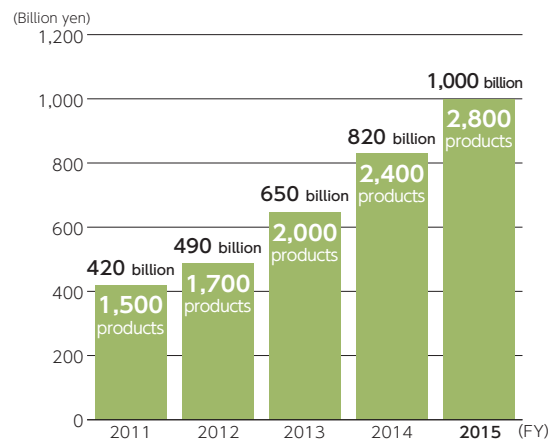


# CSR Initiatives via Products under the Group's Private Label, Seven Premium

Driven by a commitment to providing products that have the kind of quality and value that will meet customer expectations at reasonable prices, Seven & i Holdings launched Seven Premium, its private brand, in May 2007. We work with manufacturers across Japan to manage the entire supply chain, from material procurement and production to distribution and sales, for all products sold under the Seven Premium brand. More than 1,700 different kinds of Seven Premium products, which are not just good-tasting but also safe, reliable, and environmentally friendly, were sold in FY2012. We will continue to work on product development to expand our lines with products that will appeal to customers.

Seven Premium sales plan by fiscal year



## A close look at our potato salad

Our potato salad debuted six years ago as the first Seven Premium product and it's been a customer favorite ever since.

Let's take a CSR point-of-view look at what we do in our supply chain for this product, from material procurement to sales.



## Material procurement

Securing safe raw materials







**Seven features of Seven Premium**

- ① **Safe and reliable** Made from carefully selected ingredients cooked in sanitary factories
- ② **Great-tasting** A great taste everybody agrees on
- ③ **Local flavor** There's nothing like local tastes
- ④ **Best technology** Jointly developed by manufacturers boasting

- ⑤ **Universal design** Easy-to-read, easy-to-understand labels and designs
- ⑥ **Health conscious** Calorie information printed on the front side of the product package
- ⑦ **Reasonable price** Always easy on your wallet

## Manufacturing

Ensuring compliance with own quality control standards and contributing to local communities

## Distribution

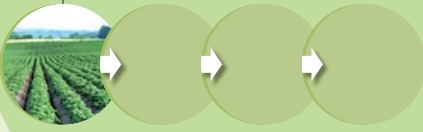
Minimizing environmental impact and ensuring disaster preparedness

## Sales

Developing and improving products through dialogues with customers



## Material procurement



Harvesting potatoes

## Securing safe raw materials

### Visiting farms in pursuit of top quality

Only Japan's renowned danshaku-imo variety of potato grown in Hokkaido goes into making our potato salad.

Our business partner's procurement personnel go to the field to visit growers and exchange opinions on growing methods and other matters as they work together to produce food ingredients that customers will appreciate.

To ensure strict quality control, harvested potatoes are shipped to factories unwashed so the dirt will minimize any impact that could damage the potatoes during transport and help them stay fresh.



### Thorough traceability system

In order to ensure that the products we deliver are always of the same high quality, all Seven Premium products, including our potato salad, are made only with finest ingredients that meet our own strict quality standards.

All ingredient production records, including planting and harvesting information, agricultural inputs, etc., are carefully maintained to ensure traceability. We are also building a database that enables us to see the amounts of ingredients used for each product.

### Business partner's voice

#### Our efforts to enhance quality start with raw material production.

At our Asahikawa factory, which went on line in November 2012, we produce potato salad, pumpkin salad, simmered pumpkin, meat and potato stew, and more with the concept of "cooking with local farm fresh ingredients."

While we have always used only potatoes produced in Hokkaido, now that we have a factory located closer to the farms where they are grown, we are able to minimize bruising that can occur during transport and use better quality ingredients.

The new location also keeps us in close contact with our growers, enabling us to make better quality ingredients than ever.

Mr. Kaiji Yamazaki, Manager, Yamazaki Group's Asahikawa Factory





## Manufacturing



# Ensuring compliance with own quality control standards and contributing to local communities

## Quality control based on Seven & i's quality standards

We employ strict temperature and hygiene controls to maintain the quality of Seven Premium products. Products are tested before being sold to check if the flavor of products made in different factories is consistent and that they meet our specifications. Safety inspections are conducted on a regular basis to maintain the good taste, safety and reliability of our products.

The factory that makes our potato salad has quality and hygiene controls in place for cutting, cooking, packaging, and other processes in accordance with the quality management system of the ISO9001 international standard.

Once finished, products are stored in a refrigerator set to 5 degrees Celsius just before they are shipped to assure maximum safety.

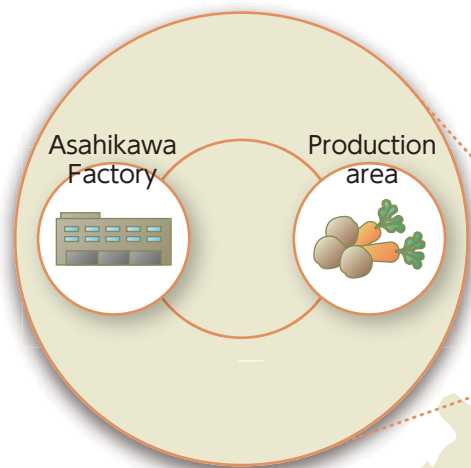
## Made at our new factory in Asahikawa, a potato producing area

Opened in November 2012, our Asahikawa factory sits in the middle of the potato producing area, where we can secure supply of fresh ingredients.

Also, taking advantage of a local climate characterized by heavy snow in winter, the factory employs a storage system that utilizes snow/ice cold energy to store food ingredients at a constant temperature and humidity. This system seals in good flavor and provides safe storage of food throughout the year.

The factory is actively implementing measures to reduce waste and energy consumption throughout the production process. It is planning to compost food scraps and sludge generated from making potato salad and other products for use by its contract farmers.

The Asahikawa factory employs about 160 people who were hired locally prior to its opening, thus contributing to the local employment and economy.



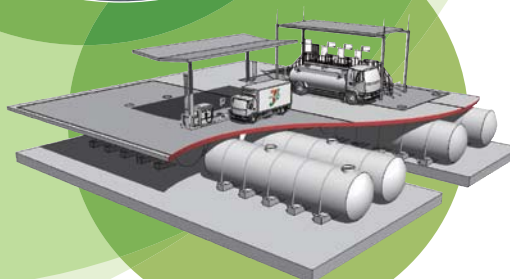
Cold storage utilizing snow/ice cold energy

\*Snow/ice cold energy system  
The system uses ice and snow stored for the summer for refrigerating agricultural products in the storage. Snow helps keep crops fresh because of its adequate level of moisture, and it also has a duct protection effect for refrigerated air conditioning.

## Distribution



# Minimizing environmental impact and ensuring disaster preparedness



Conceptual drawing of the fuel storage station

### Saving energy and boosting shipping efficiency at distribution centers

Our dedicated distribution centers handling Seven-Eleven products employ demand controllers that monitor electricity consumption of air conditioning and other equipment and control the load system so power consumption is always kept under the preset limit. These demand controllers have been installed in 51 of our 147 distribution centers (as of the end of February 2013).

Solar panels have also been installed in some of the centers for power generation as part of our initiative to reduce power consumption at our distribution centers.

After reviewing the locations of our distribution centers, we set up intermediate facilities in order to reduce the number of delivery vehicles used per day for each store.

We also introduced in-vehicle terminals to delivery vehicles and hold training seminars where drivers receive data-based vehicle operation training and learn about eco-friendly driving.

The cardboard boxes used for delivering our potato salad were switched to reusable containers in FY2012, resulting in 26 ton reduction of cardboard per month.

### Constructing a fuel storage station for delivering emergency supplies

The Great East Japan Earthquake triggered serious gasoline shortages not only in the disaster-affected area but also in the Tokyo metropolitan area, due to damage to oil refinery and other fuel-related facilities as well as disruptions to transportation networks.

Learning from this experience, Seven & i Holdings decided to construct a fuel storage station to be used for product delivery vehicles as part of its large-scale disaster countermeasures. When completed, the fuel storage station will be the first of its kind for the Japanese retail industry.

Designed to store 400 kiloliters of fuel to be used for delivering emergency supplies in the event of a disaster, the fuel storage station will be constructed on the premises of Ito-Yokado's distribution center in Sugitomachi, a town located in Saitama Prefecture's Kitakatsushika district. It is slated to be completed by the end of December 2013.

The station will enable us to ensure approximately ten days of quick delivery of emergency supplies to evacuation centers in disaster areas as well as our Group companies' stores in Tokyo and three other prefectures for uninterrupted operations.

### The voice from the distribution center

#### Further stepping up efforts to cut power consumption

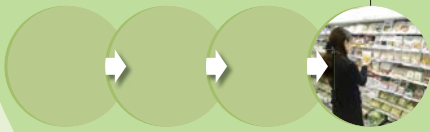
Those of us working at the distribution center don't just rely on the demand controller to do all the work of reducing electricity consumption. Everyone is saving power manually as well, by shutting down the refrigerator during the hours when products are not in it, and the like.

In addition, we are striving to conserve energy by creating green curtains around our office building. We will continue to work harder on reducing electricity consumption than ever while watching how our current measures will do.

Mr. Shunichi Horikawa, General Manager, Chokuhan Haiso Co., Ltd.'s Chilled Tomisato Center



Sales



# Developing and improving products through dialogues with customers

## Making good-tasting, high quality products based on customer feedback

Customers' needs are quickly changing as the birth rate is declining, the population aging, female employment rising, and one-person households growing.

In October 2009, we launched the Premium Life Enhancement Committee website, an online community for developing Seven Premium brand products together with customers.

Among other things, the site is used to solicit opinions and requests from customers through group interviews of people who bought Seven Premium products.

In addition to customer evaluations of each Seven Premium product, the site also features easy-to-make recipes using Seven Premium products as well as participatory campaigns. These dialogue-based programs help us understand when and how customers use our products and incorporate their feedback into product development.



## Giving our products a makeover to make them even more attractive

Our potato salad has been a big hit among customers of all ages, including seniors.

We have received positive feedback from customers via the Premium Life Enhancement Committee website and group interviews since the product was first released. Satisfied customers have told us "I always keep it in stock and serve it when I need one more dish to serve" or "It has a nice texture of the potatoes," and "It's great because I can easily add my own twist to it."

There were also suggestions for improvements from those who said it was "somewhat too lightly seasoned." We took their advice to heart and improved the flavor by reworking the vinegar, pepper and other seasonings while retaining the aspects that customers gave high marks for (like the texture of the potatoes and how easily it can be augmented).

Listening to their voices enabled us to improve the flavor of the potatoes.

### The word from product development

#### Making constant improvements to make the customer happy

It's more than six years since our potato salad hit the market. We have made many improvements during that time in order to make our customers more satisfied.

We not only work on enhancing the flavor but continually look at how and when customers use it with an eye to making it better than ever.

Tsuyoshi Noda, Prepared Food Manager, FF/Daily-Delivered Products Department, Merchandising Headquarters, Seven-Eleven Japan

