



## Approach

The Seven & i Holdings Group handles approximately 3 million products, and also develops various products as private brand products. For this reason, we prioritize the safety and reliability of products more than anything else. In addition, we recognize the importance of our Group's role in providing social infrastructure that can be used at any time, even during disasters and other emergencies.

### Background

#### Food safety

With the globalization of food and the occurrence of several incidents and accidents that have threatened the safety and reliability of food in recent years, interest towards food safety has grown involving topics such as the management of raw materials, food additives, and agrochemical residues. This is particularly evident in a survey by the Consumer Affairs Agency in which approximately 70% of respondents answered that they cared about the production area when purchasing products, reflecting the fact that companies are being called on to further strengthen quality management systems.

When you usually buy food, do you care where your food is produced?

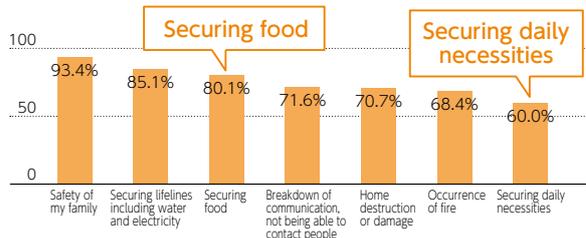


"Survey of Consumer Awareness Towards Food Safety" (2011), the Consumer Affairs Agency

#### Concerns during earthquakes and disasters

There have been frequent floods caused by heavy rains in recent years, perhaps due in part to the impact of climate change. In addition, there have been many natural disasters, including large-scale earthquakes that occur as a result of Japan's geography. Because many people suffer damages when disasters occur in Japan, much importance is placed on the role of social infrastructure such as the provision of products and services required for living when large-scale disaster occur, and business continuity is required as a safe and secure infrastructure base.

What are you concerned about when an earthquake or disaster occurs? (Multiple answers)



"Questionnaire on Disasters" (August 2011), Meiji Yasuda Life Insurance Company

## Seven & i Holdings' Policies

Seven & i Holdings will pursue safety, reliability, innovation, and high quality so that it can provide rich and healthy living to customers, and each Group company will work together to continue to provide products and services that will satisfy customers.

### Basic Policies

#### Improve customer satisfaction

We will develop and provide products and services from the customer's point of view and work to improve quality to ensure customer satisfaction.

#### Provide safe products and services

We will work to provide safe products and services that customers can feel secure using from the customer's point of view.

#### Provide appropriate information

We will comply with laws, regulations, and rules related to products and services and we will endeavor to provide necessary information in an appropriate and easy-to-understand manner from the customer's point of view.

From the Quality Policy

## Seven & i Holdings' Initiatives

#### Establishment of Quality Management Systems

Adopt international management system standards and management techniques concerning quality and hygiene in order to provide safe and reliable products to customers.

#### Food Traceability

Actively disclose product traceability information (distribution history) as an initiative that emphasizes the safety and reliability of products in all processes from the procurement of raw materials to sales.

#### Inspection of Radioactive Substances

Conduct independent inspections and checks to complement the monitoring surveys on radioactive substances implemented by the government following the Great East Japan Earthquake.

#### Temperature Management in Distribution

Adopt cold chain distribution (low temperature distribution network) to procure high-quality and fresh raw materials for foods.

#### Food Management in Stores

Have all employees conduct confirmation of product freshness and expiration of best before dates and consume by dates.

#### Consideration to Health

Actively promote the sales of products with reduced use of food additives and products that take into consideration health concerns and food allergies.

#### Appropriate Disclosure of Information on Products and Services

Display whether products contain allergens so that people with allergies can feel confident selecting products.

#### Support of Crime Prevention

Strengthen crime prevention measures according to the business characteristics of each company so that customers can feel safe and secure using facilities.

#### Provision of Safety and Security when Disasters Occur

Implement various initiatives such as the establishing a fuel storage station for delivering emergency supplies in order to fulfill the function of social infrastructure in the event of a disaster.

#### Reconstruction Assistance for the Great East Japan Earthquake

Support companies and producers in disaster-affected areas by selling their products in our stores.

### Value for society

Improving safety and reliability of food and other products

Life support during disasters

### Value for Seven & i Holdings

Strengthening relationships based on trusts with customers and other stakeholders

## Providing Safety and Reliability through Products and Stores

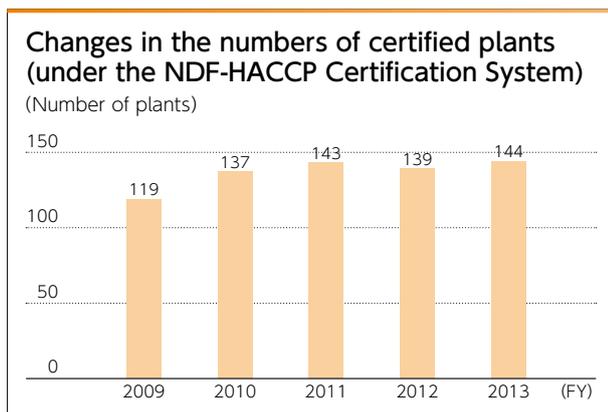
### Establishment of Quality Management Systems

#### Adoption of the NDF-HACCP certification system

Seven-Eleven has adopted the HACCP (Hazard Analysis and Critical Control Point) method since 1997 as a method to manage food hygiene. In addition, the NDF-HACCP Certification System for review and certification of the quality control status of dedicated plants has been adopted since 2002. Under this system, compliance with approximately 140 safety standards set based on HACCP is checked, and high-quality plants recognized to be above a certain level are certified. A third party is commissioned with the inspection, and the results are inspected and certified by the Nihon Delica Foods Association (NDF)\*. Inspections are also conducted after certification is acquired in order to maintain the management level.

By focusing on quality management based on the NDF-HACCP Certification System, we have strengthened mechanisms for preventing the shipment of defective products and improved the maintenance and inspection of facilities and equipment.

\*Nihon Delica Foods Association (NDF):The NDF was formed in 1979 mainly by vendors of rice-based products in order to improve hygiene quality management levels at deli product manufacturing facilities and to eliminate region-based quality differences.



#### Acquisition of JGAP certification

For our private brand Fruits and Vegetables with Traceability (see page 30) at Ito-Yokado, we endeavor to acquire JGAP (Japan Good Agricultural Practice) certification in order to further improve the level of our quality management.

JGAP standards that should be implemented in day-to-day agricultural management are stipulated in an aim to improve safety and protect the environment based on the agricultural production management procedure that the Ministry of Agriculture, Forestry and Fisheries recommends for adoption. Certification has been acquired for 15 localities as of the end of February 2014, and efforts will be made for further certification going forward.

In the same manner at Seven Farms (see page 43), JGAP certification was acquired at farms and sites in Tomisato, Tsukuba, and Hokkaido in 2009, and we aim to acquire this certification for all sites going forward.

#### Hygiene management based on ISO9001

At Seven & i Food Systems, the QC Office that serves as the hygiene management division has acquired the ISO9001 international standard concerning quality management (application scope consisting of food hygiene management system standards and provision at stores). Utilizing this system, efforts are made to improve hygiene management at stores and educate employees.

In hygiene management, an emphasis is put on easy-to-understand freshness management that can be implemented by anyone. Store managers and procurement staff member check the status of stock and orders every day, and the number of meals in stock and expiration date are checked when placing orders for meals. In addition, random checks are also conducted by a third-party hygiene inspection agency.

Furthermore, thorough instructions on hygiene management are mainly provided by store managers and procurement staff members that are responsible for food sanitation in order to educate store employees. Moreover, efforts are made to increase awareness towards freshness and hygiene management and improve the level of hygiene management through regular store checks by district leaders and thorough self-checks by each and every employee.

## Quality improvement initiatives with business partners

At Seven & I Holdings, the Group development divisions and other divisions hold regular meetings with the business partners of Seven-Eleven and Ito-Yokado in order to confirm current quality management issues and problems and in an effort to share information aimed at improvement.

### Meetings held with business partners (FY 2013 cumulative total)

	Number of participating business partners	Number of participants
Seven & i Holdings	183 companies	312 participants
Seven-Eleven Japan	767 companies	5,683 participants
Ito-Yokado	714 companies	1,014 participants

In recognition of Ito-Yokado's efforts in product safety that are described below, the company has received a Minister Prize of Economic, Trade and Industry in the large retailer sales business division following a similar achievement in 2011, winning the Best Contributors to Product Safety Award for the seventh contest sponsored by the Ministry of Economy, Trade and Industry in FY2013.



- Formulation of proprietary quality standards and sharing these standards with Group companies and business partners
- Strengthening of plant audits using third-party certification organizations
- Prompt development of cooperative structures for recalls by business partners



Ito-Yokado quality improvement proposal meeting

## Food Traceability

### Foods with traceability, products with traceability

Ito-Yokado offers products under its private brand Foods with Traceability, which communicates to customers that we have an accurate understanding of production sites, production methods, and distribution channels. It is possible to confirm producer information for Foods with Traceability products using the Ito-Yokado website and mobile phones or smartphones. The products have been audited by a third-party organization in accordance with Ito-Yokado's proprietary safety standards.

As of the end of February 2014, 222 items are handled under the Foods with Traceability brand, covering all fresh foods including vegetables, fruits, meat, eggs, and fish.

• <http://look.itoyokado.co.jp/kao/top.php>

### Ito-Yokado producer information disclosure method



At York-Benimaru, we have established a York-Benimaru Products with Traceability corner on our website that distributes information on fresh foods that have been carefully selected including the production site, characteristics, production process, and producer. Customers can see a product's production records by entering the production number on the seal attached to the product. Approximately 30 products are handled as of the end of February 2014.

• <http://www.yorkbeni.co.jp/trace/index.html>

## Providing Safety and Reliability through Products and Stores

### Centralized management of production records

At Seven-Eleven, each deli product menu such as rice and side dishes uses an average of 40 types of raw materials (including seasonings). In order to manage these individual products and clarify how much of what raw material was used at what plant, we manage all information for over 300 business partners and approximately 170 dedicated plants in a database and link this with store point-of-sales data so that it is possible to confirm the flow of products from the raw materials production site to the storefront. Thanks to this system it is possible to respond immediately if problems involving raw materials or other issues are discovered.

In addition, because it is possible to get an accurate understanding of the amount of raw materials and packaging used at each plant, this system is helpful in reducing wastes through means such as controlling excessive production.

In addition, we voluntarily conduct DNA testing on rice to prevent the mixing of breed and inspections for radioactive substances.

### Production information management for fruit and vegetables

At Seven & i Food Systems, we request that all production sites nationwide submit cultivation plan documents and cultivation results documents that state information including the details of food

cultivation work and the implementation timing. Furthermore, production sites procured from may be changed, depending on season and harvest conditions after confirming quality and other matters in order to provide safe and delicious vegetables. Note that production site information for the main menu ingredients at Denny's is available on the website.

• <http://www.dennys.jp/dny/approach/>

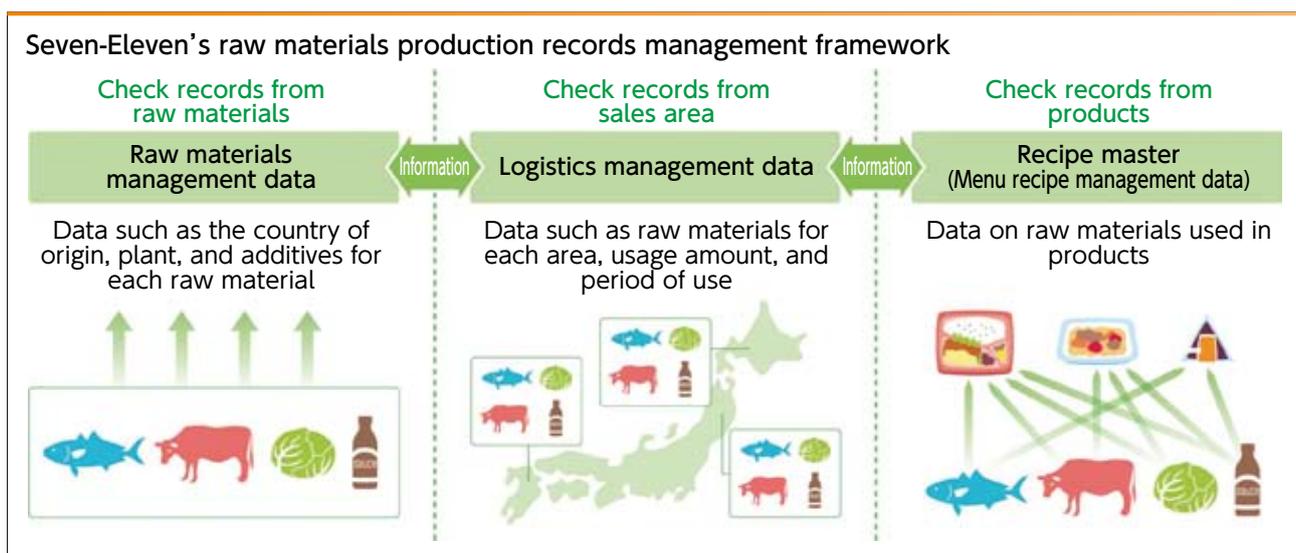
### Inspection of Radioactive Substances

#### Independent inspections and announcement of inspection results

The Radioactivity Project was established as an internal organization at York-Benimaru to enable customers to feel reassured while shopping following the Great East Japan Earthquake. We conduct independent inspections and checks to complement the monitoring surveys on radioactive substances implemented by the government, and then announce these inspection results.

For example, in the case of three-star fruits and vegetables, we endeavor to sell products that meet the criteria by having buyers visit production sites and conduct soil inspections and independent inspections on samples.

• <http://www.yorkbeni.co.jp/radioactivity/index.html>



Temperature Management in Distribution

Cold chain distribution (low temperature distribution network)

At Seven-Eleven, we have adopted cold chain distribution (low temperature distribution network) since 2005 to procure high-quality and fresh raw materials for foods. Unheated vegetables that are used in products including salads and sandwiches are stored at low temperature on the spot after being harvested in fields, and quality degradation is prevented through low-temperature transport so that the freshness of vegetables can be maintained for a long period of time. For products such as onigiri rice balls, efforts are made to minimize product degradation by keeping not only production plants and joint distribution centers constantly at 20 °C, but also keeping areas inside transport trucks at this temperature.

At Seven & i Food Systems' Deny's, foods are stored at the three temperature ranges of room temperature, refrigerated, or frozen depending on the characteristics of the foods to secure the freshness and safety of foods through centralized temperature management from harvest to refrigerators at stores.

Food Management in Stores

Management of product freshness

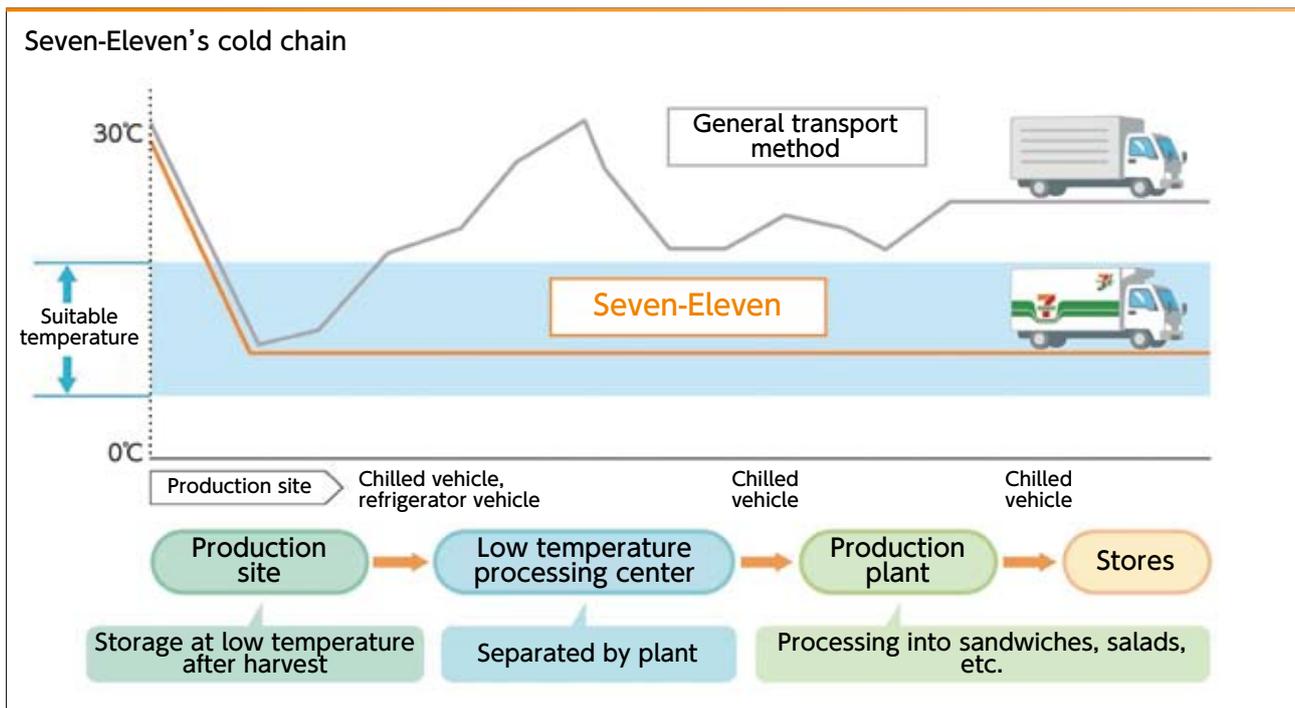
At Ito-Yokado there are specialists called Freshness Checkers under the direct supervision of store managers that specialize in food freshness. These specialists conduct checks on the deterioration of vegetables, the expiration of best before dates and consume by dates for products and raw materials, and the temperature of sales floor and backroom refrigerators by time period.

In addition, for deli products including processed foods such as dried fish, milk, and tofu other than fresh foods (fruit and vegetables, meat, fish, and side dishes), all store employees check product dates to ensure that products are not sold past their best before dates and consume by dates.

The same activities are conducted by organizations called the Freshness Patrol Committee at York-Benimaru and the Compliance Team at York-Mart.



Ito-Yokado Freshness Checker



## Providing Safety and Reliability through Products and Stores

### Consideration to Health

#### Reducing the use of food additives

At Seven & i Holdings we endeavor to reduce the use of food additives.

At Seven-Eleven, we have eliminated synthetic coloring and preservatives from original deli products. In addition, we have eliminated synthetic coloring and preservatives from side dishes, boxed meals, and sushi at Ito-Yokado.

Furthermore, since 2007 we have eliminated phosphate that is said to inhibit the absorption of calcium if intake is excessive from ham and sausages that are used for original product sandwiches.

Since 2005 we have implemented independent measures in conjunction with raw material manufacturers to reduce trans-fatty acid that is said to increase the risk of heart disease.

In addition, we have disclosed the amount of saturated fatty acid, trans fatty acid, and cholesterol contained in some of our main product on our website since May 2011 based on the Guidelines on Trans Fatty Acid Labeling (Consumer Affairs Agency).

• <http://www.sej.co.jp/products/safety01.html>

#### Products that take health into consideration

Ito-Yokado has launched the Euglena Health Committee together with Euglena Corporation to jointly develop with eight food manufacturers products composed of a type of microalgae called euglena that is produced and sold by Euglena Corporation. For the first time in Japan, euglena food corners were established in 165 Ito-Yokado stores from April 2014. Euglena has features of both plants and animals and contains 59 varieties of nutrients, and therefore it can be used as a supplement to provide nutrients that are often lacking in the modern diet.



\*Some items are no longer sold.

#### Products that take food allergies into consideration

To allow children and other people with food allergy concerns to feel safe eating cake, Ito-Yokado conducts reservation sales of rice flower and soy milk cream cakes for Christmas and birthdays that do not use designated raw materials. In addition, three cupcake items for deserts are sold every day (70 stores as of the end of May 2014, in some cases only some items are available). For these products, all raw materials and components are managed by lot and inspections are conducted by external agencies.

At 87 stores (as of the end of May 2014) we have established corners handling products that take food allergies into consideration on the food sales floor, where seasonings and foods from food manufacturers that take food allergies into consideration are offered.

At Seven & i Food Systems' Deny's, we have developed and sold on an ongoing basis a low-allergen menu for kids that takes food allergies into consideration. Foods used for this menu are stored separately from foods for the regular menu and are processed at food plants using separately managed cooking utensils and containers to ensure that there is no mixing with foods for the regular menu. In addition, heating and plate arrangement at restaurants is conducted by a staff member separate from the standard cooking line, and tableware that is individually washed and stored is used in an effort to prevent secondary contamination by allergens. In recognition of these efforts, at the 7th Kids Design Awards sponsored by the Kids Design Association (a Cabinet Office certified NPO) held in 2013, a low-allergen menu that does not use designated raw materials won a Kids Design Award in the category of designs to contribute to the safety and security from children's viewpoints.

## Appropriate Disclosure of Information on Products and Services

### Allergy information labeling

At Seven & i Holdings, we endeavor to use labels for both products purchased from business partners and products prepared at stores so that it is easy for customers to understand what allergens are included in which product to enable people with allergies to feel secure when selecting products.

For products prepared at Seven-Eleven (hot snacks, oden, and Chinese steamed buns) and Denny's menu items, information on the use of designated raw materials and products equivalent to designated raw materials is disclosed on our website.

- <http://www.sej.co.jp/products/index.html>
- <http://www.dennys-jp.com/allergy.html>

### Product labeling education for employees

At Seven & i Holdings, joint training on the Act against Unjustifiable Premiums and Misleading Representations is conducted twice a year for new purchasing staff members at each Group company. During FY 2013 a total of 131 employees received training on misleading representations and the provision of unjustifiable premiums as prohibited under this law.

### Establishment of ambiguous labeling independent guidelines

In order to avoid representations that could cause misunderstandings among customers, Seven & i Holdings created the Group-wide Ambiguous Labeling Independent Guidelines in September 2012 covering ambiguous labeling not within the scope of the JAS Act and Food Sanitation Act.

Subsequently, these independent guidelines were fully revised in accordance with the Principles of Food Labeling in Menus and Dishes under the Act against Unjustifiable Premiums and Misleading Representations released by the Consumer Affairs Agency in March 2014.

## Support of Crime Prevention

### Safety station activities

Seven-Eleven stores are open 365 days a year and even late at night the lights stay on and there are employees inside the store. Leveraging these business characteristics, we are actively implementing Safety Station activities based on the themes of creating safe and secure communities and creating healthy and sound youth environments as a member of the local community. At product exhibitions that are held across the country, we work to disseminate information on measures to prevent underage drinking and smoking.



### Safe ATM transactions

At Seven Bank, security measures have been strengthened through measures such as the installation of recording cameras that allow people to safely and securely use cash withdrawal and transfer services and the installation of devices that detect suspicious objects attached to ATMs.

So that the customers don't become the victims of bank transfer scams, we provide reminders to customers through screen displays and audio announcements when making transfers at ATMs. Furthermore, to prevent ATMs from being used in crimes, we plan to expand IC card support that has been adopted for domestic bank transaction for transactions with cards issued overseas.

For accounts at Seven Bank, we work to prevent the use of accounts for illegal purposes through thorough confirmation of personal identification when accounts are opened. In response to money laundering, we conduct filtering of people who have been involved with financial crimes in the past and people that are not able to use accounts. We have adopted an account monitoring system that detects suspicious transactions after accounts have been opened and we have also strengthened measures against phishing scams.

## Providing Safety and Reliability through Products and Stores

### Provision of Safety and Security when Disasters Occur

#### Prompt community rescue activities during disasters and community education

Seven & i Holdings promotes the conclusion of disaster support agreements with municipalities in preparation for prompt community rescue activities during disasters. In addition to providing services including tap water, toilets, and disaster information, we also cooperate with the procurement of food and daily necessities. We also work to raise the awareness of customers towards disasters through measures such as the establishment of disaster response corners in stores.

#### Number of disaster support agreements with municipalities concluded by each company

(August 31, 2014)

Seven-Eleven Japan	95 municipalities
Ito-Yokado	87 municipalities
York-Benimaru	26 municipalities
York-Mart	3 municipalities
Sogo & Seibu	4 municipalities
Seven & i Food Systems	17 municipalities

#### Fuel storage station for delivering emergency supplies

At Seven & i Holdings, we consider securing a fuel supply network to be a very important issue in response to the serious fuel shortage in the area affected by the Great East Japan Earthquake and the Tokyo metropolitan area. For this reason, we became the first retailer in Japan to establish a fuel storage station for use in product delivery vehicles, establishing this station in May 2014 on the premises of the Ito-Yokado distribution center in Saitama Prefecture. As 400 kl of fuel is stored at this station at all times, the station makes it possible to send emergency supplies and goods promptly and reliably for approximately ten days to evacuation centers in disaster areas as well as our Group companies' stores in the Tokyo Metropolis Prefecture, Kanagawa Prefecture, Saitama Prefecture, and Chiba Prefecture.



Fuel reserve base

#### Adoption of a disaster response map system

At Seven & i Holdings, we have adopted a disaster response map system that displays information such as the damage to each Group company store and the extent of the impact in the event of a large-scale earthquake on a map displayed on a PC screen. This system makes it possible to centrally manage information such as the magnitude of earthquakes affecting stores, the status of lifelines in disaster-affected areas, and the status of means of transportation, which in turn enables us to provide more prompt store support.



Seismic information display

#### Use of TV conference system in the event of a large-scale disaster

At Seven-Eleven Japan, we conducted large-scale disaster simulation training using the TV conference system in March 2013 in an effort to ensure that we would be able to continue operating stores in the event of a disaster. We confirmed the safety of all approximately 6,500 employees using mobile phones and connected four areas assumed to be a disaster area with the headquarters in Tokyo and conducted simulated reporting on matters including whether there were any injuries, whether there were power failures, and the status of nearby Seven-Eleven stores. This system can be used to communicate simultaneously with business locations in up to twenty areas.

#### Securing networks in the event of a disaster

At Seven-Eleven Japan, we have established a wireless network that allows the headquarters, delivery companies, joint distribution centers, and all delivery vehicles to mutually communicate with each other in the event of a disaster. The contact network for disasters using wireless networks has been developed by each Group company. In addition, Seven-Eleven has installed NTT East emergency telephones (special public telephones) that are free to use during disasters and other emergencies in Seven-Eleven stores (approximately 1,200 stores) in the 23 special wards of Tokyo. In addition, the wireless LAN service Seven Spot provided as a means of communication for safety confirmation when it is not possible to communicate using mobile phones or for people that are not able to return home has been installed for 14,638 stores as of February 2014.

Reconstruction Assistance for the Great East Japan Earthquake

## Tohoku Kakehashi project

Seven & i Holdings has been implementing the Tohoku Kakehashi Project since November 2011, in cooperation with Fukushima, Miyagi, Iwate, and other prefectures in Tohoku, and in collaboration with companies and major manufacturers in areas affected by the Great East Japan Earthquake. In July 2014 (Phase 9), the project was expanded to include 239 sponsoring and participating companies and 1,710 items.

Ito-Yokado and the stores of other Group companies\* sell products from Tohoku and conduct events together with the government, including events that are participated in by the governors of each prefecture. To ensure that people don't forget about the area affected by the recent disaster, major campaigns are held two to three times per year to support the reconstruction of agriculture, fisheries, and other businesses in Tohoku.

\*The five companies of Ito-Yokado, York Benimaru, York-Mart, SHELL GARDEN, and Seven & i Net Media



The Tohoku Kakehashi Project reconstruction support project

## Supporting producers in disaster-affected areas

At Seven & i Food Systems, in March 2014 we provided meals at employee cafeterias operated by the Group and launched sales of wakame and nori seaweed as products using foods from Shichigahama, Miyagi Prefecture that was affected by the Great East Japan Earthquake.

As the second phase of these efforts, four Sogo & Seibu stores in the Tokyo metropolitan area sold a reconstruction support meal that included a relief donation using wakame and nori seaweed from Shichigahama, Miyagi Prefecture in May 2014.

## Support taking advantage of specialized knowledge and sales know-how

Sogo & Seibu has been supporting the economic independence of women from litate Village, Fukushima Prefecture who have been forced to leave their home village and live in temporary houses. To support the sales of madei-gi\* and accessories that have been remade by these women using traditional Japanese techniques from kimono donated kindly by people across Japan, we not only provide these women with a place to sell the goods along with the necessary display fixtures, but also cooperation in making prior notifications about the fair and actually selling the goods. In addition, designers belonging to the company's corporate customer and business partners sponsoring these activities make visits to temporary houses to provide designs and patterns as well as technical guidance on sewing. (A total of five sales fairs were held from March 2012 to March 2014.)



Madei-mono sales fair

\*Madei is a word in the Fukushima dialect that means carefully or wholeheartedly.

## Volunteer support by employees

Seven & i Holdings participates in the Great East Japan Earthquake Reconstruction Project implemented by the NGO Seven-Eleven Memorial Foundation to continue providing reconstruction support in areas that have suffered serious damage. In September 2013, 75 volunteers including Seven-Eleven franchise owners, headquarters employees, and Seven & i Holdings Group employees visited the Karakuwa Sosei Mura in Karakuwa-cho, Kesennuma-shi, Miyagi Prefecture to assist fishermen with daily duties required for oyster cultivation including inserting seed oysters, inserting pins for oyster tanks, and preparing ropes for oyster cultivation.



Inserting seed oysters