



Approach

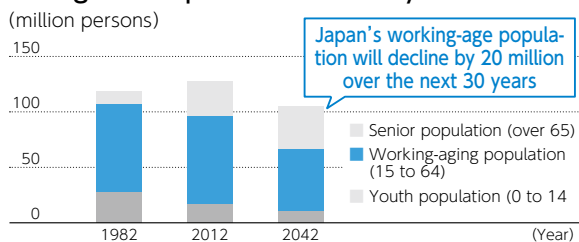
Seven & i Holdings employs a workforce of close to 150,000 people when combining all of its operating companies. Our workplaces include temporary and part-time workers as well as employees working reduced hours for childcare purposes, among others. For this reason, we recognize that we have a responsibility as a company to support a variety of different work formats. We are striving to create appealing, employee-friendly workplaces to support the active involvement of our people and to ensure they feel a sense of drive and fulfillment in their work. These initiatives help us to not only secure a diverse pool of human resources, but also produce new value by incorporating completely new ways of thinking into our businesses. Our people truly represent the source of our competitiveness.

Background

Aging society and declining working-age population

Japan's birthrate continues to decline while its population continues to age, which has led to a drop in the working-age population. Over the next 30 years the working-age population is forecast to decrease by more than 20 million people. Therefore, improving the productivity of employees through skills enhancements and developing a broad pool of human resources will play an important role in economic revitalization.

Changes in Population Over 30-year Periods

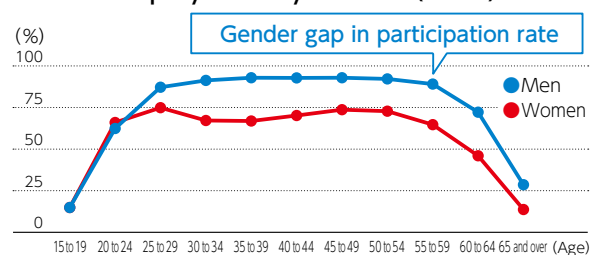


Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications
 Population Projections for Japan (January 2012 Estimates), Statistics from the National Institute of Population and Social Security Research

Supporting the active involvement of women

With the working-age population declining, the advancement of women in society and the workplace is essential. However, there are many women who are unable to find employment despite their desire to work because they cannot balance work with childcare or they cannot find a job after their childcare years. Another challenge Japan faces is developing workplaces where talented women with established skill sets can thrive, because the overall percentage of female managers in corporate Japan is just 11.6% (2012).

Rate of Employment by Gender (2013)



Labor Force Survey, Ministry of Internal Affairs and Communications

Seven & i Holdings Policy

Basic Policy

5. We operate without prejudice, based on fair and impartial standards with regard to employment, changes or promotions, facilitating full expansion of the capabilities of each individual, to create a vibrant work environment that fosters a sense of job fulfillment. We employ diverse human resources and endeavor to realize the greatest possible mental and physical comfort and sense of richness by seeking dialogue with them while maintaining a work environment that is free from discrimination or harassment in which employees can work together with mutual respect.

Code of Corporate Conduct

6. **Human Resources and Workplace Environment**
 2 We mutually respect our human rights, personality, and diversity, construct work environments free from discrimination or harassment, and provide education to increase understanding and awareness of defending human rights and other rights deriving from them. Also, we contribute to realization of normalization so that disabled and non-disabled people can work and live together.

From our Corporate Action Guidelines

Seven & i Holdings' Initiatives

Making Use of Diverse Human Resources

We are carrying out various initiatives under the slogan "Diversity gives us power for tomorrow," fully recognizing that assuring the active role of women in our workplaces is an important challenge.

Achieving a Work-life Balance

We are developing child-care and family care systems at each of our operating companies to ensure employees, including part-timers, can continue to work for us while raising a child or providing care to a family member in need.

Supporting Development of Employee Abilities

We are supporting the development of individual employee abilities through the development of training systems and human resource development programs that meet the unique needs of individual operating companies.

Assuring Fair Assessment and Treatment of Employees

We have in place various assessment systems in order to fully draw out the abilities of each and every employee and to realize fair assessments.

Assuring Consideration of Worker Health and Safety

Each operating company carries out various initiatives, including meetings of safety and health committees, to ensure that they maintain safe and employee-friendly workplace environments.

Making Improvements Based on the Results of the Employee Opinion Survey

Based on the results of the employee opinion survey, each operating company carries out initiatives to foster a positive workplace culture and shares these across the Group.

Supporting Childcare and Raising a Child

Our stores provide a host of different support options for families raising children to address the trend toward a nuclear family which has made it more difficult for people to seek advice about raising a child.

Value for society

Provide employment opportunities for women, youth and seniors

Help employees achieve a work-life balance

Value for Seven & i Holdings

Secure the necessary human resources during an era of working-population shortfalls

Enhance competitiveness through the promotion of diversity

Supporting the Active Role of Women, Youth and Seniors Across the Group and in Society

Making Use of Diverse Human Resources

Promoting the active role of women

Because many of its store customers are women, Seven & i Holdings recognizes that developing its sales floors as well as products and services from the vantage point of women will help enhance customer satisfaction. We are also proactively promoting the active role of women in various aspects of our businesses to help us structurally reorganize and reinforce our competitiveness as a sustainable company.

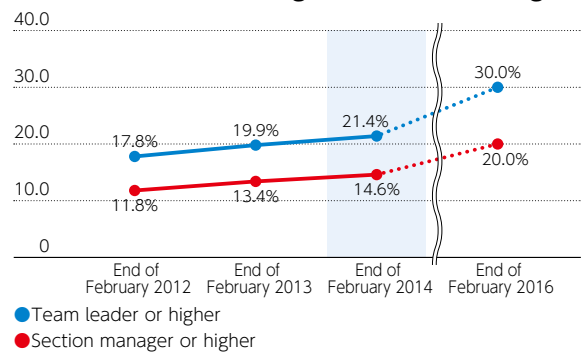
Seven & i Holdings established the Seven & i Group Diversity Promotion Project in FY2012 in recognizing that promoting the active role of women across the entire Group is an important challenge to be addressed. Under the slogan “Diversity gives us power for tomorrow,” this committee has set four targets and is carrying out various initiatives toward this end.

The four targets to be attained by the end of FY2015:

1. Percentage of female managers:
 Section manager or higher: 20%
 Team leader or higher: 30%
2. Encourage male employees to participate in childcare
3. Improve employee satisfaction
4. Improve external evaluation
 (revised March 2014)

At the end of FY2013 we achieved the target of increasing the percentage of female managers to 20% a fully year ahead of schedule. Therefore, we decided to lift this target to 30% by the end of FY2015. Additionally, in FY2013 operating companies Seven-Eleven Japan, Ito-Yokado, and Sogo & Seibu each set up dedicated organizations internally to promote the active role of women, which has provided another engine powering our initiatives.

Trends in the Percentage of Female Managers



* Total for the eight core operating companies (Seven & i Holdings, Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems, Seven Bank, and Akachan Honpo)

In February 2014, in recognition of our ongoing efforts, we received the first Empowerment Award from the Working Women’s Empowerment Forum of the Japan Productivity Center.



At the award ceremony

Raising awareness through seminars and training

We interviewed female employees in order to identify challenges facing their more active involvement in the workplace and found that many were concerned about achieving a balance between work and childcare. As a result, since July 2012 we have organized events called Mama’s Community in order to build a network of female employees who are raising children. During these events, which are held at lunchtime, women are able to discuss issues about achieving a work-life balance, which has helped to improve motivation and alleviate some of the concerns held by female employees. At each of these events we also ask participants to review product from the vantage point of consumers experienced in childcare and leverage these ideas in new product development.

In October 2013, we launched the Ikumen Promotion Program for male employees with children because the participation of men in the childcare process is key to helping women play a more active role in the workplace and society. Since June 2014 we have organized presentations and workshops led by the NPO Fathering Japan in order to change the way men think about their work styles and increase their desire to help out with childcare. In October 2012 we launched the Women's Management Community for female managers in order to help build networks of female managers across the Group and to assist in their career advancement. Through presentations by experts and group discussions, the community serves as a platform for self-improvement.



Ikumen Promotion Program

Initiatives at operating companies

As part of the initiatives of our operating companies dedicated diversity promotion organizations were set up at Seven-Eleven Japan and Sogo & Seibu in September 2013 and Ito-Yokado in January 2014. Seven-Eleven Japan is committed to developing more female Operational Field Consults (OFC) through changes being made to its training programs and the introduction of a mentorship system to expand job duties and revise operational processes.

Ito-Yokado is working to promote the more active role of part-timers and establish an environment where women can contribute their skills to the fullest because of the company's high percentage of female part-timers.

Sogo & Seibu has made its Seibu Tokorozawa store, which is managed and operated primarily by female employees, a model store for making changes to operational processes across the entire company. The Seibu Tokorozawa store has made changes to its reporting methods and the format of its meeting through the introduction of circle meetings, which has served to speed up various processes from sales floor planning to

execution, among others. In addition to improving operational efficiency, these efforts also make it possible to carry out initiatives across departmental lines through information sharing, resulting in unique sales floors that utilize women's unique perspectives on consumers.

York-Benimaru, too, has designated its Katahira store, which is mainly operated by women, as a model store and it has made changes to the company's training programs after more women were hired at departments where few women worked before. These efforts have helped it to expand the roles of women and to create women-friendly workplaces and systems.



Circle meetings at the Seibu Tokorozawa store

Future initiatives promoting the active role of women

Moving forward, we will support the career advancement of women further, raise greater awareness through seminars, and make changes to our existing systems and practices. At the same time, we will change the way our management thinks. Toward this end, we worked with the NPO Fathering Japan to organize seminars for managers in June and September 2014, with a total of 770 managers attending. By expanding this initiative, we hope to foster greater motivation across our diverse pool of employees, increase opportunities for their involvement, and create a culture that leverages its diversity to the fullest.



Diversity management seminar

Supporting the Active Role of Women, Youth and Seniors Across the Group and in Society

Promoting the employment of people with disabilities

Seven & i Holdings is assisting people with disabilities to demonstrate their abilities at their workplaces based on its commitment to provide workplaces where everyone can play an active role. To this end, operating companies assign employees with disabilities to workplaces, jobs and working hours that are suitable in consideration of the level and details of their disability and their own preferences. In this manner, people with disabilities are working in a truly wide range of departments and roles across the entire Seven & i Group.

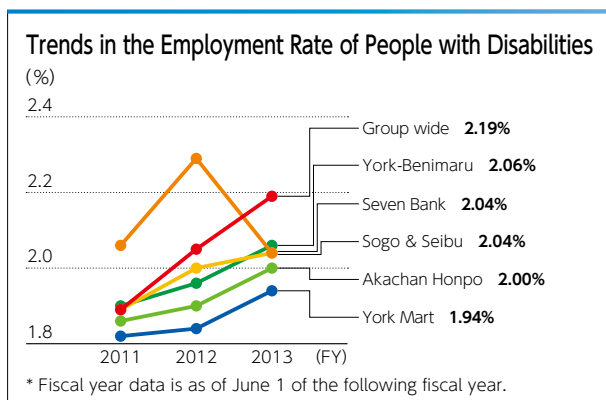
Each operating companies is equipped with the same guidelines for ensuring persons in charge of hiring and training are aware of and give consideration toward people with disabilities. As part of the hiring process, Ito-Yokado and Akachan Honpo work with special-needs schools to provide practical work training to students in their stores. These operating companies also participate in job interviews organized by local employment agencies and partner with vocational schools to foster employment of people with disabilities. To provide an improved workplace environment for these employees, Akachan Honpo, for example, makes available image-enlarging video systems and computers with oversized screens.

Terre Verte*¹, which is a special subsidiary established to foster the employment of people with severe disabilities, employs 19 people with disabilities, including 10 having severe disabilities as of June 1, 2014. As a result, the Group's employment rate of people with disabilities*² including those employed by Terre Verte came to 2.19% (as of June 1, 2014).

*1: Established in 1994 through joint investments from Seven & i Holdings, Seven-Eleven Japan, Ito-Yokado, York-Benimaru, Seven & i Food Systems, and the City of Kitami in Hokkaido Prefecture. The company offers secure, long-term employment for people with disabilities and carries out activities to raise awareness about the concept of normalization.

*2: The Group's employment rate of people with disabilities covers the five companies of Seven & i Holdings, Terre Verte, Seven-Eleven Japan, Ito-Yokado, and Seven & i Food Systems.

• Terre Verte website: <http://terube.jp/index.html>



Achieving a Work-life Balance

Enhancing childcare and family care assistance systems

Seven & i Holdings operating companies are improving their childcare and family care systems to help employees, including part-timers, continue working. All operating companies have childcare systems that exceed the legal standard.

Akachan Honpo has extended the period of its childcare leave until the first May 15 after the child reaches the age of one to help the child become accustomed to daycare. The company also has a system in place where employees can work reduced hours for childcare purposes until the child reaches the fourth grade of elementary school. As of December 2013, 32 of the company's permanent workers were on childcare leave and 52 were working reduced hours, which combined accounts for 9.5% of the company's permanent employees. More than 90% of employees return to work after their childcare leave is over. In April 2012, the company upped its childbirth benefit given to eligible employees to a maximum of 300 thousand yen. Additionally, the company set up a new discount program that allows all employees with children to purchase its products at a reduced price as part of its commitment to help employees raising children. The company launched an internal social networking site called "Ikuaka Channel" to support network building among employees who are working while raising a family.



Screenshot of "Ikuaka Channel" - Akachan Honpo's internal social networking site for employees expecting a baby or raising a family.

Seven & i Food Systems has a leave of absence program that allows employees who want to focus on childcare to return to work by first April 15 after the child turns one (which can be extended by up to one year depending on the situation) or employees that need to care for a family member to take leave for up to two years. The company also has a reduced work hours system where employees can reduce their workday by up to four hours and a re-employment system that gives priority to the hiring of employees after they temporarily retire at the mandatory age. These programs and systems are also made available to part-timers. Employees can use the reduced work hours system until the April 15 of the year when their child starts junior high school.

Volunteer leave system

To support employee participation in volunteer activities for welfare, environmental beautification, and disaster reconstruction support, Seven-Eleven Japan, Ito-Yokado, and Seven & i Food Systems have instituted a volunteer leave system under which employees can take five days off per year for volunteer work.

In FY2013, nine employees from Ito-Yokado took volunteer leave to participate in charity fundraising activities, sign language classes and Boy Scouts events, among others.

Kurumin Mark

Seven & i Holdings earned the next-generation Kurumin Mark in 2013 in recognition of its efforts to support employees raising children. Ito-Yokado earning this distinction in 2007 and 2011, Seven Bank in 2009 and Sogo & Seibu in 2014.



Family care training

Seven Bank organized a family care seminar on basic knowledge about the field to promote awareness as Japan's population continues to age. This seminar was held in December 2013 on the theme of first-time family care providers, with a total of 44 people attending.

TOPICS

Contest for a slogan to raise awareness about human rights

Every year Seven & i Holdings calls on employees and their families to enter a contest for a slogan to raise awareness about human rights in order to foster more opportunities for people to consider this important subject. In FY2013 a record high total of 63,556 slogans were received (Employee Category: 61,534 / Family Category: 2,022).

Winning entries:

Employee Category:

"Everyone's individuality is like the many colors and forms that combine together to create a beautiful landscape"

Family Category:

"See and ask 'Are you okay?'; vocalize 'Thank you'"

Supporting Development of Employee Abilities

Open recruitment system for human resources

Seven & i Holdings implements an open recruitment system for human resources that encompasses all of its operating companies in order to respect the will of employees and ensure the right person is placed in the right job to fully leverage their abilities.

Each operating company, too, has established its own open recruitment system. For example at Ito-Yokado, employees who have worked for at least two years for the company can apply for all the managerial positions and jobs regardless of their work experience or seniority. In FY2013, 53 of 332 applicants were placed in the positions or jobs of their choice.

Akachan Honpo launched a similar system in FY2013 where employees can apply for a position of their choice. During the first fiscal year 74 employees were placed in the job of their choosing. Going forward, the entire Seven & i Group will continue to expand its efforts to enhance employee motivation and opportunities for employees to fully leverage their abilities.

Aiding personal development

Seven & i Holdings constantly works to develop its human resources through the individual training systems created by its operating companies. In this manner, we are supporting the development of employee abilities through our own organic systems, programs and frameworks. As part of these efforts, each of our operating companies aids employees in their personal development endeavors.

For example, Seven & i Food Systems provides aid for employees to obtain national certifications as food preparer, health supervisor, or registered dietitian, among others. This proactive support helps to enhance employees' awareness of food safety and security.

Seven Bank has sent several employees each year since FY2008 to university business schools as part of its efforts to develop the future leaders of the company. At the same time, Seven Bank is also committed to improving the communication abilities of its personnel in foreign languages, and in FY2013 it provided aid to employees who obtained above a certain score on their TOEIC exam after the completion of a correspondence course recommended by the company. In addition to this, employees are able to participate in outside language training courses to improve their abilities.

Supporting the Active Role of Women, Youth and Seniors Across the Group and in Society

Assuring Fair Assessment and Treatment of Employees

Fairness based on self-evaluations

Seven & i Holdings implements self evaluation-based assessment systems for employees to maximize their individual abilities and ensure fair assessments free of unreasonable discrimination, such as social status, birthplace, race, creed or gender. At each operating company, evaluations are carried out twice a year and cover all employees, including part-timers. Employees self-evaluate their job performance, then managers conduct their own assessment, with the employee and manager meeting afterwards to discuss the results. Through this process, employees are able to understand their performance, strong points and challenges. The process also ensures evaluations maintain transparency and fairness.

Selection of various work styles

Seven & i Holdings' operating companies also focus on improving their systems to help individual employees choose various work styles to increase their motivation for work.

For example, Ito-Yokado has a program enabling part-timers to choose from diverse working styles. If the part-timer is recognized for their skills and work after applying, they can step up from the regular partner designation to Career Partner or Leader Partner. There is also a program in place where part-timers designated as Leader Partner can be hired on as a monthly salaried permanent employee or contract worker. To date some 600 part-timers have become monthly salaried permanent employees or contract workers. A large number of part-timers have also been hired on in managerial roles, such as sales floor manager or chief.

Akachan Honpo launched a similar program in September 2013. Under the program, part-timers are screening for their product and operational knowledge and those that continually receive high marks can step up to the designation of Part Leader. After the program was instituted, 56 part-timers were approved to become Part Leaders. Once appointed as Part Leader, employees are able to be promoted to higher positions.

Seven & i Food Systems has an ability-based evaluation and compensation system for its part-timers, who comprise some 90 % of its store employees. Under this system, an employee's abilities and skills are factored into their hour wage and employees can select a work method that suits their goals or lifestyle. The company instituted a new contract worker system beginning this year under which part-timers can also become contract workers.

Through this system the company is promoting the appointment of contract workers to store manager positions. (As of July 31, 2014, 49 part-timers had become contract workers and one a permanent employee.)

Commending successful employees

Seven & i Holdings has its own commendation system that it uses to help enhance morale. Commendations are made by the president of each operating company, and the achievements of which are shared internally.

Seven-Eleven Japan carries out a campaign to select employees for commendations based on assessment criteria that includes, target fulfillment, willingness to tackle new duties, impact on the company, and contributions to society. Commendations are aired on video at internal conferences and shared widely across the company. Awards for these commendations are presented by the president. As of February 2014, a total of 6,767 employees had been recognized with commendations since the program was started in 2007.



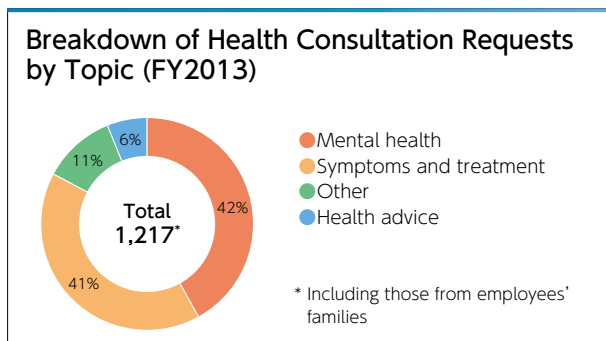
Commendation ceremony

York-Benimaru has a commendation program that recognizes employees who were instrumental behind initiatives that serve as models for the entire company. This program commends employees who during the process of tackling an ambitious professional challenge grew greatly and achieved success. Being commended through this program has proven to be a major source of encouragement for employees.

Assuring Consideration of Worker Health and Safety

Health consultation service

Seven & i Holdings is committed to maintaining safe and comfortable workplaces for employees. To this end, each operating company regularly holds meetings of its safety and health committee and provides employees with regular health checkups, while the Group's headquarters has set up a health management center for employees. Moreover, the Group has introduced a system in which clinical psychotherapists and counselors provide employees with counseling services on their mental health by phone and via e-mail. In addition, health counselor and medical institution referral services are available for both employees and their families.



Mental health seminars for managers

Seven & i Holdings is implementing mental health prevention measures. At operating companies, managers receive training to improve their listening ability when it comes to mental health issues, while all employees receive training on self-care to prevent mental health problems. For example, Ito-Yokado held a seminar on depression for managers at its store manager conference. In the event that an employee at an operating company faces a mental health problem, the health management center supports that employee in overcoming the problem in cooperation with the industrial physician.

Making Improvements Based on the Results of the Employee Opinion Survey

Based on the results of the employee opinion survey conducted between January and February 2013, Seven & i Holdings reviews improvements measures for workplaces and ways to better cultivate leadership abilities in managers through the Corporate Ethics and Culture Subcommittee and projects implemented under the subcommittee. We also hold study seminars on inherent issues found at operating companies and their solutions. Sharing information between operating companies on initiatives being carried out enables further improvements to be made across the entire Seven & i Group.

TOPICS

Sound labor-management relations

The Federation of Seven & i Group Labor Unions is composed of 11*1 Japanese unions. (The total number of members was about 60,000 as of July 2014.) These labor unions exchange information about the organizational management and working conditions for their members based on the principle of enhancing their organizations while maintaining independence. Ito-Yokado's labor union, which implements the Union Shop System*2, is the largest of the Group, with about 36,000 members. As of July 2014, 77.4% of all its employees, excluding students working as part-time staff, belong to the labor union. Ito-Yokado respects the rights of workers and seeks continual improvements in working conditions, workplace environment, and other issues through active dialogue between employees and management. This results in a sound and positive relationship based on mutual understanding and respect. The company also makes necessary arrangements to shift the working hours of employees who participate in union activities. In FY2013, labor and management concluded five labor agreements on issues including wage revisions and

lump-sum retirement benefits as well as changes to the holiday leave system. In FY2014, the base pay for all employees was raised.

Additionally, the Employment Improvement Project was launched under the Labor Management Committee to collaborate internally on initiatives that encourage employees take paid leave and holidays off as well as reduce the amount of prolonged work hours. For example, for stores with problem areas, members of the committee attend the store's safety and health committee meeting to discuss improvement measures and solutions.

Voices from union members about working environment and sales issues raised at roundtable talks organized by the union for its branches (cumulatively 30,303 members had participated as of FY2013) are discussed in detail during labor-management negotiations.

*1: Ito-Yokado, Seven & i Food Systems, York-Mart, Marudai, Sanei, York-Benimaru, Akachan Honpo, Sogo & Seibu, Life Foods, THE LOFT, and SHELL GARDEN

*2: A system in which all employed workers of a company must join a labor union, and if an employee of the company quits the labor union, the company must dismiss that employee.

Supporting the Active Role of Women, Youth and Seniors Across the Group and in Society

Supporting Childcare and Raising a Child

Participation in childcare support programs in partnerships with local municipalities

Seven & i Holdings supports community members raising children through its proactive participation in childcare support programs held by local municipalities.

For example, Akachan Honpo is a registered supporter of childcare support programs implemented by various prefectural and municipal governments. As a childcare-friendly store, Akachan Honpo offers sales floors that are easily accessible to everyone in the community, and include diaper changing spaces, infant feed spaces, and warm water dispensing to heat up formula or a mother's milk. (58 stores in 20 prefectures and 8 municipalities as of February 28, 2014.)



An example of the registration sticker for being a childcare-friendly store

In addition, restaurant chain Denny's, operated in Japan by Seven & i Food Systems, offers meal discounts and free drinks for children at participating outlets if a customer presents a courtesy card issued by one of 11 prefectures and 2 municipalities.

Picture book storytelling sessions

Seven Bank Seven Bank supports the publication of "Bonolon, Warrior of the Forest" picture book to be read to children as a means to foster parent-child communication. The bank continues to distribute the books for free and to hold storytelling sessions.



Storytelling session led by employee volunteers

Childcare counseling service

Ito-Yokado has run a maternity and childcare consultation office within the lounge for babies at its stores since 1975 (and 120 stores had the room as of the end of February 2014). In the room, public health nurses and midwives give counseling to pregnant women on their health and to mothers on childcare for free anywhere from twice to nine times per month.



Maternity and childcare counseling

Sogo & Seibu has the Pre-Mama Counter in addition to the Pre-Mama Station staffed by a midwife, in order to provide customers with a regular counseling service by experts including midwives. The experts give advice to women who will soon become mothers and have concerns about the preparations for childbirth and childcare, and the lounge for babies is equipped with a booth for breast-feeding, hot water supplier, and a toilet for children.

Six stores had a Pre-Mama Station and 11 stores a Pre-Mama Counter as of the end of February 2014.



A Pre-Mama Station

Support for dietary education

Seven & i Holdings promotes dietary education activities for children in order to raise people who understand foods through various experiences and can practice a sound, healthy diet.

For example, Seven & i Food Systems, at its chain of Denny's restaurants, hands out a booklet called "Bonolon and Food" that contains important information about food manners and knowledge and teaches children about the correct eating habits using games and quizzes.



A copy of "Bonolon and Food" handed out to children
©NSP2005, © Together with Bonolon . 2007

York-Benimaru transformed its stores into classrooms during FY2013 to hold Supermarket Tours (held 76 times for a total of 1,936 children) that teach participants about nutritional and a balance diet through shopping and cooking sessions. York-Benimaru also dispatched employees to lead outreach classes at the request of kindergartens and special needs schools (classes were held eight times for a total of 350 children).

Ito-Yokado organized an industry-government-academia-led dietary education event in May 2014 on rice cultivation in Sousa City, Chiba Prefecture for 23 families and a total of 53 participants.



Experiencing rice cultivation

Providing opportunities for workplace experiences

Seven & i Holdings, at the request of elementary, junior high, and high schools in the communities where it operations, supports workplace experience learning where children have the chance to take part in running a retail store in their community. We provide students with the change to visit the workplace of our employees, stock shelves on an actual sales floor, provide customer service and bag customers' products.

Seven-Eleven Japan has a store in Shinagawa Student City, which has been run jointly by the City of Shinagawa and Junior Achievement Japan since 2003. The concept behind Shinagawa Student City is to realistically recreate a town inside an elementary school, including a ward office, bank, and drugstore, among other outlets, so that children can experience what it is like to work a job. At the Seven-Eleven store, children get to greet customers, operate the register, sell merchandise on the sales floor, as well as order bento boxed meals from the head office and issue invoices. This experience allows children a unique opportunity to learn about society and the workplace. In FY2013, some 2,646 elementary school students staffed our store and learned about the joys and challenges of customer service and retail sales.



Seven-Eleven staff provide support to ensure the elementary school students can run the store smoothly