

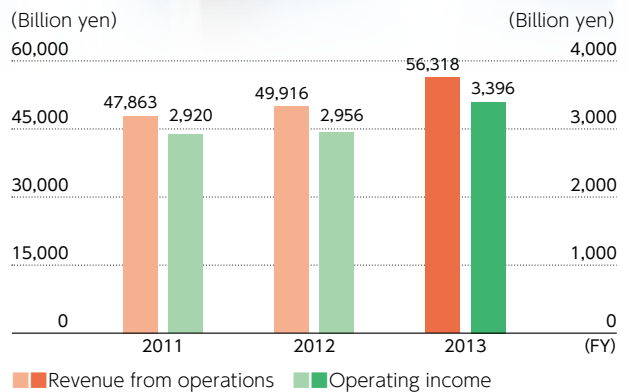




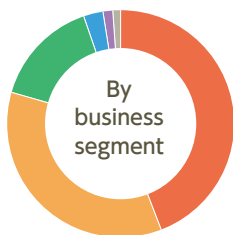
### Corporate Data (as of February 28, 2013)

**Company name** Seven & i Holdings Co., Ltd.  
**Headquarters** 8-8 Nibancho, Chiyoda-ku, Tokyo 102-8452, Japan  
**Established** September 1, 2005  
**Businesses** Planning, management, and operations for the various Group companies, centered on convenience stores, general merchandise stores, department stores, supermarkets, food services, financial services, and IT/ services  
**Paid-in capital** ¥50 billion  
**Employees (consolidated)** 148,594 (Including the number of part-time employees with every 163 hours/month worked being counted as one employee)  
**Website** <http://www.7andi.com/en/>

### Revenue from Operations and Operating Income



### Revenue from Operations (FY2013)



| Business Segment             | Percentage |
|------------------------------|------------|
| Convenience store operations | 44.4%      |
| Superstore operations        | 35.3%      |
| Department store operations  | 15.3%      |
| Financial services           | 2.8%       |
| Food services                | 1.4%       |
| Other                        | 0.9%       |

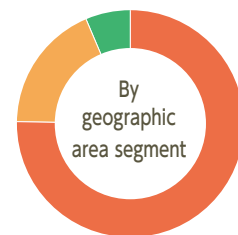
### Net Sales (FY2013)



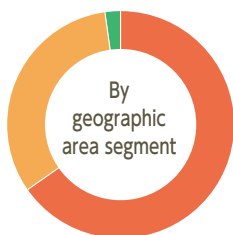
| Business Company          | Percentage |
|---------------------------|------------|
| Seven-Eleven Japan*1      | 39.4%      |
| 7-Eleven, Inc. *1         | 27.5%      |
| Ito-Yokado                | 13.3%      |
| Sogo & Seibu              | 8.2%       |
| York-Benimaru             | 3.9%       |
| York Mart                 | 1.3%       |
| Seven Bank*2              | 1.0%       |
| Seven & I Food Systems    | 0.8%       |
| Akachan Honpo             | 0.9%       |
| SEVEN-ELEVEN HAWAII, INC. | 0.3%       |
| China Businesses          | 1.2%       |
| Other                     | 2.0%       |

\*1 Sales represent total store sales.  
\*2 Sales represent ordinary income.

### Consolidated Employees (FY2013)



| Geographic Area Segment | Percentage |
|-------------------------|------------|
| Japan                   | 75.4%      |
| North America           | 18.4%      |
| China                   | 6.2%       |



| Geographic Area Segment | Percentage |
|-------------------------|------------|
| Japan                   | 65.4%      |
| North America           | 32.5%      |
| China                   | 2.1%       |

Corporate information and financial details are available on the website.  
<http://www.7andi.com/en/ir/index.html>



## About the CSR Report

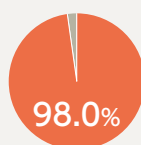
The CSR Report 2014 covers major CSR initiatives implemented by Seven & i Holdings, our holding company, as well as its operating companies.

The Report also contains the processes used to identify the five material issues facing the Seven & i Group, so that we can collectively work as a group of companies to fulfill the expectations and needs of stakeholders.

### Report coverage

The Report mainly covers the following organizations. Information on each company is also available on the following websites.

Sales of reporting organizations as a percentage of overall sales



Seven & i Holdings Co., Ltd.

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

Seven-Eleven Japan Co., Ltd. (in Japanese)

● <http://www.sej.co.jp/social/index.html>

Ito-Yokado Co., Ltd. (in Japanese)

● <http://www.itoyokado.co.jp/company/iycsr/>

Sogo & Seibu Co., Ltd. (in Japanese)

● <http://www.sogo-seibu.co.jp/csr.html>

York-Benimaru Co., Ltd. (in Japanese)

● <http://www.yorkbeni.co.jp/enviro/index.html>

York Mart Co., Ltd. (in Japanese)

● <http://www.yorkmart.com/company/preservation/>

Seven & i Food Systems Co., Ltd. (in Japanese)

● <http://www.7andi-fs.co.jp/7fs/company/csr.html>

Seven Bank, Ltd.

● <http://www.sevenbank.co.jp/english/ir/csr/>

Akachan Honpo Co., Ltd. (in Japanese)

● <http://www.akachan.jp/csr/index.html>

7-Eleven, Inc.

● <https://www.7-eleven.com/>

SEVEN-ELEVEN (HAWAII), INC.

● <http://www.7elevenhawaii.com/home>

SEVEN-ELEVEN (BEIJING) CO., LTD. (in Chinese)

● <http://www.7-11bj.com.cn/>

SEVEN-ELEVEN (CHENGDU) Co., Ltd. (in Chinese)

● <http://www.7-11cd.cn/>

Hua Tang Yokado Commercial Co., Ltd. (in Chinese)

● <http://www.ht-store.com/d/index.do>

Chengdu Ito-Yokado Co., Ltd. (in Chinese)

● <http://www.iy-cd.com/>

### Period of the Report

In principle, this Report covers our activities during FY2013 (March 2013 to February 2014). Some of our activities in FY2014 are also included.

### References

- GRI G4 Sustainability Reporting Guidelines
- ISO26000

### Current Report

January 2015

### Scheduled publication of next Report

December 2015

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|   |    |
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| Non-Wasteful Usage of Products, Ingredients and Energy  | 37 |
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### Disclaimer

The data shown in this report are based on information as of the time of writing. Actual activities and results may differ depending on future social changes.

# Messages from the CEO and COO

We will dynamically move forward with efforts to solve social issues collectively as a group of companies through our business activities.



Chairman and  
Chief Executive Officer

鈴木敏文



President and  
Chief Operating Officer

森野紀敏

Japan's economy has finally escaped from a prolonged period of deflation and has begun to show signs of a recovery thanks to the effects of 'Abenomics'. Nevertheless, future economic trends still require caution given Japan's consumption tax hikes and instability in Europe's economy.

Turning our attention to the company, we find that Seven & i Holdings has expanded the number of operating companies under its umbrella to approximately 150 and for this reason we recognize the importance of constantly checking to make sure that our corporate governance system is functioning effectively for the entire Group, including at those companies that are newcomers.

Meanwhile, as for the social environment surrounding our operations, we find that companies are now more than ever expected to respond in a responsible manner to issues occurring from societal changes. These include global warming, rising demand for food safety, a declining birthrate and aging population, the advancement of women, and a declining number of retail and service outlets.

Amidst this, during the fiscal year under review we organized a stakeholder dialogue session required under the ISO26000 guidelines on corporate social responsibility. During this session, we were able to verify our CSR initiatives and identify material issues (materiality) we must address moving forward. This has enabled us to clarify the direction of Group-wide CSR activities. Some of these material issues identified include Japan's declining birthrate and aging population, the advancement of women in society, and the hollowing out of lifestyle hubs. In response to these, through our dialogue with stakeholders we have decided to expand the number of stores operated by Seven-Eleven, which is moving forward under the banner of "nearby, convenient stores," to help alleviate inconveniences faced by consumers. At the same time, in response to the needs of consumers today, we are offering home delivery services through Ito-Yokado's online supermarket and Seven-Eleven's own delivery service. Additionally, we are developing food products that are prepared easily under the private brand known as Seven Premium, with the goal of alleviating the burden placed on seniors in terms of meal preparation and clean up.

With a decrease in the working population inevitable,

encouraging the advancement of women in the workplace is of the greatest importance. Many of our customers are women and many more of our employees are also women. Given this unique aspect of our business, we recognize the importance of management leading by example in this matter. We have seen positive effects on our sales and marketing after proactively appointing women to be store managers and to work in our research and development departments. We plan on continuing with this proactive approach moving forward.

Today, the economy is more global than ever and the products we source and our manufacturing partners are now located in countries around the world. This has caused worldwide demand to rise for CSR management to be practiced across the entire supply chain, from raw materials procurement to sales and consumption.

We became a signatory to the UN Global Compact in July 2012 and since then have carefully abided by its 10 principles. This year we are focusing on promoting CSR through cooperation with our business partners and further expanding CSR audits carried out by third-party organizations primarily covering our private brand manufacturing partners for Seven Premium and other brands.

In addition, we launched initiatives under our Omni-Channel Strategy in the second half of fiscal 2013 in which we will seamlessly balance our approach to customers using both physical stores and our virtual presence on the Internet. We maintain a network in Japan comprising around 18,000 stores, which covers all aspects of retail, from convenience stores and general merchandise stores to department stores, supermarkets, specialty stores and restaurants. Combining these stores and our online presence will make it possible to provide a host of different products and services to consumers anytime and anywhere, enabling us to continually fulfill the needs of customers.

Moving forward, in conjunction with the unique businesses of our Group companies, we will carry out initiatives that resolve social issues through our core businesses and strive to be a company with integrity that is trusted by stakeholders.

# CSR Policies

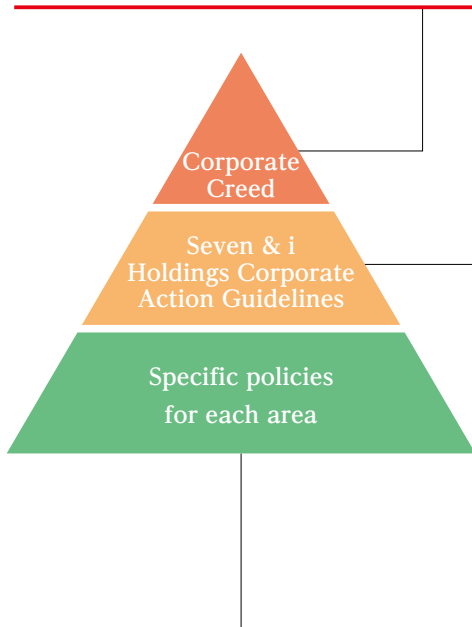
We conduct business activities based on the corporate creed of aiming to be a sincere company trusted by all stakeholders. In the form of Corporate Action Guidelines, we have stated the actions for realizing that creed.

## Corporate Creed

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.



### The basic posture of Seven & i Holdings employees

• <http://www.7andi.com/en/csr/policy/guidelines.html>

- |   |  |
|---|--|
| 1. Compliance                                   | 6. Human Resources and Workplace Environment   |
| 2. Relationship with Customers                  | 7. Environmental Management                    |
| 3. Relationship with Business Partners          | 8. Social and Cultural Contribution Activities |
| 4. Relationship with Shareholders and Investors | 9. Reporting Misconduct and Violative Conduct  |
| 5. Relationship with Local Communities          |  |

### Policies for each measure

Quality Policy (In Japanese)

• <http://www.7andi.com/csr/policy/quality.html>

Basic Policy on Sustainable Procurement (In Japanese)

• <http://www.7andi.com/csr/policy/procurement.html>

Environmental guidelines and environmental rules

• [http://www.7andi.com/en/csr/policy/environment\\_02.html](http://www.7andi.com/en/csr/policy/environment_02.html)

Seven & i Holdings Environmental Declaration

Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming

• [http://www.7andi.com/en/csr/policy/environment\\_02.html](http://www.7andi.com/en/csr/policy/environment_02.html)

Basic Policy on Social and Cultural Contribution, Social and Cultural Contribution Action Guidelines

• <http://www.7andi.com/en/csr/policy/contribute.html>

Seven & i Holdings supports the 10 principles of the UN Global Compact, a worldwide framework for achieving sustainable growth, and carries out CSR activities through its core businesses to fulfill these principles.

\* Visit the following link to learn more about the UN Global Compact.

• <http://www.unglobalcompact.org/index.html>



# Strengthening Corporate Governance and CSR

As a holding company that oversees and controls its operating companies, it is our mission to strengthen corporate governance and maximize the enterprise value of our Group.

## Corporate Governance System Supported by Executive Officer and Corporate Auditor Systems

The Board of Directors of Seven & i Holdings is composed of 14 Directors (of whom four are independent outside Directors). The term of Directors has been set to one year, to reflect the intentions of shareholders in a timely manner. The Executive Officer system has been adopted for prompt decision making and operations. The Board of Directors is responsible for formulating business strategies and supervising operations, and 19 Executive Officers, including those who also serve as Directors, are in charge of operating performance.

The Audit & Supervisory Board is composed of five members (of whom three are independent outside members), and monitors administration.

In addition to attending Board Meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Director and interview Directors regarding the status of operational performance. In addition, they share information with operating companies' directors and corporate auditors and strictly audit the directors' performance of duties. They also exchange Independent Auditors, and collaborate closely with them in auditing. Outside Directors and outside corporate Auditors supervise and audit operating performance by presenting advice and suggestions to ensure the validity and appropriateness of decisions made by Directors and

their operating performance, and by exchanging opinions with Directors and others at meetings concerning company operations, corporate governance, and other matters.

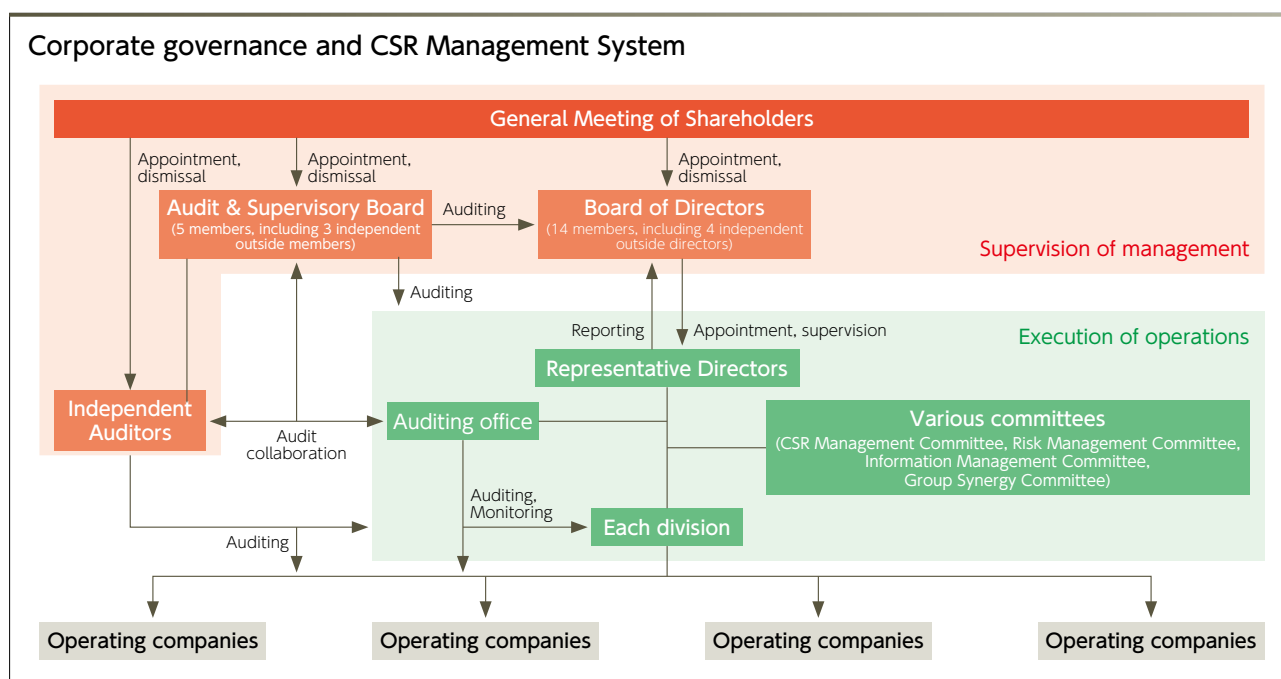
\*1 Seven & i Holdings emphasizes on the independence of outside Directors and Audit & Supervisory Board Members. Individuals who are selected are unlikely to be in a conflict of interest with general shareholders and who are capable of offering supervision, auditing, advice, and suggestions based on expert knowledge and experience, from objective and neutral standpoints.

\*2 The number is as of the end of August 2014.

## Internal Control Systems

Seven & i Holdings has worked to improve and reinforce Internal Control Systems, to ensure the following: (1) effectiveness and efficiency of business operations; (2) credibility of financial statements; (3) compliance of business activities with laws and regulations; and (4) proper conservation of assets.

The Auditing Office, which is the independent internal auditing division, has the management function to confirm and instruct internal auditing by operating companies or directly audit them, and the internal auditing function for auditing the holding company Seven & i Holdings. In addition to the persons in charge of business auditors for performing these operations, persons in charge of evaluating internal controls have been appointed, and they evaluate internal controls of core operating companies.



# Management

## Committees

Seven & i Holdings has established the CSR Management Committee, Information Management Committee, Risk Management Committee, and Group Synergy Committee which report to the Representative Director. Each committee cooperates with the operating companies to determine Group policies and to manage and supervise their dissemination and execution with an eye to strengthening corporate governance.

### CSR Management Committee

The CSR Management Committee endeavors to maintain compliance with the Seven & i Holdings Corporate Action Guidelines, with the basic motto of "acting sincerely" with respect to various stakeholders. To ensure compliance with the Action Guidelines, three subcommittees (Corporate Ethics and Culture Subcommittee, Consumer Affairs and Fair Business Practices Subcommittee, and Environment Subcommittee) have been established under the CSR Management Committee. Each subcommittee prioritizes main issues to be addressed from the standpoint of the Group's business characteristics, and then develops and implements measures for achieving solutions.

In November 2013, there was an incident where certain tenant restaurants within the store facilities managed by Sogo & Seibu Company, Limited and Mall & SC Development Inc. mislabeled menu items and ingredients that differed from those that were actually served. After this incident was brought to light, Sogo & Seibu immediately confronted the tenants in question and their operating companies to rectify the misleading labeling, and the company will also further reinforce its confirmation of menu labels to prevent similar incidents from occurring again.

### Information Management Committee

The Information Management Committee works to control issues related to information management.

In FY 2013, the Committee carried out voluntary and third-party checks on compliance with the Guidelines Related to IT Information Security and Internet Businesses at five companies that were not covered in the previous fiscal year, and implemented improvements based on the results of the checks.

In FY 2014, the Committee will carry out re-checks at the seven companies that received information security assessments in FY 2012 and will move forward with the formulation of a common Group-wide information security policy and IT security standards based on changes in the external environment.

### Risk Management Committee

The Risk Management Committee regards all phenomena that threaten continuation of our businesses and hinder sustainable growth as risks, and works to strengthen comprehensive and integrated risk management.

In FY 2013, the Committee made improvements to risk assessment techniques and promoted the sharing of knowledge and know-how among operating companies in an effort to improve the appropriateness of risk management.

In FY 2014, the Committee will continue to manage business continuity and the soundness of the Group's management practices. To facilitate sustained growth, the Committee will also work to strengthen collaboration with management and reinforce its compliance and risk controls.

### Group Synergy Committee

The Group Synergy Committee is composed of subcommittees on merchandising, systems, building equipment, sales promotion, etc. By sharing and utilizing the expertise in product development, sales, promotion, etc. that each operating company has separately cultivated, our Group creates safe, reliable, and useful products and services of high quality; of which Seven Premium products are the leading example. Making use of the scale merit brought about for the Group, significant cost reductions have also been attempted through collaborative purchasing of commercial and construction materials.

In the second half of FY 2013, the Committee formed a new subcommittee for promoting the Group's Omni-Channel Strategy and since then the Committee has been sharing and monitoring its progress.

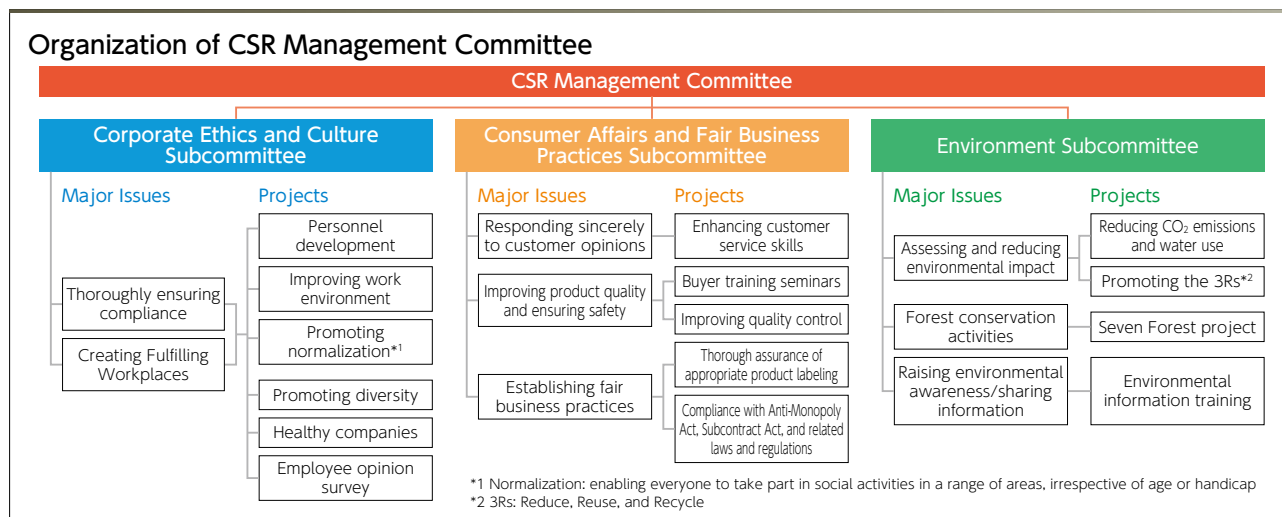


## CSR Implementation Structure

Our CSR initiatives are implemented by the CSR Management Committee, which is chaired by the president of Seven & i Holdings and composed of the people responsible for CSR-related matters, along with its three subcommittees – the Corporate Ethics and Culture Subcommittee, the Consumer Affairs and Fair Business Practices Subcommittee, and the Environment Subcommittee.

Subcommittee.

Establishing its project, each subcommittee examines and develops specific measures to be solved for the CSR challenge facing the Seven & i Group. These measures are then implemented through Group-wide efforts upon approval of the subcommittees.



## Proactively Working to Solve Social Issues through Our Core Businesses by Deepening Dialogue with Stakeholders



Director  
Senior Officer of CSR Department  
**Junro Ito**

We have seen stakeholder needs change and now there are rising expectations for companies to take action toward solving social issues both in Japan and globally over the medium to long term. This change has been caused by rising consumer concerns about the safety and reliability of food resulting from the food fraud incidents that occurred last year, the release of Japan's Stewardship Code\*1 by the Financial Services Agency, and increasing risks associated with climate change seen in the IPCC\*2 5th Assessment Report. Seven & i Holdings, through its CSR Management Committee and its three subcommittees, has concentrated on elimination, mitigation, and improvement efforts as part of its corporate social responsibilities. This is based on an awareness and understanding that legal compliance for carrying out its businesses as well as its business activities themselves have negative conse-

quences on the environment and society.

Presently, we are thoroughly fulfilling our corporate social responsibilities while also balancing solutions to social issues with improving our corporate competitiveness as well as promoting creating shared value (CSV) efforts for both society and the company. Our ultimate goal is to product even greater value aimed at the realization of a sustainable society.

To continually serve as a company with integrity that is trusted by customers, we will deepen dialogue with stakeholders, fulfill our corporate social responsibilities, and make proactive efforts through our core businesses to find solutions to the five material issues identified this fiscal year.

\*1 Japan's Stewardship Code

A set of principles in which institutional investors fulfill their fiduciary duty by encouraging medium- to long-term corporate growth through dialogue (Japan's Financial Services Agency announced the findings of the Council of Experts Concerning the Japanese Version of the Stewardship Code in February 2014). The Financial Services Agency requires that institutional investors that state their support and participation in the code to disclose and report their policies and results.

\*2 IPCC

The Intergovernmental Panel on Climate Change is an organization established in 1988 by the World Meteorological Organization and the United Nations Environment Programme in order to comprehensively evaluate climate change, impacts, response and mitigation measures from scientific, technological, and socioeconomic vantage points. (The 5th Assessment Report was released in March 2014.)



## Targets and Progress by each Subcommittee

| Major FY2013 targets  | Results for FY2013  | Evaluation | Plans for FY2014   |
|---|---|------------|--|
| <b>Corporate Ethics and Culture Subcommittee</b>  |   |            |  |
| <b>Thoroughly ensuring compliance, Creating fulfilling workplaces</b>   |   |            |  |
| Establishing common basic components of Group-wide employee education, such as the corporate creed and developing educational tools | Formulated nine basic components and incorporated these into educational tools  | ○          | Check the progress of education programs on the basic components and conduct follow-up   |
| Promoting employment of people with disabilities and achieving the percentage required by law throughout the Group                  | Achieved an employment rate of people with disabilities of 2.19% (Group wide)   | ○          | Support operating companies that permanently employ more than 101 workers to hire people with disabilities in response to the increase in the number of companies required to pay the employment levy as of April 2015                           |
| Raising employee awareness and developing tools for promoting normalization   | Compiled the Seven & i Holdings Normalization Support Guide for employees in charge of human resources, hiring, and education   | ○          | Promote the utilization of the Seven & i Holdings Normalization Support Guide and hold hands-on learning sessions and visits   |
| Developing standards related to the work environment of the Group   | Created Group-wide standards for overtime hours and taking holidays/paid leave  | ○          | Promote the sharing of information among Group companies to achieve standards and make further improvements  |
| Creating a project to tackle employee health enhancement measures   | Established the Seven & i Health Management Project and identified issues related to enhancing the health of employees Group-wide   | ○          | Identify issues with health enhancement initiatives, set targets, and create an action plan<br>Develop an organizational structure to engage in health management<br>Introduce a health management system for enhancing the health of employees* |
| <b>Diversity Promotion Project</b>  |   |            |  |
| Expanding events for building networks among women  | Held events for female employees raising children every other month for a total of six times  | ○          | Expand the number of events at operating companies for building networks among women   |
| Providing employees who have returned from childcare leave with orientation   | Created a DVD introducing role models and held orientation at each Group company  | ○          | Increase the number of companies providing orientation to employees who returned from childcare leave and review how the orientation is run  |
| Holding awareness-raising events for managers   | Held presentations on the promotion of diversity in August and February   | ○          | Hold awareness-raising events for managers   |
| Conducting ongoing awareness-raising activities using internal newsletters, etc.  | Conducted awareness-raising activities using internal newsletters, etc.   | ○          | Establish a year-round corner specializing in the promotion of women's involvement in the workplace within internal newsletters  |
| Focusing on external communications (implementing the Positive Action Declaration, etc.)  | Implemented the Positive Action Declaration and received an award for our empowerment efforts   | ○          | Continue with external communications  |
| Implementing awareness-raising activities for male employees raising children   | Held events for male employees raising children to encourage greater participation in the childcare process   | ○          | Hold events for fathers to encourage greater participation in the childcare process  |
|   |   |            | Create a handbook for managers   |
| <b>Consumer Affairs and Fair Business Practices Subcommittee</b>  |   |            |  |
| <b>(1) Responding sincerely to customer opinions</b>  |   |            |  |
| Holding joint training for new customer service office employees  | Held joint training for new employees in April and experienced employees in October   | ○          | Continue to hold Group-wide joint training for employees with experience at the customer service office  |
| <b>(2) Ensuring the quality and safety of products and services</b>   |   |            |  |
| Holding joint seminar for apparel buyers in cooperation with inspection organizations   | Held joint seminar for apparel buyers four times (total of 209 in attendance; representing 78% of apparel buyers)   | ○          | Hold Group-wide joint seminar for apparel and household item buyers  |
| (Apparel/household products) Reviewing the quality control organization based on the Product Safety Guidelines for Distributors     | Developed quality control system for Group companies based on the Product Safety Guidelines for Distributors  | ○          | Further improve quality control system at Group companies and formulate a Quality Policy   |
| (Food) Conducting joint inspections of business partner factories by the people responsible for quality control of Group companies  | Carried out checks of audit items using a common Group-wide plant inspection sheet (May and January)  | △          | Further improve quality control system at Group companies and formulate a Quality Policy   |
| <b>(3) Establishing fair business practices</b>   |   |            |  |
| Sharing and building on good fair trading practices among Group companies   | Developed and checked systems, including for new Group companies, and shared initiatives of Group companies   | ○          | Continue to build management and training systems to ensure fair trading practices among Group companies   |
| Holding regular training on the Subcontract Act and the Anti-Monopoly Act   | Held joint training in April and November   | ○          | Continue to hold regular training on the Subcontract Act and the Anti-Monopoly Act   |
| Sharing measures taken by Group companies to ensure a smooth transition to the revised consumption tax                              | Held joint training in June and shared information on the status of government relations, etc.  | ○          | Share response measures among Group companies in advance of the next consumption tax hike slated for 2015  |
| <b>Environment Subcommittee</b>   |   |            |  |
| <b>(1) Understanding and reducing environmental impacts</b>   |   |            |  |
| Improving CO <sub>2</sub> management (setting targets and strengthening third party verification)                                   | Increased the number of operating companies subject to third party verification of GHG emissions from five to nine  | ○          | Increase the number of operating companies subject to third party verification of GHG emissions from nine to 10  |
| Promoting food recycling and installing more PET bottle collection machines   | Increased the number of Seven Farm recycling-oriented agricultural corporations that utilize food residues/leftovers from seven to 10<br>Increased the number of stores with automatic PET bottle collection machines from 207 to 230 | ○          | Promote food recycling<br>Increase the number of PET bottle collection machines  |
| Strengthening environment management system   | Seven-Eleven Japan obtained ISO14001 certification  | ○          | Expand the scope of ISO certification  |
| <b>(2) Forest conservation activities</b>   |   |            |  |
| Continuing with employee volunteer work   | Forest conservation activities were held a total of 28 times and 151 Group employees took part  | ○          | Expand the number of employee volunteers   |
| Developing private brand products using forest thinnings  | Developed two private brand paper-packaged beverage items that use forest thinnings from Seven Forests  | ○          | Increase the number of eco-friendly products   |
| <b>(3) Raising environmental awareness and sharing information</b>  |   |            |  |
| Implementing of environmental information training  | Held environmental training as part of education provided to Group employees based on their rank  | ○          | Enhance employee training and challenge employees to pass the Certification Test for Environmental Specialists   |

# Identifying Material Issues

Seven & i Holdings has conducted dialogs with many stakeholders and identified material issues that should be addressed so that the entire Group can respond to the expectations and demands of stakeholders. We will introduce the identification process here.

## ● Material Issues identification process

### Step 1

## Selection of social issues that should be considered

In order to identify material issues, social issues that should be considered were selected. In addition to the Group's Corporate Action Guidelines, global frameworks such as GRI Guidelines G4, ISO26000, and Millennium Development Goals; issues facing Japan such as those debated by the Japanese government; and survey items of CSR rating agencies were also taken into consideration to summarize 92 social issues. The relationship with the Group's business was evaluated and 33 social issues that should be considered were selected.

### ● Selection method



### Step 2

## Interviews with stakeholders

An interview survey in a questionnaire format was conducted with customers, business partners, shareholders and investors, and employees in order to understand the future expectations and demands of all stakeholders towards the Group for the 33 social issues that were selected. A qualitative assessment was made of how much of a priority the Group should place on each issues. In addition, comments were received concerning the expectations of the Group and the reason for these expectations.

### ● Stakeholders interviewed and their expectations

|                            | Scope of interviews                                 | Expectations of stakeholders (examples)   |
|----------------------------|---|---|
| Customers                  | Customers of major operating companies              | <ul style="list-style-type: none"> <li>Improving product safety</li> <li>Securely protecting personal information, etc.</li> </ul>  |
| Business partners          | Main business partners of major operating companies | <ul style="list-style-type: none"> <li>Further improvement of reliability throughout the entire value chain through shopping assistance for people who feel inconvenient for shopping</li> <li>Continuing support for disaster areas, etc.</li> </ul> |
| Shareholders and investors | Retail industry analysts                            | <ul style="list-style-type: none"> <li>Responding to disposal loss</li> <li>Supporting the needs of elderly people</li> </ul>   |
| Employees                  | Executives and employees of major Group companies   | <ul style="list-style-type: none"> <li>Responding to population aging throughout the entire Group</li> <li>Pursuing further quality and safety, etc.</li> </ul>   |

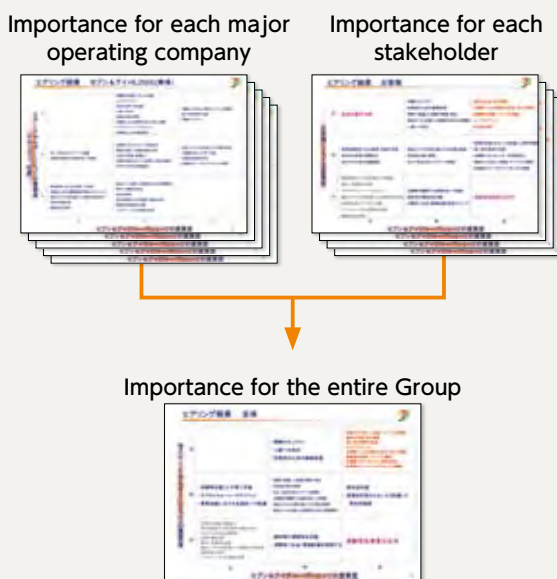
## Purpose of material issues identification

- Concentrate on key issues that should be focused on and respond appropriately as the scope of Seven & i Holdings' business expands and related social issues and social demands become more diverse.
- Clarify the direction towards CSR for the entire Group and maximize Group synergies.
- Implement CSR management and information disclosure in line with global standards.

### Step 3

## Preparation of material issues candidates based on the interview results

Based on the expectations of each stakeholder, the importance of the 33 social issues was evaluated based on the two axes of the importance to each stakeholder and the importance to each major operating company. Then, after consolidating each level of importance to evaluate the overall level of importance, material issues candidates for the entire Group were prepared.



### Step 4

## Dialogs with stakeholders

Based on the interview results and the material issues candidates that were prepared, dialogs were conducted with experts in order to discuss what issues Seven & i Holdings should focus on. These dialogs were participated in by members of the management of Seven & i Holdings and major operating companies including the President and Chief Operating Officer. Opportunities were established to discuss the entire Group and each business area as opinions were exchanged with experts.

### ● Overview of dialogs held



#### Overall dialogs

Experts were invited to discuss with the management Seven & i Holdings material issues that should be addressed by entire Group.

**Details on P.11**



#### Dialogs for each major operating company

Experts were invited to discuss with the representatives of the major operating companies (Seven-Eleven Japan, Ito-Yokado, and Sogo & Seibu) the materialities for each operating company.

**Details on P.15**

# Stakeholder Dialog No.1



As the social issues surrounding companies continue to accumulate and we expand the scope of business at Seven & i Holdings, we are facing more diverse social issues and social demands. In response to this situation, dialogs were held between experts and our management team in order to identify which material issues should be focused on.

## Experts

**Toshihiko Goto**

Representative Director, Sustainability Forum Japan (non-profit organization)

**Hideto Kawakita**

CEO, IIHOE (International Institute for Human, Organization and the Earth)

**Scott Davis**

Professor, Rikkyo University  
Outside Director, Seven & i Holdings



## Seven & i Holdings

**Noritoshi Murata**

President and Chief Operating Officer (COO)

**Katsuhiko Goto**

Managing Executive Officer and  
Chief Administrative Officer (CAO)

**Junro Ito**

Director and Senior Officer of CSR Department



## ESG—A Shift to Management with an Awareness of the Triple Bottom Line

**Toshihiko Goto:** Recently, there has been much talk of the word ESG (environment, social, and governance) in the world of finance. How do companies approach ESG? In other words, how companies respond to various environmental issues, how companies address social issues such as human rights and contributions to local communities, and how governance is formed to address these issues has come to influence the long-term success of companies.

Since the release of the Principles for Responsible Investment by the United Nations in 2006, the ratio of SRI investments that incorporate investment behavior in consideration of ESG and ethical considerations in addition to profits has rapidly expanded in Europe and North America, growing to almost half of all investments. Meanwhile, while this figure is still 0.2% in Japan, the Financial Services Agency released the Japan's Stewardship Code (Principles for Responsible Institutional Investors) in February 2014. This code stipulates the need for institutional investors to conduct dialogs with companies invested from a long-term perspective, contribute to the sustainable growth of companies invested in, and explain this information to customers. It will perhaps become more likely for Japanese financial institutions to request to have dialogs with companies like your company in the future. For this reason, management based on the triple bottom line that incorporates environmental and social aspects in addition to economic aspects will become increasingly important. I would also like to introduce another important development in Europe. In April 2014 the European Parliament passed a law obligating large companies to create a policy for diversity for the board of directors and to disclose this policy. The idea is that governance without diversity will not create innovation and this will impede corporate development, and by extension the development of Europe overall. While it will probably take two to three years for each country to actual establish domestic legislation, I believe that this development is indicative of global trends.



**Noritoshi Murata**

Seven & i Holdings



**Toshihiko Goto**

Sustainability Forum Japan  
(non-profit organization)

**Hideto Kawakita:** This law also obligates companies with over 500 employees to disclose information related to ESG, further reflecting the increasing importance of the perspective of sustainable management.

**Noritoshi Murata:** We are constantly aware of these issues in our work. These types of issues have grown in importance ever since the Lehman Shock in 2008.

**Toshihiko Goto:** Some people say that the reason why ESG is becoming increasingly focused on is that currently the majority, or 80%, of corporate value is accounted for by intangible assets. The idea is that strengthening ESG causes intangible assets to increase and corporate value to grow.

**Scott Davis:** Because retail differs from industries such as the finance and automotive industries in which relationships with customers are decided on for many years at the time of purchase or contract signing, in the case of a retail business like Seven & i Holdings we have to take particular care to keep constant good relations while coming in contact with customers every day. I believe that the social capital that is established through these relationships is also an important intangible asset.

**Noritoshi Murata:** The Group has worked to establish the relationship we currently have with stakeholders since its foundation based on the principles of trust and sincerity. This has been enabled not by management of the corporate organization by top management, but rather by the strengthening of organizational strength that allows employees working within the Group to form teams and take action. Creating frameworks for governance among the so-called the rank and file of the organization is important for management. It will also be important to create frameworks that allow all members of the Group to participate in management in order to respond to this new era for the retail industry through means such as omni-channel retailing.

## Establishing a Business Model that Anticipates Society Twenty Years from Now

**Hideto Kawakita:** In addition to current value, shareholders and other external stakeholders are currently also interested in how companies will increase future value. It is becoming necessary to faithfully present and implement not only short-term financial indicators, but also medium to long-term non-financial indicators. In that case, it is necessary to directly look at not only the future vision for your own company, but also Japan as a whole. For example, one pressing issue is the rapidly aging society. While households composed of only the old elderly with an age of 75 or above was 4% in 2000, it is now 7%, and is expected to be 10% or higher in 2020. If that is the case, there may be plans for elderly people to live together to some extent and provide each other mutual support.

This could cause your company's business to change in some ways. While you may currently be giving some consideration to delivering products to the residences of elderly people, it may become necessary to provide support in terms of actual places to live in addition to this.

**Katsuhiro Goto:** There are still areas where we have not really given full consideration to the idea of future value. Going forward we may need to incorporate into management the concept of back-casting, in other words considering what we need to do now in response to how the future is likely to develop in ten or twenty years from now.

**Hideto Kawakita:** For this reason, the issue of resource depletion is also an important issue. There have also been global movements calling for the procurement of forest resources and marine resources that is both ethical and sustainable.

**Toshihiko Goto:** I feel that there is still a lack of awareness in Japan regarding these issues, particularly global procurement. This issue has gained a lot of attention recently, as European NGOs have conducted detailed



Hideto Kawakita

IIHOE  
(International Institute for Human,  
Organization and the Earth)

surveys on environmental issues and human rights issues in the supply chains of Asian companies.

Because it is extremely difficult to directly improve these issues in the field, companies like your company that serve as purchasers are being called on to make improvements. In situations like these, it is not enough to say things like "our company only buys the products."

**Hideto Kawakita:** Furthermore, promoting the active participation of women and the employment of young people are also extremely important issues in consideration of future value. In consideration of relationships with stakeholders, your company should value how employees working at your company feel joy and share the future, and how to make employees feel proud about working at your company.

**Scott Davis:** At the same time, the active participation of elderly employees is also an issue. While elderly employees have a wealth of experience and skills, the timing at which they require breaks differs from young employees. By ensuring that elderly employees have an ideal working environment, it will advance human rights efforts for the workplace overall. Furthermore, creating an environment that will allow both elderly people and younger people to work towards the same goal in the same manner as in society as a whole will be mutually satisfying and create a rich, human quality at the workplace.

**Noritoshi Murata:** We believe that it is necessary to improve our domestic business even more going forward. In order to do so, it will be necessary to respond to the issues of supporting elderly people, employing young people, and allowing the active participation of women as has been pointed out, and I would like to address these issues immediately.



Katsuhiro Goto

Seven & i Holdings

## Creating Value Through Products and Services

**Scott Davis:** Hideto Kawakita talked about the aging society previously. I would like to say that I don't view the aging society as an issue. As longevity is something that humans have longed for since the ancient past, we should be overjoyed if this is something that we have achieved. In other words, the problem is not the aging society, but rather the state of living that our society has created for elderly people. We need to put ourselves in the shoes of elderly people and think about what we can do so that they can feel happy and positive towards living every day.

In the relationship I have had with your company up until now, I have gotten the impression that thinking of the perspective of the other party is rooted in your DNA. CSR is something that should be possible to achieve if contributions are made to society through the implementation of the core business, and I believe that your company has made efforts to create social value without specifically identifying these types of activities as CSR. I think you should communicate why you think that has been possible. At the same time, as the entire Group continues to grow and new companies continue to be added to the Group, I think you should consider what kind of initiatives should be implemented to ensure communication throughout the entire Group.

**Noritoshi Murata:** I mentioned previously that governance among the rank and file of the organization is important, and an example of this is when we lowered the walls between companies following the adoption of a holding company structure in September 2005 and decided to grow while taking advantage of the business infrastructure and human infrastructure of each of these companies. A concrete form of this process was the creating of our private brand. Rather than simply placing an order with manufacturers, every member of the Group formed a team with the cooperation of partner companies and generated synergies to create something that live up to the expectations of customers. The private brand Select Premium was created through this process.



**Junro Ito**

Seven & i Holdings



**Scott Davis**

Rikkyo University

**Toshihiko Goto:** Private brand development is a classic case of stakeholder engagement. By removing the walls within the Group and conducting engagement, synergies are created.

**Scott Davis:** Many companies have now released private brands through various processes. In general, these products seem to have been made possible by consumers willing to compromise on quality in order to get low prices. However, in contrast to this, your company's private brand was developed through plans refined based on repeated dialogs with many stakeholders as products based on an awareness of value from the customer's point of view.

You persuaded customers to buy based on a deep level of trust rather than due to low prices. I think that you can say that this kind of private brand development has produced not only physical synergies, but also psychological synergies.

**Junro Ito:** In addition to value to customers, I feel that synergies have also been produced from the point of view of environmental considerations. Thanks to efforts to make the product development team aware of environmental issues, there have been more ideas concerning environmental considerations in products in recent years. As members of the team, I believe it is important for us to provide input like this on social issues.

**Katsuhiro Goto:** In reviewing various issues in order to decide on material issues, I believe that we have become aware of several new things. I believe that one of the Group's strengths is promptly putting initiatives based on these forms of new awareness into practice, and I feel that it is necessary to conduct these systematic reviews of issues in an ongoing manner.

# Stakeholder Dialog No.2

The theme of Stakeholder Dialog No.2 is material issues for each operating company. Dialogs were conducted and opinions were exchanged between two experts and the top management of each major operating company as to what form of social responsibility should be fulfilled in consideration of characteristics each operating company.

## Experts



**Mariko Kawaguchi**

Chief Researcher of the Research Division,  
Daiwa Institute of Research



**Yukiko Furuya**

Executive Director,  
Nippon Association of Consumer Specialists



**Ryuichi Isaka**

Director and President,  
Seven-Eleven Japan Co., Ltd.



**Kazuhisa Toi**

Director and President,  
Ito-Yokado Co., Ltd.



**Takashi Matsumoto**

Director and President,  
Sogo & Seibu Co., Ltd.







## Creating a sustainable value chain

**Ryuichi Isaka:** One issue that we would like to focus on is supply chain management. Up until now, we have conducted make-to-stock production based on demand forecasts and spent advertising expenses to sell these products. However, we would like to eliminate wastes at every stage and establish an efficient supply chain through means such as gaining an accurate understanding of customer demand at each store and having factories conduct production to order based on this.

**Yukiko Furuya:** Implementing these types of measures is also important from the perspective of reducing food loss. While relaxation of the so called one-third rule is a current topic, most consumers don't even know about this rule. Assuming this, I think that it is important to provide information including the state of rules to consumers so they can make their own judgments.

**Ryuichi Isaka:** We also believe that these issues are important and we are participating in demonstration experiments aimed at improving rules. We would like to deploy the lessons that we learn in these experiments throughout all stores.

**Mariko Kawaguchi:** I believe that the primary values that convenience stores are being called on to fulfill are the demands of customers, and I believe that a certain number of consumers who use convenience store see value as consisting of elements such as ethics and sustainability. While it may be impossible to do things like this for all products, it could be possible to increase the number of organic products and ethical products, for example for only the ingredients or seasonings contained in cup noodles.

An issue that I think is particularly important now is marine resources conservation efforts. You could consider developing products such as onigiri rice balls using salmon for which Marine Stewardship Council (MSC) certification has been acquired for to promote a sustainable fishing industry.



## Aiming to be a center for community living

**Ryuichi Isaka:** Living centers such as government and bank offices have been on the decline in recent years, particularly in local communities. Meanwhile, with the advance of population aging the number of mobility-impaired persons that have difficulty visiting far locations is on the rise. Under these circumstances, I believe that there is more that we can do to demonstrate our value as a convenience store.

For example, because convenience stores are open 24 hours a day, people can use the ATMs of financial institutions at any time. In addition, government administrative costs could be reduced if convenience stores provided some government administrative services such as the issuing of residence certificate on the government's behalf. Another option could be establishing childcare or day care centers on the second floor of our stores, which would allow parents to do their shopping when they come to pick up their children. I believe that we can help to make living in local communities more rich and rewarding by collaborating with various other industries in this manner. In addition, considering the advance of population aging, I believe that visiting customers on regular routes could become an important form of distribution going forward.

**Mariko Kawaguchi:** It is important to identify these issues in local communities and address them going forward.

**Yukiko Furuya:** I think that convenience stores play an extremely important role in local communities. For example, consumer damage as a result of door-to-door sales and mail-order sales to elderly people has become an extremely big social issue. When convenience stores deliver products that have been ordered by customers when visiting customers on regular routes as mentioned earlier, it might be possible to reduce this type of damage if information about these issues is delivered at the same time.

**Ryuichi Isaka:** I also feel that there are high expectations from society for issues such as employment in local communities. While some say that convenience stores are becoming over-saturated, I don't think that is the case at all. I strongly believe that there are still many places that need convenience stores and that we have an important role to fulfill. Going forward I would like to make further contributions to local communities through the implementation of omni-channel retailing.

\* Distribution level commercial practice of dividing the period from the production date to the best before date for processed foods into three thirds and setting delivery deadlines and sales deadlines.

Ito-Yokado Co., Ltd.



## Sustainable procurement activities in cooperation with production areas

**Kazuhiya Toi:** One initiative that we are actively pursuing is food loss reduction. It makes no sense to return or dispose products when it is still possible to sell them, and if losses can be reduced, manufacturers and wholesalers will also benefit as a result. In addition to measures to review delivery dates for processed foods and other foods, by working to reduce losses for all kinds of products including clothing, we have achieved benefits including a reduction in the total amount of waste.

**Yukiko Furuya:** Initiatives like these in cooperation with manufacturers and distributors are important. It would also be beneficial to educate consumers concerning these issues. I think that the stance of thinking about society and the environment together going forward is important.

**Mariko Kawaguchi:** On the other hand, when I looked at your store I was concerned that messages such as products being organic or environmentally-friendly did not really seem to come across. It seemed as if your store didn't really handle these types of products.

**Kazuhiya Toi:** At fresh produce sale points we offer the Foods with Traceability brand for which traceability is 100% ensured from production to sales, and we also focus on the advance of recycling-oriented agriculture. These products are not 100% organic and we have mainly focused on products that prioritize safety. We would like to focus more on communicating to customers our commitment to these products.

**Yukiko Furuya:** Listening to this, my impression is that while sufficient efforts are being made in sustainable agriculture and fishing, this isn't being sufficiently communicated to consumers.



**Mariko Kawaguchi:** While we did mention recycling-oriented agriculture, my impression is that in modern Japan environmental consideration tends to be equated with energy issues. But the fact is that we also need to look at the bigger issue of recycling resources. I hope that your company continues communicating the message of the importance of not wasting resources and not producing needless garbage.

## Aiming to provide service in consideration of diversity

**Kazuhiya Toi:** Another thing we have focused on recently in store management is providing services that match various targets. For example, when providing service for students the customer may prefer a staff member of the same age level to address them in a casual and friendly manner, when making product proposals to housewives it is important to take into consideration a woman's sensibility, and when providing service to elderly people it is preferable for an older employee to handle them in a polite manner. There are also some stores that are opening PC classrooms for elderly people as part as efforts to promote the use of the Net Supermarket service.

**Mariko Kawaguchi:** From the perspective of diversity, it is also important to put more effort into supporting men that are raising children. As women are participating more actively in society now, men need to change in adaptation to this. Occasionally one hears stories of fathers taking their children to the park and feeling lonely because they are the only man there. I think your company can play a role in supporting men responsible for housework and childcare, for example by installing baby seats in the men's restroom.

**Kazuhiya Toi:** I see what you mean. I agree that this type of support is important. We also need to consider services that can support men with children in addition to women.

Another issue that stores are actively involved in is communicating the good qualities of good things. For really good products such as those that are made in Japan that emphasize Japanese traditional technologies, we would like to improve forms of presentation and serving customers so that we can faithfully communicate the good qualities of these products through means such as having customers actually touch products, actually experience products, and enjoy products visually.

## Management from a women's perspective

**Takashi Matsumoto:** We have always particularly emphasized supporting the active participation of women, and at the Seibu Tokorozawa store we have adopted a new initiative of assigning women to half the full-time operations positions. As women tend to develop flat human relationships, I feel that this has led to a reduction in waste as a result.

**Mariko Kawaguchi:** The same holds true for groups of mothers that are raising children. There are no hierarchical relationships. As I have always believed that if women work they will work in a rational manner, I am extremely moved by the results of your company's initiatives.

**Takashi Matsumoto:** Women also actively communicate across organizational boundaries, are quick to consult with people and take action if they think of something, and like to take on new challenges and try to learn from them. They are also very aware of time management. On the hand, when straight results are required, in some cases they feel some distress or discomfort as a result. Because working under this type of demanding environment encourages the growth of each individual employee, I would like to consider measures such as creating assignment rotations for set periods of time.

## Serving as a center for communicating value

**Mariko Kawaguchi:** One thing that I felt after looking at some stores is that while there are many products with a story such as being organic or ethical, these products become overwhelmed by other products at times. If you don't do something to make people focus on these products, people potentially interested in them won't be able to notice them.

**Takashi Matsumoto:** As you mention, not being able to fully communicate our commitment to certain concepts in products is a major issue for us. It will not be enough to simply put out big signs or point of purchase advertising displays. This is particularly true for the concept of ethical products, as I believe this could be one of our focus areas going forward, so this is an extremely important issue. We don't leave it up to other people to select products for us, we make sure to go out into the field and select products that we feel comfortable recommending. In addition, we do not hold half-hearted



events. We only hold events that we can steadily continue holding.

**Mariko Kawaguchi:** In addition to providing ethical products, I believe that department stores have a responsibility to communicate with customers and send message through products, such as products that communicate the traditional way of Japanese living, original local products that will contribute to the revitalization of the local economy, and products that will make the lives of elderly people easier.

**Yukiko Furuya:** Based on this perspective, while your company's Pre-Mama Stations are constantly staffed by midwives to provide free consultations about child raising, in addition to this it could use these locations as a forum for disseminating information on product safety, as there have been many accidents as of late involving baby slings.

**Takashi Matsumoto:** That is a very good point. We could consider holding seminars on how to safely select and use products. I think that this could also contribute to local communities.

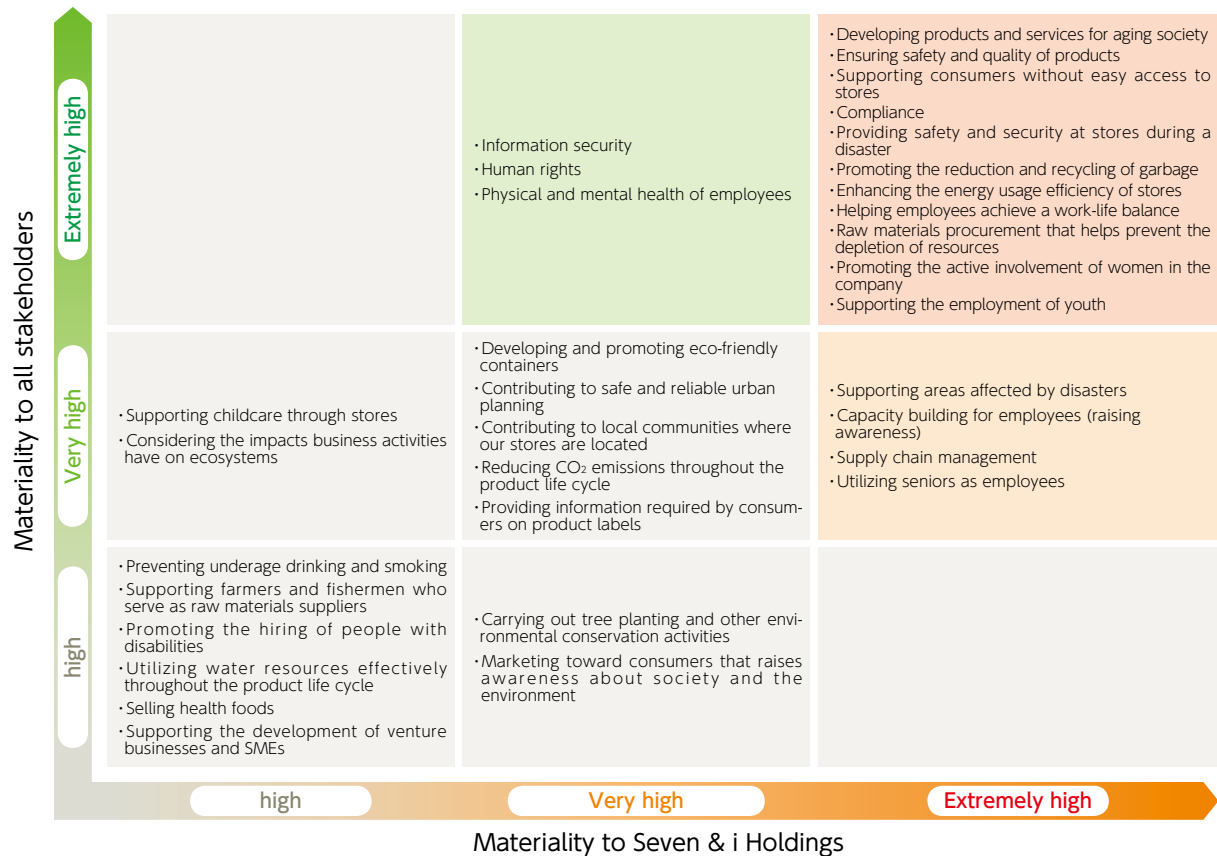
I have given constant consideration to the role of department stores within the Group, and I believe that the role of communicating and achieving these types of values is extremely important. I would like to implement whatever we can put into practice based on the dialog we have held today.

# Material Issues Facing Seven & i Holdings

We identified the issues that Seven & i Holdings should address for the realization of a sustainable society through dialogue with a wide range of stakeholders. Moving forward, we will work together as a group of companies to carry out initiatives for these themes.

## Organization of Material Issues

Based on the results of our stakeholder dialogue session, we reviewed the importance of each individual candidate for material issues and organized these once again according to the following format.



## Material Issues Identified

Based on the candidates for material issues organized by level of importance, we considered the relevance of the most important matters for stakeholders and Group businesses, integrating these as follows into the Material issues facing the Seven & i Holdings Group.

\*Compliance matters will be addressed separately from material issues.

**Material Issues** Providing social infrastructure for an aging society and declining population

**Material Issues** Providing safety and reliability through products and stores

**Material Issues** Non-wasteful usage of products, ingredients and energy

**Material Issues** Supporting the active role of women, youth and seniors across the Group and in society

**Material Issues** Building an ethical society and improving resource sustainability together with customers and business partners



Seven & i Holdings' philosophy toward each important challenge and specific solutions being carried out by the Group are introduced in the following pages.

**Material Issues** **Providing Social Infrastructure for an Aging Society and Declining Population** ▶P.21



The number of people, especially seniors, who feel inconvenienced or troubled by daily shopping and meals is on the rise in Japan as the number of retail stores and lifestyle hubs declines. We are working to create new shopping support services by utilizing our built-up store network as well as distribution and information system networks to help resolve this social issue.

**Material Issues** **Providing Safety and Reliability through Products and Stores** ▶P.27



Consumers are aware more than ever before about food safety issues, such as food additives and residual pesticides. As damage from earthquakes, floods and other natural disasters is on the rise in recent years, consumers are also well aware of the need to prepare for future disasters. Given this, we are working to provide safety and security through our products and stores.

**Material Issues** **Non-wasteful Usage of Products, Ingredients and Energy** ▶P.37



We recognize conserving the earth's environment and passing down a vibrant and beautiful natural environment is a common goal of humankind. We also believe this is our mission to society. Therefore, we are working to be more considerate of the environment in our businesses as well as cooperate with customers, business partners and local communities to use resources fully and without waste.

**Material Issues** **Supporting the Active Role of Women, Youth and Seniors across the Group and in Society** ▶P.45



Securing an adequate workforce is now a major issue facing corporate Japan and for that reason human resources will serve as our competitive strength for the future. We are building appealing and motivating workplaces for employees where each and every one can thrive at their fullest regardless of their life stage or personal attributes. We are also supporting women through our products and services to help ensure they can achieve a balance between their family and professional lives.

**Material Issues** **Building an Ethical Society and Improving Resource Sustainability together with Customers and Business Partners** ▶P.55



Consumer styles, which conventionally focused on product and service value or cost performance, have undergone a change as more and more consumers engage in ethical consumption that is considerate of people, society and the environment. We are working hard to help create a more ethical society together with our customers and business partners through our various products and services.

# Providing Social Infrastructure for an Aging Society and Declining Population



## Approach

Seven & i Holdings is working to enhance the convenience of shopping while leveraging the unique aspects of its business and some 18,000-store network as a form of social infrastructure to support consumers inconvenienced by shopping and to respond to changes taking place in society. These changes include Japan's decrease in population brought on by a declining birthrate and aging society, the advancement of women in society, and the declining number of retail stores, among others. We recognize that fulfilling these diverse needs of our customers is one of our most important and unwavering roles in society. We will continue to tackle these issues as one of our most importance issues.

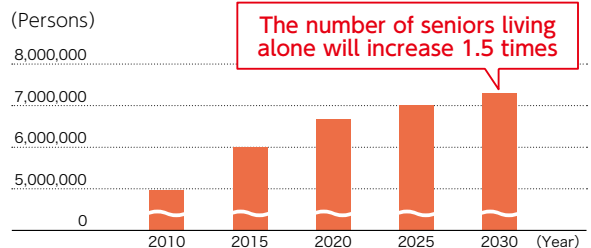
## Background

Shopping and other services are becoming more inconvenient due to the hollowing out of lifestyle hubs from an aging society and declining population

Japan is witnessing an aging society and declining population. By the year 2060, the country's population will dip below 90 million and nearly 40% of its population will be seniors\*. The number of seniors living alone continues to increase with each passing year, with the current number expected to rise 1.5-fold by 2030. This trend has resulted in a hollowing out of lifestyle hubs caused by a declining population, which stands as one of Japan's major social issues. Forecasts suggest that the number of seniors living alone without walkable access to a supermarket with fresh produce and meat will double by the year 2030.

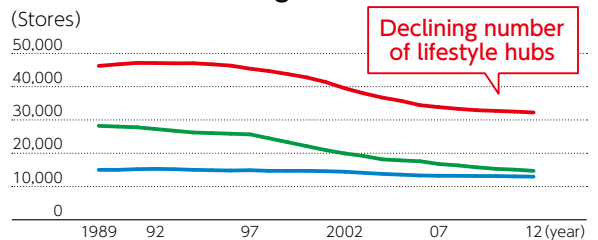
\*Source: FY2013 Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications

### Number of Seniors Living Alone



Statistics from the National Institute of Population and Social Security Research

### Stores/Outlets Serving as Social Infrastructure



Source: 2012 Economic Census for Business Activity, Ministry of Economy, Trade and Industry

## Seven & i Holdings' Omni-Channel Strategy

The entire Seven & i Group, led by Seven & i Holdings, is focusing on Omni-Channel Retailing in which we are offering our nearly three million product lineup seamlessly through some 18,000 physical stores and online to enable consumers to shop for whatever they want anywhere and anytime.

### Sales floor

By breaking down boundaries between businesses and seamlessly combining our real and virtual presence, we will ensure our products can be purchased using a method that best suits each individual customer.

### Products

We will develop even more appealing and value-added products with a focus on the keywords "new," "delicious" and "superior quality," by leveraging the strengths of the Seven & i Group.

### Customer service

We will further enhance customer satisfaction by refining our customer service techniques not only in our real stores, but online as well.

## Seven & i Holdings' Initiatives

### Shopping Support

Offer product deliveries and mobile sales for consumers inconvenienced by shopping

### Reducing Housework

Develop products for consumers that feel inconvenienced by or have difficulty preparing meals

### Expanding Services as a form of Social Infrastructure

Provide public services to offset the decline in service outlets

### Providing Services to a Wide Range of Customers

Offer shopping support so that all customers, including seniors and people with disabilities, can shop with ease and peace of mind

### Value for society

Support senior lifestyles

Provide new lifestyle hubs

### Value for Seven & i Holdings

Create future customers from aging society and the hollowing out of lifestyle hubs



# Providing Social Infrastructure for an Aging Society and Declining

## Shopping Support

### Online supermarkets

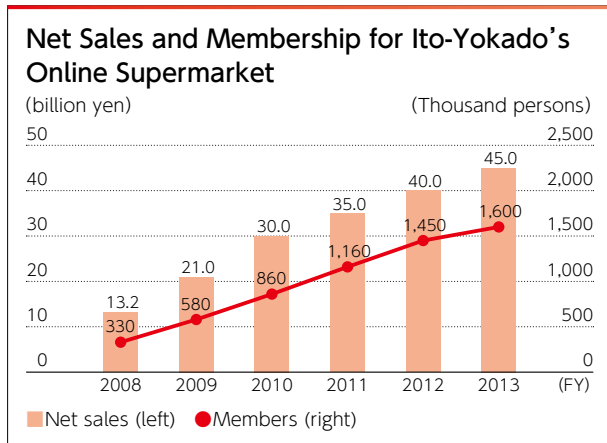
Ito-Yokado launched its online supermarket services in 2001. Using this service, consumers can order groceries on their computer or mobile phone and have their order delivered at the time of their choosing. Prices for fresh produce and other items are exactly the same as those offered in store, and orders can be received in as little as four hours. As of February 2014, online supermarket services were offered at 144 Ito-Yokado stores in 24 prefectures across Japan, and there were some 1.6 million members. Starting in November 2013, we began accepting orders for second-class OTC drugs through this service and by the end of February 2014 we had increased the number of stores carrying second-class OTC drugs to 104. Customer questions about quasi-drug products are answered in a safe, reliable and convenient manner by our in-store pharmacists and registered sales staff. Additionally, York Mart is currently examining a new online supermarket model that it hopes to launch sometime after FY 2016.

### Seven-Eleven's product pick-up service

Seven & i Holdings understands that some customers may feel uneasy about receiving an online order at their home or may get home too late to have an order delivered. This is why Seven Net Shopping allows online customers to pick-up and pay for an order\* at their nearest Seven-Eleven store at a time that suits their schedule.

We also plan on steadily expanding our lineup of products to meet the needs of even more customers going forward.

\*Includes books, CDs, DVDs as well as certain products from the Sogo & Seibu e-department store, Akachan Honpo online store and Tower Records online, among other outlets.



Online customers can pick up an order at their nearest Seven-Eleven store whenever they want



Sales floor staff collecting fresh produce to fulfill an online order



# Population

## Delivering products from stores

Seven-Eleven Japan offers the Seven RakuRaku Delivery service, which provides home delivery for nearly every product sold in our stores. Orders can be placed in person or in an advance by telephone. As of the end of February 2014, the service operated a fleet of some 800 ultra-small electric vehicles, which it plans on expanding to around 1,000 by 2015. Seven-Eleven Japan is also moving forward with the introduction of power assisted bicycles and as of the end of February 2014 it was already using 1,200. Plans call for this number to be increased to over 3,000 by 2015.



Power assisted bicycle and the ultra-small EV known as COMS

## Sales calls to assisted living facilities

Ito-Yokado has offered the Fureai Shopping service since March 2014. This service entails sales calls on assisted living facilities to help seniors in need of care or other assistance enjoy the fun of shopping again.

During these sales calls, a mini Ito-Yokado store is set up in the cafeteria or meeting hall of the facility at the request of the operator or care staff who residents to be able to enjoy the fun of shopping again by having the chance to see products and buy the things they want. This mini Ito-Yokado store offers a selection of requested products that are the same as those offered in store, excluding fresh meat and produce, alcohol and cigarettes. In FY 2013, around 80 Ito-Yokado stores offered the Fureai Shopping service.



The Fureai Shopping service

## Supporting shopping with mobile store sales

Seven-Eleven Japan launched the Seven Anshin Delivery mobile store service in Ibaraki Prefecture in May 2011. This service utilizes proprietary developed light trucks equipped with store facilities, which go to areas that are inconvenient for daily shopping and where many residents are seniors who have trouble securing means of transportation. Customers are able to purchase a range of foods and beverages, including frozen foods, using this service.

The Seven Anshin Delivery service was offered by 35 stores in 16 prefectures nationwide as of March 31, 2014. Plans call for this service to be expanded further in the future to fulfill the needs of customers.



A truck used for the Seven-Eleven mobile store service (The Seven Anshin Delivery service)

Ito-Yokado also provides the Ito-Yokado Anshin Delivery mobile store service in Nagano Prefecture, Sapporo City, Tama City, Hanamaki City and Iwaki City. This service also uses proprietary developed trucks equipped with store facilities to visit communities that do not have easy access to stores for daily shopping or that have a large population of seniors who have trouble getting to stores.



Truck used for the Ito-Yokado mobile store service (The Ito-Yokado Anshin Delivery mobile store service)

# Providing Social Infrastructure for an Aging Society and Declining

## Reducing Housework

### Developing products and services that make meal preparation easy

Seven & i Holdings, given Japan's aging society and the advancement of women in society, is developing individual meal, small volume and simple products to respond to consumer demand for saving time and reducing the hassle of housework. For example, Seven-Eleven Japan provides the Seven-Meal home delivery service at some 13,000 of its stores. Through this service, consumers who feel inconvenienced by daily meal preparation or who want to eat a more healthy diet can have nutritiously balanced meals delivered to their home. Daily meals are prepared by registered dietitians and include more than 15 different ingredients and over 120g of vegetables. Meals are ordered by a wide range of customers, from seniors to housewives and even office workers for lunch.



The Seven-Meal delivery service in action

Seven-Eleven Japan's private brand Seven Premium is also developing products that are easy to prepare and reduce the hassle of housework to meet the needs of consumers. These products include a menu of prepared foods that are ready to eat or simply need to be heated up and also frozen foods conveniently prepared in the microwave.



Seven Premium's prepared food lineup of quick and easy foods that are ready to eat

## Expanding Services as a Form of Social Infrastructure

### Government services (Issuance of various certificates)

Seven-Eleven Japan is able to issue copies of residence certificates and seal registration certificates using in-store multi-functional copier machines. As of the end of February 2014 agreements for this service were in place with 81 municipalities. This service is currently being expanded, as family register certificates can now be issued for 31 municipalities and tax certificates for 30. Residents can use this service including at night and on holidays by simply holding their basic resident registration card over the copier. Personal information is protected securely by a dedicated network and advanced security system, while the copier's special printing function prevents forging and tampering. This service is also offered at Ito-Yokado's Kiba, Omori, Ario Kamiari, and Ario Washimiya stores as well as Sogo & Seibu's Seibu Ikebukuro department store.

### Insurance enrollment and premium payment service

In 1990, Seven-Eleven Japan became the first in the industry to offer motorcycle insurance enrollment and insurance premium payment services as part of its commitment to eliminate uninsured accidents. Consumers can enroll in insurance 24 hours a day simply by entering the necessary personal information on the multi-functional copier machine screen in store and paying their premium at the register. Seven-Eleven Japan began offering a bicycle insurance enrollment service in 2011.



Screen shot of a Seven-Eleven multi-functional copier

# Population

## Providing Services to a Wide Range of Customers

### Shopping support for people with disabilities

Seven & i Holdings develops its stores with universal design concept to ensure that all customers, including seniors and people with disabilities, can shop with peace of mind.

Ito-Yokado is also steadily rolling out universal design concepts for new store openings and when remodeling existing stores. These design considerations include multipurpose bathrooms and special parking spaces for wheel-chair users. Store tours are also held prior to the opening of new stores to solicit and utilize customer feedback in store designs.



Multi-purpose bathroom with voice guidance

Ito-Yokado also holds basic sign language classes for new store openings and at group training for new employees in order to enhance its customer services for customers with a hearing disability. Sogo & Seibu encourages employees to obtain Heartful Advisor\* certification from the Foundation for Total Health Promotion.

\*A certification program targeting customer services for seniors and people with disabilities



Sign language class

### Voice guidance-operated ATM machines

Seven Bank offers voice guidance services for people with visual disabilities who cannot operate touch screens. This service enables customers to operate an ATM machine to make a deposit, withdrawal, or make a balance inquiry by following voice guidance emitted from the ATM. Customers with the cash cards of partner financial institutions\* can also use this service. This voice guidance system was developed after soliciting feedback from people with visual disabilities and testing various solutions.

\*Banks, credit unions, credit cooperatives, labour banks, JA banks, JF Marine banks, and securities companies that are partners with Seven Bank. This service is not offered for insurance companies or credit card companies, even if they are a partner of Seven Bank.



Offered for some 540 partner financial institutions (as of February 28, 2014)

### Marketing products that support senior lifestyles

Ito-Yokado runs the Anshin Support Shop that carries a full lineup of apparel, daily essentials, and foods, including products that support the health and lifestyles of seniors and care products (107 stores as of July 31, 2014)

Some 40% of the products sold at these shops are originally designed and developed based on customer requests. Ito-Yokado also provides in-depth customer services in which its staff listens to the customer's needs and recommends the best products.





## Approach

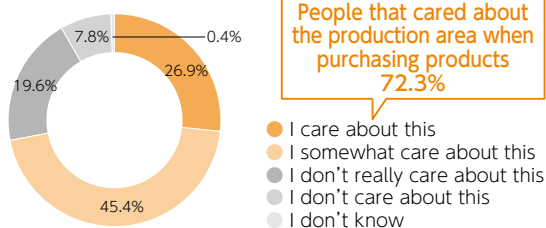
The Seven & i Holdings Group handles approximately 3 million products, and also develops various products as private brand products. For this reason, we prioritize the safety and reliability of products more than anything else. In addition, we recognize the importance of our Group's role in providing 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?

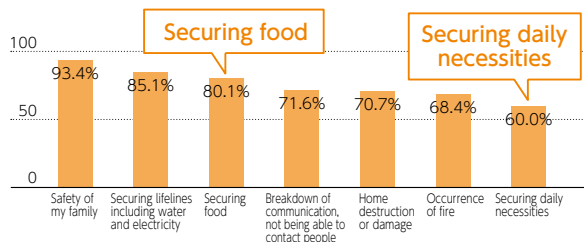


"Survey of Consumer Awareness Towards Food Safety" (2011), the Consumer Affairs Agency

#### 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

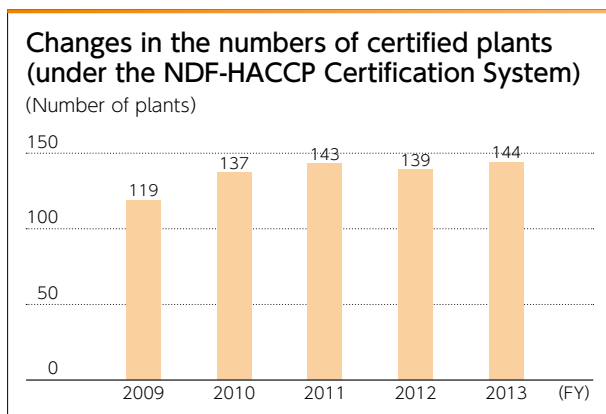
### Establishment of Quality Management Systems

#### 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/>

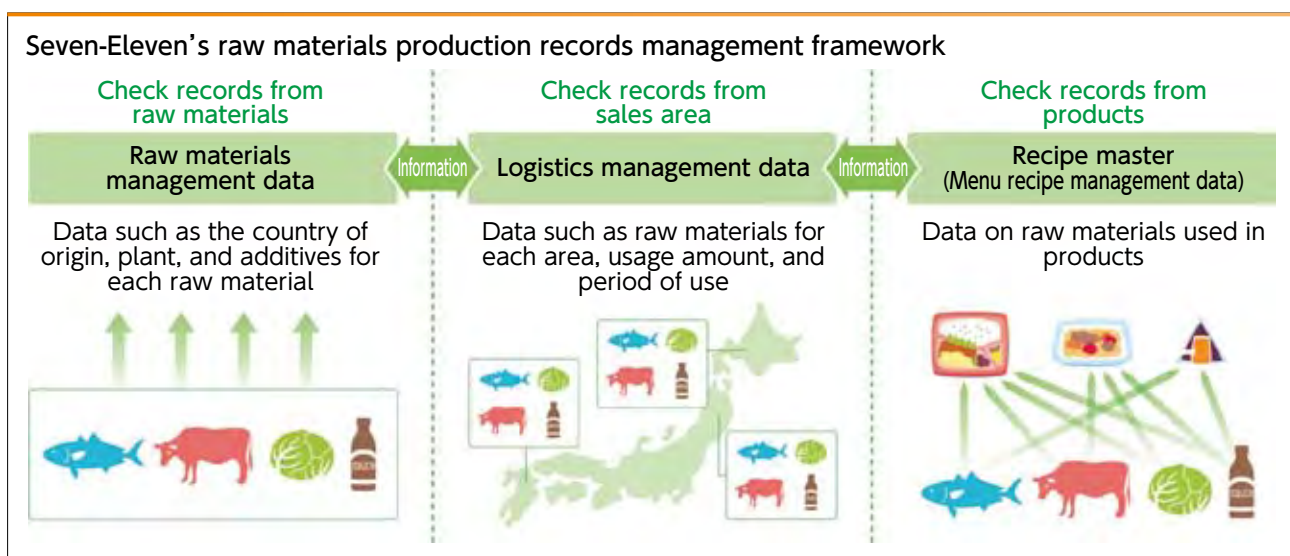
### Inspection of Radioactive Substances

#### 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

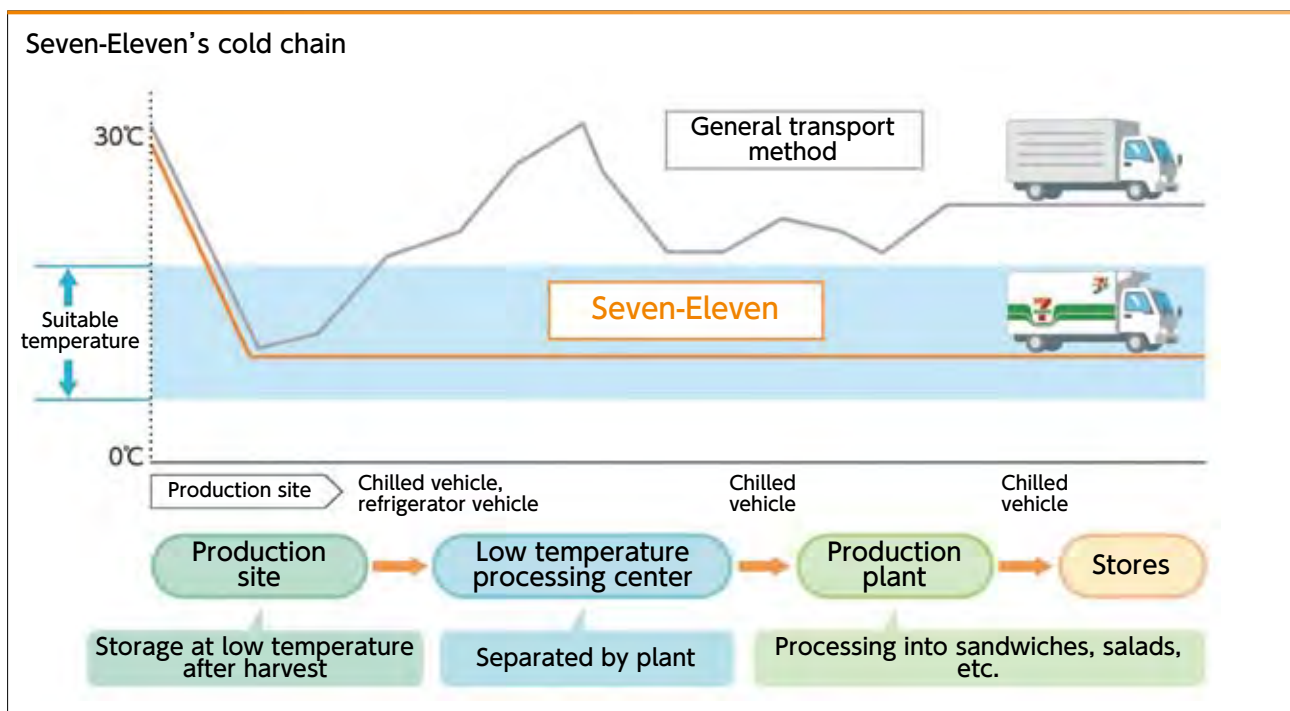
At Ito-Yokado there are specialists called Freshness Checkers under the direct supervision of store managers that specialize in food freshness. These specialists conduct checks on the deterioration of vegetables, the expiration of best before dates and consume by dates for products and raw materials,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



# Non-Wasteful Usage of Products, Ingredients and Energy



## Approach

Focusing on the retail industry, Seven & i Holdings operates approximately 18,000 stores within Japan, and handles a great many products in doing so. Accordingly, within the context of moving towards the realization of a sustainable society, reducing both energy-usage and waste-generation through the Group's business activities represents a development of great impact. Meanwhile, due to reduced product and ingredient costs, and through linkages to energy-cost savings, such waste reductions also offer Seven & i Holdings significant value. Thus, the elimination of product, ingredient and energy waste represents an important material issues to which the company is now responding.

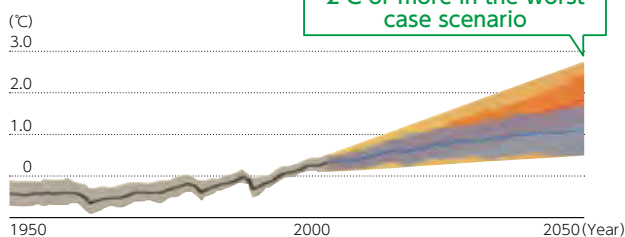
### Background

#### Climate change

Climate change is a global problem. Rising sea levels, erratic weather, and damage to primary industries, etc., pose serious threats to future generations.

An Intergovernmental Panel on Climate Change (IPCC) report states that global warming is "beyond doubt", and if current trends continue, the worst case is that temperatures will rise by almost 2°C by 2050, with CO<sub>2</sub> emissions considered to be the major cause.

#### Predicted increases in global temperatures



Taken from the IPCC "Fifth Assessment Report" on the Japan Center for Climate Change Actions website (<http://www.jccca.org/>)

#### Food waste

The volume of global food aid rose to a figure of 3.9 million tons in 2011, and food shortages have become more apparent due to population growth and weather patterns, it being felt that one in every eight people now endures a state of chronic starvation. By contrast, the annual disposal of food in Japan amounts to 17 million tons or more, and within this figure, food loss (food still edible such as leftovers and that which is beyond its use-by date, etc.), accounts for some five to eight million tons.

#### Volume of global food aid & annual Japanese food loss



Ministry of Agriculture, Forestry and Fisheries: "Working to Reduce Food Loss"

## Seven & i Holdings Policy

We believe the most pressing problem facing all people around the world is how to preserve the environment and pass on an abundant and beautiful natural world to the next generation. Our mission is to contribute to the solution of this problem. To achieve harmony between the environment and our business activities, we will work together with our customers, local communities, and business partners throughout the entire supply chain, from product development and manufacturing to distribution and sales. We will strive to be a leader in the global retail industry not only in product safety and security but also in measures to alleviate environmental problems, and pursue initiatives on a Group-wide basis.

We consider the prevention of global warming to be the largest and most serious challenge facing the world. We are aggressively pushing forward measures to contribute to the achievement of low-carbon societies by reducing emissions of carbon dioxide, the primary cause of global warming.

We endeavor to provide environmental education for all employees in the Group, to ensure that each employee is aware of the Company's social responsibilities as a good corporate citizen, and to exist in harmony with the environment and our local communities.

From the viewpoint of sincerity and transparency, we disclose all information relating to these initiatives accurately, reliably, and promptly.

From our Environmental Declaration

## Seven & i Holdings' Initiatives

### Attaining an Appropriate Grasp of Environmental Impact

Establish CO<sub>2</sub> emissions reduction targets, and for the purpose of assessing and verifying initiatives to reduce environmental impact, have CO<sub>2</sub> emissions audited by third parties.

### Reducing CO<sub>2</sub> Emissions at Stores

Because approximately 90% of Group CO<sub>2</sub> emissions result from the energy used to power equipment vital to store operations, energy-saving equipment introduction is being promoted.

### Reducing CO<sub>2</sub> Emissions from Logistics Operations

Due to the necessity of controlling CO<sub>2</sub> emissions from the vehicles representing the heart of logistics, we are promoting a range of measures that include the introduction of eco-friendly vehicles, etc.

### Promoting Food Recycling

In that at approximately 60%, food accounts for a high percentage of sales, we have established "improving food recycling rates" as an important theme and are promoting initiatives.

### Reducing Packaging Materials, etc.

Concerning packaging materials used when presenting products, we are reducing waste volumes by promoting package simplification, etc.

## Value for society

Reduced waste

Reduced CO<sub>2</sub> emissions

## Value for Seven & i Holdings

Reduced product loss

Reduced energy costs

# Non-Wasteful Usage of Products, Ingredients and Energy

## Attaining an Appropriate Grasp of Environmental Impact

### Setting CO<sub>2</sub> emission-reduction targets

Seven & i Holdings has established “CO<sub>2</sub> emissions reduction targets” for the purpose of preventing global warming. By the introduction of the latest energy-saving equipment and renewable energies, etc., whereby the same level of response as the FY2011 environmental measures of the nine Japanese domestic operating companies\*<sup>1</sup> occurs, the aim is for the predicted CO<sub>2</sub> emissions of FY2017 to be reduced by approximately 10%.

### CO<sub>2</sub> emissions audits by third parties

To correctly assess and verify the initiatives taken to reduce environmental impact, Seven & i Holdings has undertaken third-party audits of its CO<sub>2</sub> emissions from store operations since FY2011. This program initially targeted five companies in FY2011\*<sup>2</sup>, nine companies in FY2012\*<sup>1</sup>, and 10 companies in FY2013 with the inclusion of 7-Eleven, Inc. Thus, the range of companies targeted for audits is being expanded. Due to this expansion, the sales coverage of the companies targeted for audits has grown from an initial 72% to 96% of total Group sales. This development in turn is leading to more accurate figures and greater external trust of the company. (From the “Third-Party Verification Report” P78)

- \*1 Targeted Companies: Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems, York Mart, Akachan Honpo, THE LOFT and SHELL GARDEN (9 companies)
- \*2 Targeted Companies: Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems (5 companies)

## ISO14001 certification

Seven & i Holdings is promoting ISO14001 acquisition to strengthen its environmental management systems.

Sogo & Seibu was the first department store chain to acquire ISO14001 certification in 1999, and all its stores continue to operate accordingly.

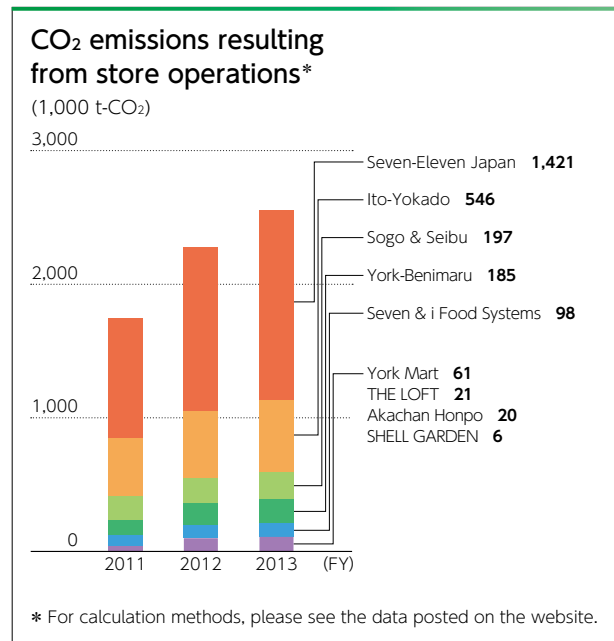
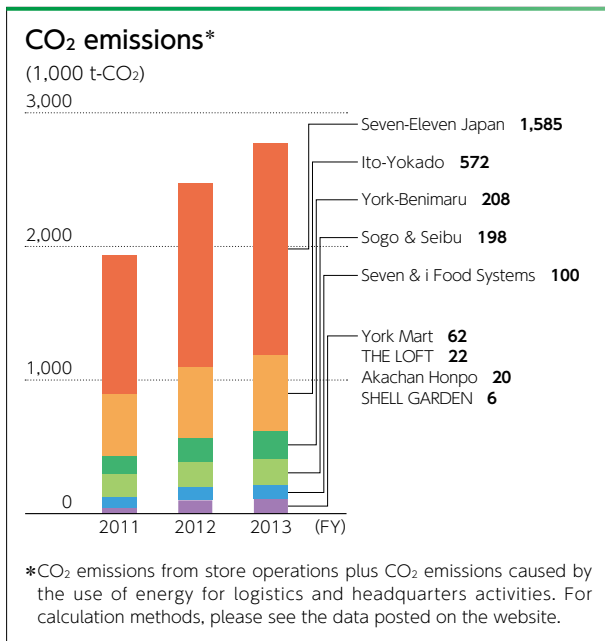
Furthermore, Seven-Eleven Japan acquired ISO14001 certification at the end of February 2014 for its headquarters as well as for its offices and directly-operated stores in Tokyo. By this acquisition, the relevant divisions are working to reduce environmental impact through their business activities.

## TOPICS

### Raising environmental awareness among employees

To raise employee environmental awareness, Seven & i Holdings has conducted a campaign to allow employees to obtain “Eco Test”\* certification. This campaign involved employees who passed the Eco Test receiving a certain amount as a support subsidy. At the testing conducted in July 2014, across the Group 598 people sat the test and some 487 passed.

\* The Certification Test for Environmental Specialists is conducted by the Tokyo Chamber of Commerce and Industry. The official name is the Certification Test for Environmental Specialists®





**Reducing CO<sub>2</sub> Emissions at Stores**

**Promoting the introduction of energy-saving equipment**

At Seven & i Holdings, so that environmental impact does not grow in proportion to increases in store numbers and increases in store size, in line with the opening of new stores and the refurbishing of existing premises, we are promoting the introduction of energy-saving equipment such as LED lights and solar panels, etc.

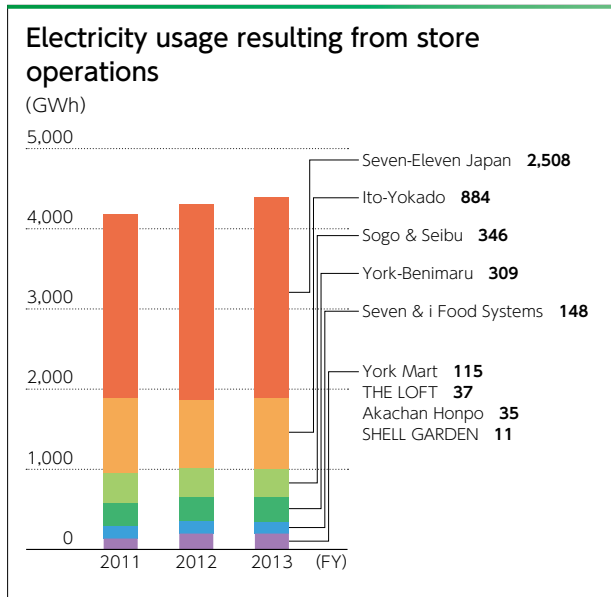
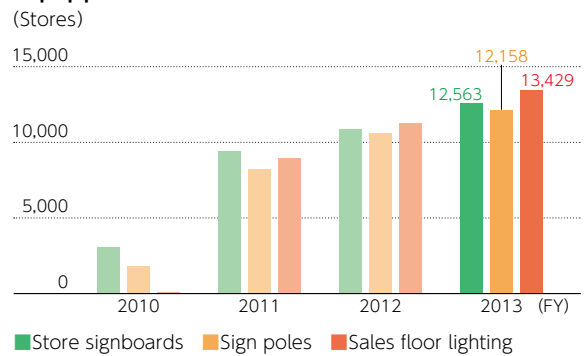
At Seven-Eleven Japan, LED lights have been employed since 2008 for store signboards, and starting in August 2009 some stores and refurbished premises used LED lights for their sales floor lighting. Since September 2011, the company has established the use of LED lights as standard practice. Furthermore, the number of stores equipped with solar panels has sequentially increased from 209 stores at the end of FY2011, to some 6,548 stores in FY2013. Additionally, since October 2009 the equipping of stores with energy-saving equipment models such as air conditioning systems and circulation ventilation systems, etc., has become standard practice.

At Ito-Yokado, to reduce the environmental burden resulting from store operations, as of the end of February 2014 some 176 stores are using LED lighting, while 13 stores have been equipped with solar panels.



Sales floor lighting

**Number of Seven-Eleven Japan stores equipped with LED devices**



**TOPICS**

**Opening stores made of wood**

Seven-Eleven Japan began opening stores made of wood in FY2009 because; compared to steel-framed stores, less CO<sub>2</sub> emissions are generated during the procurement and construction phases. Furthermore, such stores generate less construction waste when demolished. In building such stores, in that it offers strength in cold regions as well, wooden-frame construction has been used, with designs also considering the snow accumulation encountered in Hokkaido. As of the end of February 2014, 115 such stores have been built in Hokkaido, and we plan to keep opening such stores in the future.



Wooden store under construction

## Non-Wasteful Usage of Products, Ingredients and Energy

### Energy-saving initiatives through "visualization of electricity use"

By visualizing and analyzing energy use, Seven & i Holdings is working to reduce its energy usage. At Seven-Eleven Japan, as of the end of February 2014, "smart sensor (intelligent power distribution board)" measurement devices have been installed in 16,036 stores. These devices allow "electricity usage to be visualized" on the stores' power distribution boards. Using a personal computer with these devices, it is possible to confirm what equipment has used how much power and when. It is also possible to identify and rectify equipment-usage problems, and thus reduce electricity wastage. This initiative has been well-evaluated, and along with NEC Corporation (the co-developer of the smart sensor), at the "Green IT Awards 2013" sponsored by the Green IT Promotion Council, Seven-Eleven Japan won the Ministry of Economy, Trade and Industry's Commerce and Information Policy Bureau Director-General's Award in the "Energy Conservation through the Use of IT" category.



Energy conservation using smart sensors



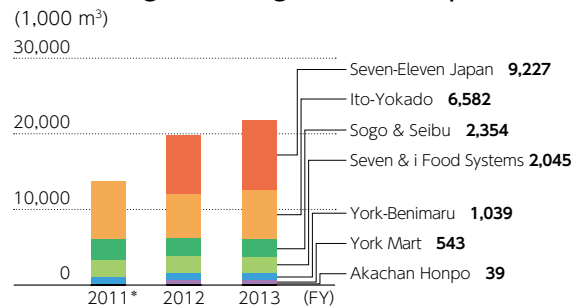
### Management of CFCs

At Seven & i Holdings stores, devices using CFCs are replaced with ones using CFC alternatives on occasions such as when refurbishments are undertaken. Moreover, devices undergo temperature checks on a daily basis to prevent CFC leakages. Devices using CFCs are disposed of by professional companies in compliance with the law, and stores receive collection certificates from these contractors as proof of appropriate disposal. We also plan to further promote the introduction of non-CFC devices in the future. At Seven-Eleven Japan, freezing and refrigeration devices that utilize CO<sub>2</sub> refrigerants have been developed, and test operation of these devices commenced at five stores in FY2013.

### Measures to conserve water

At Seven & i Holdings stores, in addition to the daily efforts made to conserve water, water-conserving faucets and energy-saving flushing toilets are also being introduced. Furthermore, through utilizing rainwater, etc., we are working to reduce the volumes of water used.

#### Water usage resulting from store operations



## TOPICS

### Reusing construction materials and fixtures from old stores

At Seven-Eleven Japan, rather than being disposed of, product shelving and fixtures are repaired and reused at other stores when stores are to be rebuilt or closed. Furthermore, so as to reduce the amount of construction waste generated when stores are demolished, reusable steel frames and recyclable sashes are used in construction.

#### Reusable store initiatives

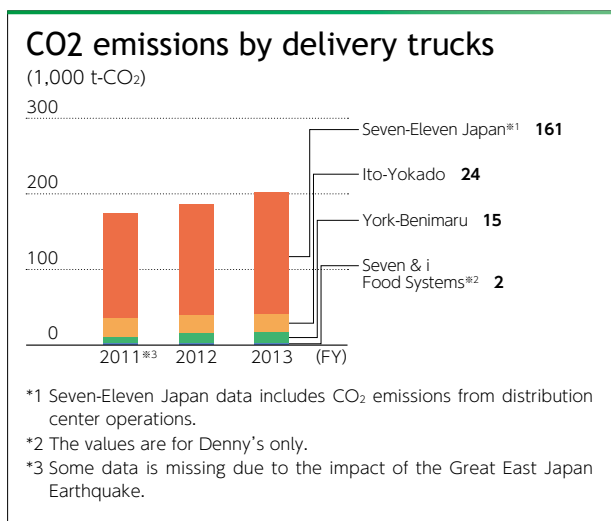
| Reusable store construction methods |   |
|-------------------------------------|---|
| DJ-HDJ method                       | Steel beams used in frames can be disassembled and reused.  |
| Sashes method                       | Traditionally, materials were built into buildings; however, we have changed to a method that allows for the removal of materials simply by the removal of bolts. |



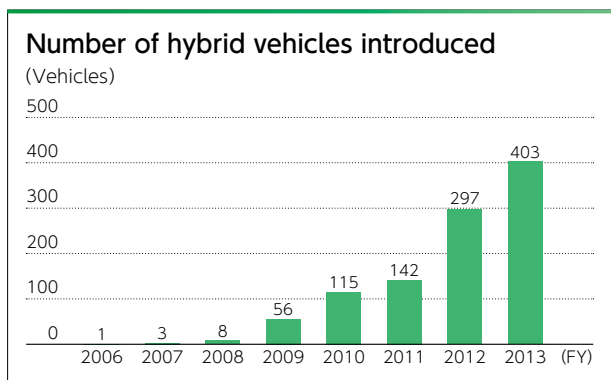
Reducing CO<sub>2</sub> Emissions from Logistics Operations

### Reducing CO<sub>2</sub> emissions from deliveries

In addition to promoting the introduction of eco-friendly vehicles, Seven & i Holdings is working to improve fuel efficiency and reduce store delivery frequencies. Furthermore, progress is also being made in the introduction of drive-data terminals to trucks, such devices record driving conditions. Based on the collected data, drivers are instructed and eco-driving seminars carried out.



We are replacing delivery vehicles with hybrid trucks at Seven-Eleven Japan. These are capable of recuperating energy generated during deceleration, and then using it as secondary power to drive motors when pulling away and accelerating. Through this technology, we hope to realize fuel-efficiency improvements and reduced CO<sub>2</sub> emissions, etc. There are 4,493 delivery vehicles in the fleet (as of the end of February 2014), and hybrid trucks account for 403 of these. We plan to replace 20% of the total fleet with eco-friendly trucks by 2020.



### Reducing CO<sub>2</sub> emissions from distribution centers

So combined deliveries to stores can occur that are comprised of different product types and of products requiring management at varying temperatures, Seven & i Holdings is revising distribution center locations.

At Seven-Eleven Japan frozen food distribution centers, ice-cream is now placed in “cold-insulated boxes” and then delivered to stores. Traditionally, vehicle engines remained running even when actual deliveries were being made so that the flow of cold air over consignments didn’t stop. However, using cold-insulated boxes, it is now possible to stop engines during actual deliveries. This development has led to both fuel efficiency improvements and reduced exhaust gas emissions.



Cold-insulated box



Delivery of products using cold-insulated boxes



Recovery of empty cold-insulated boxes

Furthermore, “demand controllers” have been introduced at distribution centers. These devices monitor the electricity consumption of different equipment. They control equipment that is in use to ensure power consumption does not exceed preset limits, and thus they are promoting the elimination of wasteful electricity usage. Demand controllers have been successfully installed in 59 of our 149 distribution centers (as of the end of February 2014), and we plan to keep installing such devices at apace in the future.

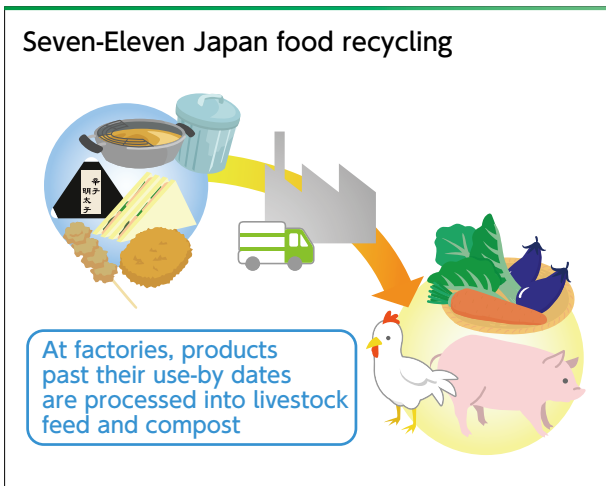
Moreover, concerning the delivery of (ambient temperature) ingredients, measures for a modal shift (from trucks to rail transportation) are moving forward, and through such reductions in CO<sub>2</sub> emissions, we are working to prevent global warming.

# Non-Wasteful Usage of Products, Ingredients and Energy

## Promoting Food Recycling

### Processing food waste into livestock feed and compost

Since 1994 at Seven-Eleven Japan, we have advocated “Eco Distribution”, a framework that promotes the suitable processing and recycling of waste. Within this framework, we work to recycle products that have past their use-by dates, and these we process into livestock feed and compost, etc. Such activities are being conducted in 23 Japanese prefectures. In FY2013, our combined food recycling rate (expired products plus edible oils) stood at 50.9%. In the future as well, while obtaining the understanding and cooperation of franchise stores and our business partners, we will continue to promote recycling.



### Installing systems to treat garbage

At Ito-Yokado, a “biodegradable garbage processor” system that breaks down garbage using microorganisms was introduced in October of 2011 and installed in six stores. Through the power of microorganisms, such devices breakdown into water and CO<sub>2</sub> garbage that is ill-suited to recycling (such as highly fibrous substances, etc.). This process results in reduced CO<sub>2</sub> emissions when compared to incineration processing, and it also offers an effective reduction of waste volumes.

At Seven-Eleven Japan as well, from November 2013 a down-sized version of the “biodegradable-type garbage processor” was introduced to five stores on a trial basis.

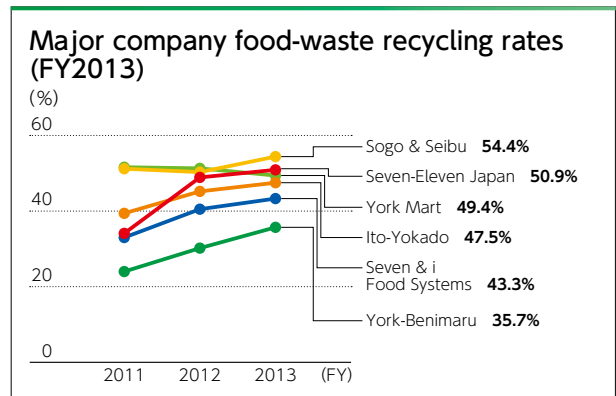
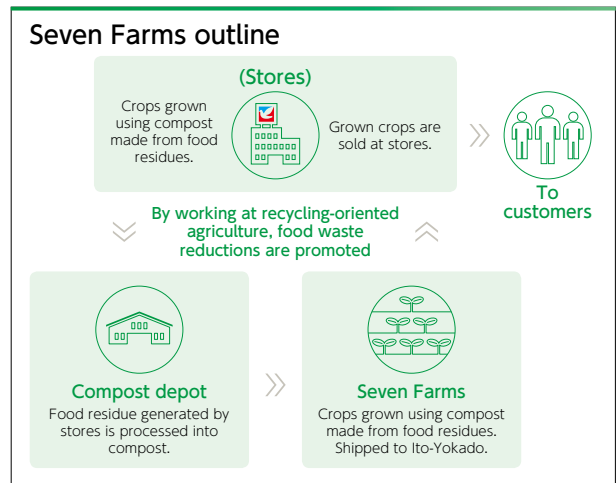


### Recycling-oriented agriculture (Seven Farms)

To both improve food recycling rates and invigorate regional agriculture, in August 2008 Ito-Yokado established “Seven Farm Tomisato” as an agricultural production corporation in Tomisato City, Chiba Prefecture. By doing this, the company became the first player in the retail sector to engage in “recycling-oriented agriculture”.

“Recycling-oriented agriculture” involves turning into compost food residues (garbage) generated by Ito-Yokado stores. Such compost is then transported to dedicated farms run by the company. The produce that is grown at the farms using the compost is then harvested and sold at the stores, etc., that generated the food residues in the first place. In February 2014, the 10th domestic farm location was established as “Seven Farm Choshi”.

This initiative has been well received. In the Environmental Division of the 35th Food Industry Best Company Awards, we were awarded the Minister of Agriculture, Forestry and Fisheries Award by the Japan Food Industry Association and the Organization of Food-Marketing Structure Improvement. (This is an event sponsored by the Ministry of Agriculture, Forestry and Fisheries).





● Reducing Packaging Materials, etc.

### Installing automatic PET bottle collection machines

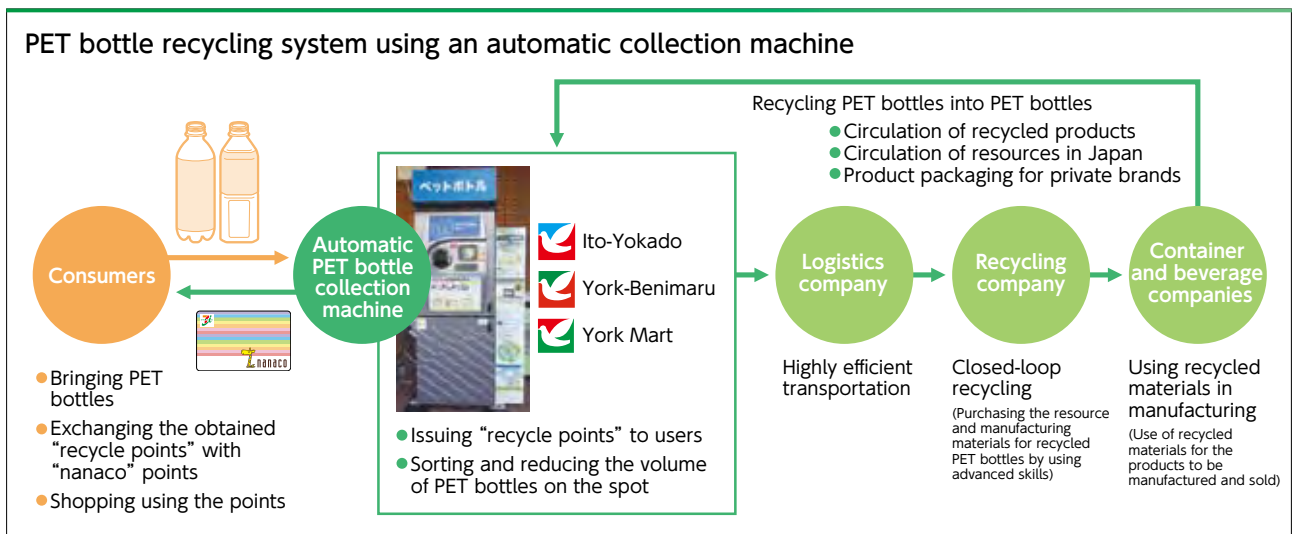
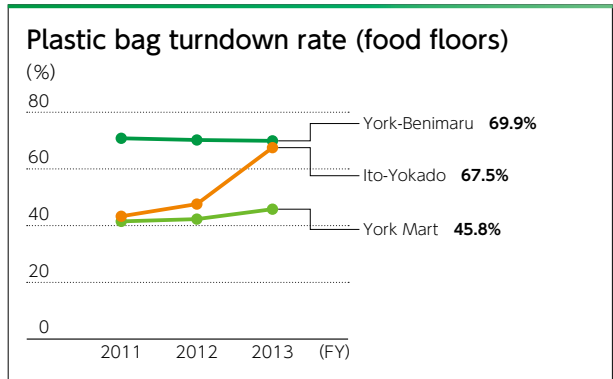
Ito-Yokado, York-Benimaru and York Mart have had automatic PET bottle collection machines installed at stores since 2011. Because PET bottles inserted into the machines undergo an automatic process of foreign-matter removal and volume-reduction (either by compression or crushing), large volumes of bottles for recycling can be sent to recycling plants on each occasion, and this reduces the delivery frequency from stores. Moreover, by utilizing Seven & i Holdings logistics routes, more efficient transportation is possible and the volume of CO<sub>2</sub> emissions resulting from such operations can be reduced.

Additionally, some of the collected PET bottles are reborn as new PET bottles within the domestic market. This “closed-loop recycling” system of recycling PET bottles into new PET bottles is the first attempt by a major retail chain in Japan to be implemented on such a large scale. As of the end of July 2014, across the three companies collection machines have been installed in a total of 228 stores, and we plan to expand this by another 20 stores in FY2014. In FY2013, approximately 2,500 tons of PET bottles were collected through this system. Furthermore, at the stores with the machines installed, PET bottle caps are also being collected and recycled domestically.

### Reducing the use of disposable plastic bags

Seven & i Holdings promotes the reduced use of disposable plastic bags by posting posters and POP signs, and by holding other events to encourage customers to bring their own shopping bags when shopping at stores.

For example, Ito-Yokado discontinued the free distribution of plastic bags on the food floors of all its stores. In FY2013, the turndown rate of disposable plastic bags at cash registers on food floors reached 67.5%.



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



## Approach

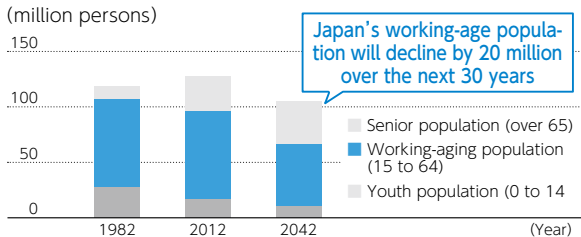
Seven & i Holdings employs a workforce of close to 150,000 people when combining all of its operating companies. Our workplaces include temporary and part-time workers as well as employees working reduced hours for childcare purposes, among others. For this reason, we recognize that we have a responsibility 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

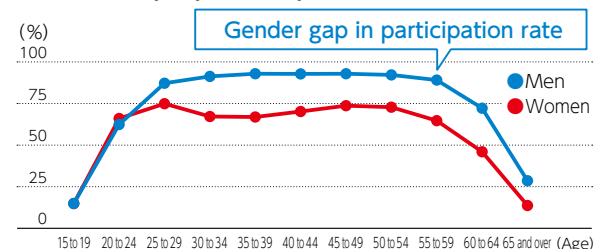


Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications  
 Population Projections for Japan (January 2012 Estimates), Statistics from the National Institute of Population and Social Security Research

#### 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

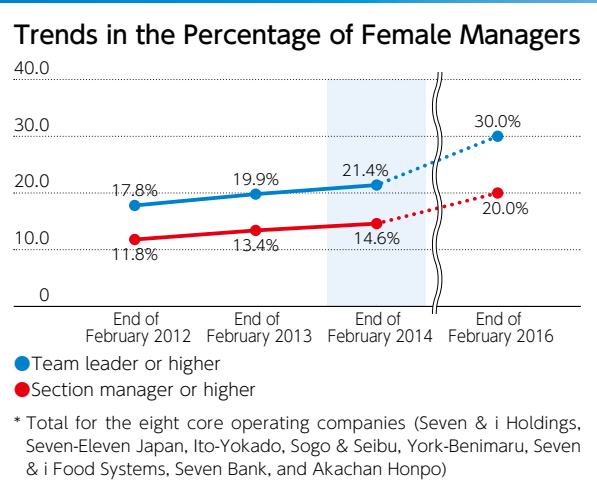
Because many of its store customers are women, Seven & i Holdings recognizes that developing its sales floors as well as products and services from the vantage point of women will help enhance customer satisfaction. We are also proactively promoting the active role of women in various aspects of our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



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.

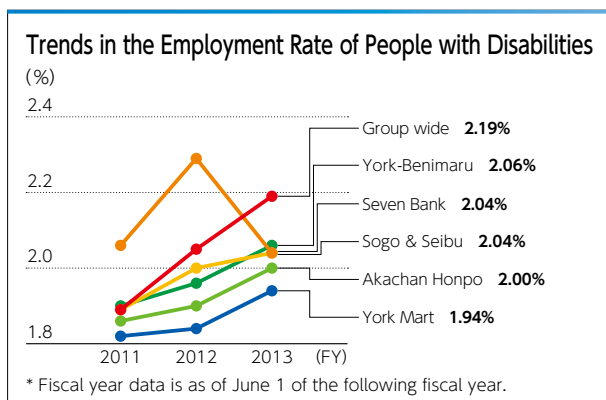
Each operating companies is equipped with the same guidelines for ensuring persons in charge of hiring and training are aware of and give consideration toward people with disabilities. As part of the hiring process, Ito-Yokado and Akachan Honpo work with special-needs schools to provide practical work 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\*<sup>1</sup>, 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\*<sup>2</sup> 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

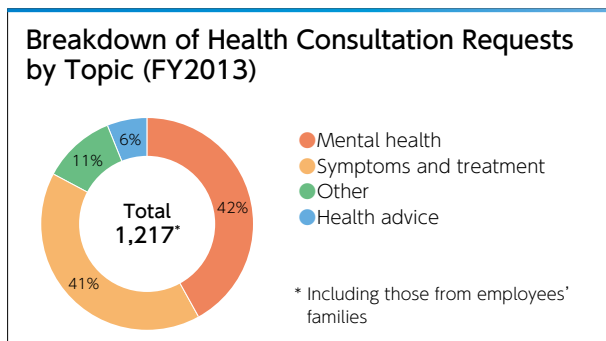
York-Benimaru has a commendation program that recognizes employees who were instrumental behind initiatives that serve as models for the entire company. This program commends employees who during the process of tackling an ambitious professional challenge grew greatly and achieved success. Being commended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





# Building an Ethical Society and Improving Resource Sustainability together with Customers and Business Partners



## Approach

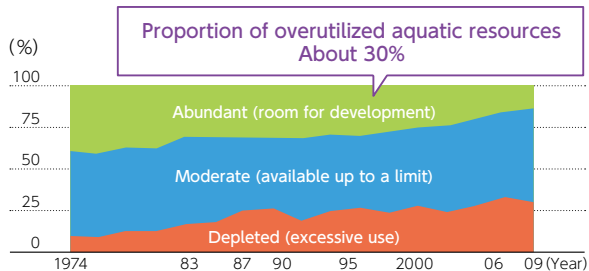
As Seven & i Holdings provides a vast array of products and services, the Seven & i Group believes it plays an important role with its consideration of society and the environment and in its contributions to the creation of a conscientious society. It is vital that our business process, from the procurement of the raw materials that go into our products through to delivery into the hands of our customers, do not simply comply with the law but also have added value from a social and environmental perspective. In addition to addressing the trend of ethical consumerism in recent years, we are also moving forward with efforts across our supply chains, inclusive of suppliers, to contribute to resource sustainability.

### Background

#### Reduction and depletion of fishing resources

As part of increased consumption of fish and shellfish in recent years, overfishing and environmentally destructive use of aquatic resources has been common. The result has been a clear loss of a healthy state of aquatic resources and a growing number of resources that face depletion. The bluefin tuna and Japanese eel loved by many Japanese, for example, are on the verge of extinction.

#### Trend in global marine resources

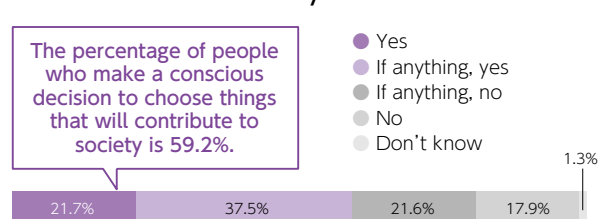


Based on FAO's *The State of World Fisheries and Aquaculture 2012*.

#### Increased interest in the societal and environmental effects of the supply chain

Although many social issues exist throughout the world, consumers who wish to purchase fair trade goods are on the rise. To match this increasing awareness of ethical consumerism, it is vital to build an entire supply chain on a sustainable business model.

#### When you choose a product or service, do you make a conscious effort to select those that will contribute to society?



The FY2013 Shōhishagyōsei no suishin yoronchōsha (Opinion survey for promoting consumer administration of consumer affairs), Cabinet Office, Government of Japan



## Seven & i Holdings Policy

The world is faced with a variety of environmental problems such as depletion of natural capital and loss of biodiversity. Seven & i Holdings is working with various stakeholders based on the following policies\* for continued business growth while maintaining the sustainability of the planet.

- ① Give consideration of biodiversity and cooperation for activities that support work to restore it.
- ② Eliminate trading in illegal natural capital and illegal logging and fishing.
- ③ Give consideration to natural capital at risk of depletion.
- ④ Promote and communicate traceability for agricultural, livestock and marine products and communicate information.

\* Amended to reflect changes in social conditions and new information.

From our Basic Policy on Sustainable Procurement

## Seven & i Holdings' Initiatives

### Creation of Basic Guidelines of Sustainable Procurement

For procurement of natural capital products, sustainable procurement across future generations is required, and we have created a sustainable procurement action plan on the urging of stakeholders.

### Strengthening implementation of Business Partner Action Guidelines

We will strengthen implementation of the Business Partner Action Guidelines in order to provide customers with safe, reliable products and to fulfill our societal responsibilities in cooperation with our suppliers on matters such as human rights, labor issues and the environment.

### Sustainable Forest Conservation Activities

We have created the Seven & i Forest project to contribute to the prevention of global warming and conservation of biological diversity,

### Awareness-Raising Activities Aimed at Customers

We develop and supply environmentally friendly products that help our customers to understand the need for a sustainable society through the prevention of global warming, conservation of biodiversity, etc.

### Value for society

- Enhanced resource sustainability
- Enhanced social/environmental consideration by customers and suppliers

### Value for Seven & i Holdings

- Secured raw material supplies
- Reduction of supply chain risk

## Building an Ethical society and Improving Resource Sustainability together with Customers and Business Partners

### Creation of Basic Guidelines for Sustainable Procurement

Amid growing interest in global environmental issues, people have also begun to demand that businesses give heed to natural resource depletion and biodiversity caused by population growth and lifestyle changes in addition to addressing global warming. To respond to such demands and expectations from customers and other stakeholders, we will, in addition to creating various kinds of value through our businesses, aim for sustainable growth across the Group while creating a sustainable society; this will be done through our basic guidelines for sustainable procurement (announced September 2014), which clearly set out the policies for Group procurement activities.

Seven & i Holdings aims to contribute, in cooperation with stakeholders, to the realization of a sustainable society through efforts such as consideration of biodiversity, thorough compliance, consideration of depletion issues and ascertaining traceability.

We will strive to instill these procurement guidelines within the Group as well as establish criteria for each of the categories they address, gaining the understanding and cooperation of suppliers while working to realize a sustainable society

### Strengthening Implementation of Business Partner Action Guidelines

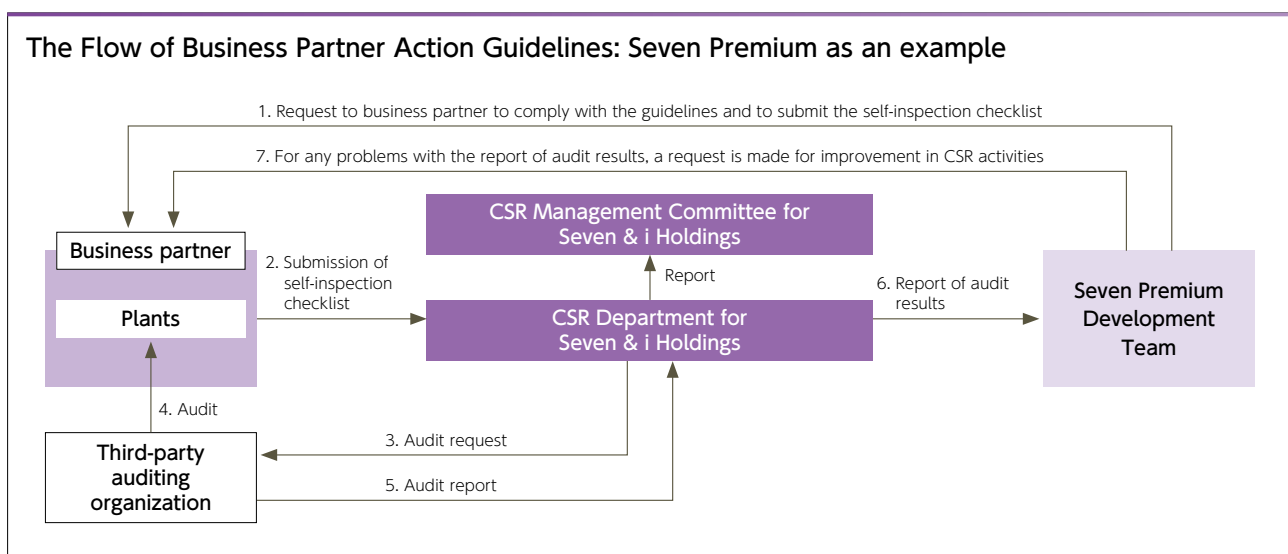
#### Background

At Seven & i Holdings, the globalization of the economy and the growth in dispersion of manufacturing licenses and places of origin around the world means that we implement Business Partner Action Guidelines in order to provide safe and reliable products to customers and to fulfil our social responsibility in cooperation with suppliers in areas such as human rights, labor and the environment.

As social issues grow more complicated and diverse, various stakeholders call are called upon to resolve them, while the scope of corporate social responsibility has grown to extend beyond business activities to product and service planning and overall responsibility for the supply chain from production to customer consumption and disposal.

We believe the proper management of working hours and wages, health and safety in the workplaces and residential facilities of workers, and consideration for environment of the workplace and the surrounding community tie into not only stable quality of products and improved manufacturing efficiency, but also raise job satisfaction of workers and facilitate mutual understanding between workers and management, contributing to sustainable growth for both suppliers and Seven & i Holdings as a result.

The Flow of Business Partner Action Guidelines: Seven Premium as an example



## Thorough implementation of Business Partner Action Guidelines

We established the Seven & i Holdings Business Partner Action Guidelines in 2007 and request business partners to become familiar and comply with the guidelines.

These guidelines are designed to not only guarantee the safety and reliability of products and services, but also promote legal compliance that takes the entire supply chain into account, environmental conservation and labor conditions so that we can fulfil our corporate social responsibility together with our business partners.

These guidelines are communicated to business partners of Group companies through various meetings.

### Seven & i Holdings Business Partner Action Guidelines (subjects)

1. Legal Compliance
2. Respect for Human Rights and Dignity
3. Human Resources and the Workplace Environment
4. Environmental Management
5. Relationship with Society and Local Communities
6. Information Management
7. Product Safety Assurance
8. Fair Business Practices
9. Monitoring

For the full text, please visit

● <http://www.7andi.com/en/csr/suppliers/guide.html>



At an explanatory meeting for the Business Partner Action Guidelines

## Policy compliance through self-inspection checklist

Seven & i Holdings has created a self-inspection checklist for business partners with the necessary and specific topics to determine compliance with our Business Partner Action Guidelines. This checklist is based upon ISO 26000, the Keidanren Corporate Behavior Charter and the OECD Guidelines for Multinational Enterprises.

The checklist helps our business partners understand the Business Partner Action Guidelines and implement effective CSR measures while enabling us to assess their progress in implementing those measures. Business partners for the Group's Seven Premium private brand products (a strategic line common to the Group) and Ito-Yokado's direct overseas suppliers are asked to submit the checklist.

## Promotion of CSR audits

Since FY2012, Seven & i Holdings has used a third-party verification organization as an auditor to visit a selection of factories of the business partners we have asked to submit checklists. The auditor carries out our independently established CSR audit program (about 140 items in 16 categories) to confirm compliance with our Business Partner Action Guidelines.

For matters that do not meet with the compliance standards (non-compliance items), the auditor provides guidance and the business partner is to submit a corrective action plan (CAP) with 10 business days of the completion of the audit and immediately take measures to improve the situation for the indicated matter(s).

# Building an Ethical Society and Improving Resource Sustainability together with Customers and Business Partners

Additionally, when the auditor or Seven & i Holdings determine that a business partner has rectified an important and quality-related non-compliance item or chief minor non-compliance item, or the CAP is in effect, the business partner will be issued a compliance certificate. Nonetheless, when there are 10 or more important and quality-related non-compliance items or the like, we encourage re-audit and thorough improvement.



## The 16 audit categories

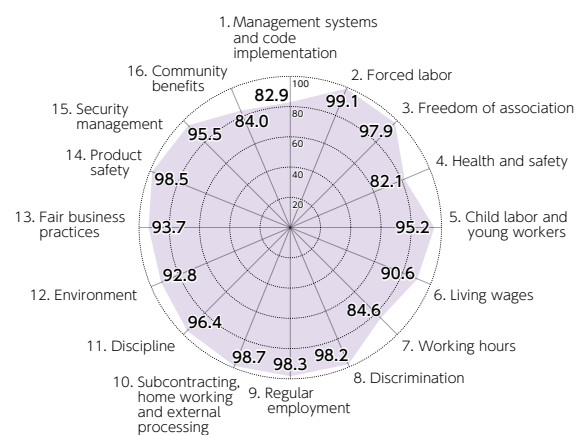
1. Management systems and code implementation
2. Forced labor
3. Freedom of association
4. Health and safety
5. Child labor and young workers
6. Living wages
7. Working hours
8. Discrimination
9. Regular employment
10. Subcontracting, home working and external processing
11. Discipline
12. Environment
13. Fair business practices
14. Product safety
15. Security management
16. Community benefits

## FY2013 Audit Results

In FY2013, CSR audits were conducted at 30 factories in seven countries (Thailand, Myanmar, Indonesia, Vietnam, Cambodia and Korea). The average compliance rate across all audited factories was 91.7%, with re-audits at six factories. The items for improvement fell largely into the areas of labor environment, safety and hygiene, and approvals and authorizations. With the CAPs provided by each factory following their audit that included photos, guarantee documents, etc. and a re-audit, we were able to confirm that improvements were successfully made.

- ① Labor environment (representative examples)
  - Unreported work hours or those in excess of legal standards
  - Deficiencies in records management for clocking in and out
  - Imposition of punitive fines on employees
- ② Safety and hygiene (representative examples)
  - Deficiencies in firefighting and fire protection equipment
  - Lacking mechanical safety devices
  - Incorrect handling, storage of harmful chemicals
- ③ Approvals and authorizations (representative examples)
  - Lack of or failure to renew business licenses
  - Unlicensed operation or driving of equipment
  - Deficiencies in environmental permissions at the time of construction of facility, factory, etc.

## Compliance rates for CSR-required items





## Expansion of CSR audits in FY2014

In FY2014, we plan to carry out CSR audits at some 350 factories in developing countries that produce items for Seven Premium or for direct supply. We are also planning CSR audits for some of our privately branded products for the Products Division and the Out-of-Store Sales Division at Sogo & Seibu and at Akachan Honpo.

To prepare for this major expansion of CSR audits, we held explanatory meetings both inside and outside of Japan to review the Business Partner Action Guidelines, share the results of the FY2013 CSR audit results and explain the specifics of CSR audits and how to prepare, and asked for their understanding and cooperation.

### Record of explanatory meetings

April 2014 For all Seven Premium product business partners (held eight times for each product category)

May 2014 For Ito-Yokado direct overseas supplier business partners in China (twice, in Qingdao and Shanghai)

July 2014 For business partners who manufacture Seven Premium products overseas (once, domestically) and for business partners who are direct overseas suppliers to Ito-Yokado for clothes and household goods (once, domestically)

August 2014 For business partners who are direct overseas suppliers to Ito-Yokado for clothes and household goods from ASEAN countries (once each in Myanmar, Cambodia and Thailand)

We will continue to share CSR audit results with the product, quality control and related departments at group companies, as well as confirm and support the improvement efforts undertaken at business suppliers.

## TOPICS

### Business partner consultation helpline

The helpline takes questions, opinions and other types of consultations, with the purpose of effecting rapid improvements to help ensure fair business dealings.

The third-party organization contracted to operate the consultation helpline is under a non-disclosure agreement, and protects the personal information and privacy of the persons consulting or whistleblowing. If the person using the helpline requests his or her name and affiliation to be kept confidential, that information will go no further than the third-party organization, and the content of the consultation, etc. can be anonymized before it is presented to Seven & i Holdings. To confirm that persons using the helpline to consult or report problems do not suffer from disadvantageous treatment from Seven & i Holdings or a Group company, approximately one month afterwards, the third-party organization contacts the person to check whether there has been any retaliation.

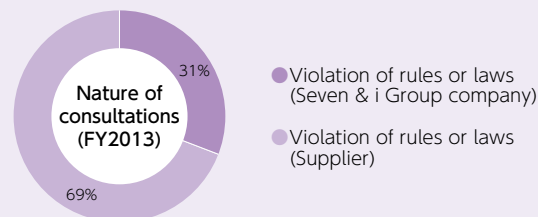
For details on the Business Partner Consultation Helpline, please visit

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

### Number of consultations in FY2013

|        |    |
|--------|----|
| FY2013 | 16 |
| FY2012 | 12 |
| FY2011 | 15 |

### Nature of Consultations



# Building an Ethical Society and Improving Resource Sustainability together with Customers and Business Partners

## Sustainable Forest Conservation Activities

### Seven & i Forest

Seven & i Holdings, working together with the Seven-Eleven Foundation\*, helps to curb global warming and contribute to the maintenance and conservation of biodiversity through the Seven & i Forest conservation project at 14 locations across Japan. Although forest trees absorb carbon dioxide and convert it to oxygen, this ability diminishes after 20 years. Human intervention, however, can extend carbon dioxide-absorbing capabilities. The Seven & i Forest project carries out not only planting activities, but also the thinning, undergrowth clearing, alternation of species and other work needed to create a healthy, sustainable forest that is biodiverse and in harmony. Group company employees and volunteers from Seven-Eleven stores participate in regular forest maintenance; as of August 2014, such work was carried out by a total over 2,220 people over 24 occasions. In the Nagano area of central Japan, wood materials from such activities are being used in stores and for office supplies. We are also moving forward with the commercialization of such products to promote the use of domestic wood materials.

\* The Seven-Eleven Foundation was established in 1993 for the purpose of Seven-Eleven stores and headquarters to work together as one on environmentally themed CSR activities. Using money collected from in-store donation boxes and donations from headquarters, the foundation addresses the themes of prevention of global warming, support of community activities, protection and conservation of the natural environment, disaster reconstruction assistance and public relations. In FY2013, in-store donations totaled 454,007,883 yen and 155,948,445 yen was used to give grants to 260 projects (including ongoing projects).



### Overview of the Seven & i Forest Conservation Project



## TOPICS

### The Kuju Furusato Nature School

The Seven-Eleven Foundation has been operating the Kuju Furusato Nature School in Kokonoe-cho, Oita Prefecture since 2007 as a project for the protection and conservation of Japan's valuable natural ecosystems. In addition to the maintenance of the local biotope and carrying out environmental education, we are also using the school to develop and publicize related protection and conservation activities. As we expect this endeavor to yield concrete results in raising awareness of wise use of rice fields, in March 2014 the school's Natural Symbiotic Rice Field was certified as cooperating enterprise under UNDB-J (United Nations Decade for Biodiversity in Japan).

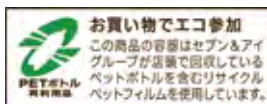


Observing the creatures in a rice paddy

◦ Awareness-Raising Activities Aimed at Customers

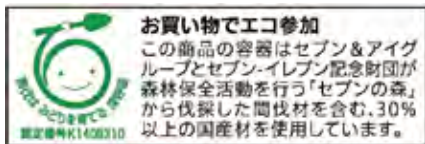
### Products made from recycled PET bottles

Seven & i Holdings recycles the PET plastic bottles collected from Group stores and has been using this recycled plastic for the packaging of refills for its Seven Premium private band body soap, which went on sale August 2014.



### Use of thinned timber packaging

In June 2013, Seven & i Holdings began sales of Seven Premium drink products that use paper cans incorporating thinned timber from the Nagano Seven & i Forest. The paper used in the cans is from at least 30% domestic Wood and contributes to healthy forest cultivation and prevention of global warming. We are currently working to broaden the range of products beyond beverages to items such as instant noodles in a cup, etc.



Sogo & Seibu also ask customers purchasing gifts whether they would like to use “green wrapping,” which involves the purchase of a wrapping ribbon with a leaf-shaped mascot for an additional price of 100 yen, of which 50 yen is donated to tree planting and growing activities. This cooperation allows the giver to make a social contribution and provides the recipient a chance to think about the environment. Sales of 80 ribbons plants one tree. In addition, customers purchasing ochuugen and oseibo (summer and winter) gifts who agree to simple packaging also contribute to tree planting, with one tree planted for every 4,000 gifts that use the simple packaging option. (Between 2009 and August 2014, 5,465 trees were planted.)



Green Wrapping

Ito-Yokado sells a rice series that not only use fewer pesticides and chemical fertilizers, but also encourages “biodiversified farming” in which rice fields also service as wildlife habitats. Part of the sales are donated for environmental improvements; in FY2013, sales of Koshihikari Rice Nurturing White Storks provided 210,000 yen for nurturing oriental white storks, while sales of Sado, Niigata Prefecture-Produced Koshihikari Rice Certified by the Creating Villages Coexisting with Crested Ibis Program provided 360,000 yen to the Fund for the Improved Habitat for the Japanese Crested Ibis.



### In-store activities to raise environmental awareness

Seven & i Holdings participates in the Pla-Plus Project promoted by the Ministry of the Environment and JEPLAN Inc. In this project, plastics products in the home that are no longer needed are collected at cooperating stores and recycled; we cooperated with the project for a limited time from November 2013.



Participating companies: Ito-Yokado, THE LOFT, Akachan Honpo

All Sogo & Seibu stores participated in the Ministry of the Environment’s Green Curtain Project as a way to reduce carbon dioxide emissions and reduce summertime energy use. Bitter melon seedlings were planted in pots on store rooftops and entrances as part of an event with children from neighborhood kindergartens and daycares, helping to promote their interest in immediate ways to prevent global warming.



A green curtain alleviates strong sunlight



# Social Contribution Activities

Reflecting our commitment to the goal of “contributing to regional development and to the building of a first-class living environment through our business activities,” Seven & i Holdings has positioned social and cultural contribution activities as a key aspect of our CSR efforts, focusing on seven priority areas.\* Within these key areas, individual Seven & i Holdings subsidiaries are actively engaged in the implementation of donation activities that involve the donation of products and services, as part of their domestic and international local contribution activities. The decision as to what kind of activities to implement is based on three main criteria: the activity should provide a high level of social utility and public benefit, so that it will win the approval of society as a whole; it should be related to Seven & i Holdings’ business activities; it should be connected with issues of international importance.

## Basic Policy on Social and Cultural Contribution

In the spirit of the Corporate Action Guidelines, Seven & i Holdings and its operating companies and affiliates will build and maintain harmonious relationships with local and international communities through collaboration and cooperation. By doing so, we intend to make positive contributions to a peaceful and prosperous living environment as a member of local and international communities based on the recognition that contributing to the society and cultural development is an important social responsibility.

### \*Priority areas in relation to CSR activities:

- ① Support for children and young people who will create future society
- ② Support in creating safe and secure local communities in which everybody live at ease
- ③ Conservation of local and global environment
- ④ Preservation and development of culture and art, and promotion of sport
- ⑤ Eradication of poverty throughout the world
- ⑥ International cooperation and exchange
- ⑦ Disaster relief

## Initiatives Launched in Collaboration with Other Organizations

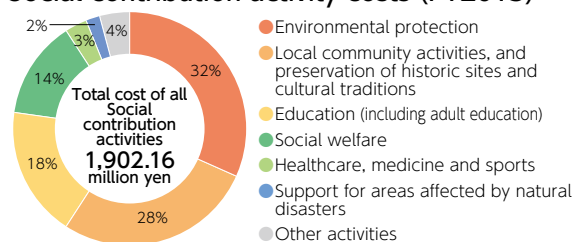
### Assisting with the donation of shoes for use by children in Zambia

Children’s Shoes Donation Areas have been installed in every Sogo & Seibu store throughout Japan. Through Seven & i Holdings’ collaboration with the Japanese Organization for International Cooperation in Family Planning (JOICFP), the children’s footwear donated by Sogo & Seibu customers are given to children living in the Republic of Zambia. These shoes help protect children from tetanus and parasitic infections resulting from foot injuries (which can be a serious problem for bare-foot children). Over the period from 2009 to June 30, 2014, a total of 425,776 shoes had been distributed to children in Zambia. Starting from April 2014, Children’s Shoe Donation Areas have also been established in Ito-Yokado stores.



Shoes being distributed to children in Zambia.

### Social contribution activity costs (FY2013)



\* This figure is a combined total for Seven & i Holdings Co., Ltd., Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., York-Benimaru Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd., YorkMart Co., Ltd., and Akachan Honpo. The calculation method used is based on the FY2011 Key Points Regarding the Implementation of CSR Activity Surveys published by the Japan Business Federation.



## Collaboration on the White Ribbon Campaign

Akachan Honpo has been providing sponsorship for the White Ribbon Campaign launched by the Japanese Organization for International Cooperation in Family Planning (JOICFP) to protect the health of pregnant women and babies throughout the world. In May 2009, Akachan Honpo began installing collection boxes in its stores, and since May 2012 Akachan Honpo has been working in partnership with JOICFP on the Community Safe Motherhood Project (which involves the donation of funds to establish Maternity Waiting Houses in Zambia). Besides accepting donations on behalf of JOICFP through its stores and online, Akachan Honpo has also installed 52 White Ribbon Campaign Vending Machines at locations throughout Japan; for every beverage purchased from one of these machines, Akachan Honpo donates 2 yen to the Community Safe Motherhood Project.

In May 2013, Akachan Honpo began implementation of the Facebook "Like!" Charity Project. Akachan Honpo's PR managers have been tabulating the number of "Likes" received by first-hand reports on Facebook about the charity initiatives in Zambia with which Akachan Honpo is associated. For every "Like," Akachan Honpo donates 10 yen to the Community Safe Motherhood Project. (Over the period from May 2012 to December 2013, the combined total of in-store and online donations came to 741,521 yen).

In addition, since April 2010 Akachan Honpo has been implementing an ongoing program whereby Akachan Honpo customers can donate baby underwear and other baby clothes that they no longer need, which are then distributed by JOICFP for use by babies in need in Zambia. Some of the donated baby-wear is distributed at the travelling clinics for pregnant women and babies that JOICFP organizes, while others are used at the Maternity Waiting Houses that JOICFP has been setting up in Zambia. (As of the end of February 2014, this donation project was being implemented in 25 Akachan Honpo stores)



Akachan Honpo managers visiting a distribution site in Zambia

## Initiatives Involving Seven & i Holdings Products

### Participation in the United Nations World Food Programme's "Fill the Cup" campaign

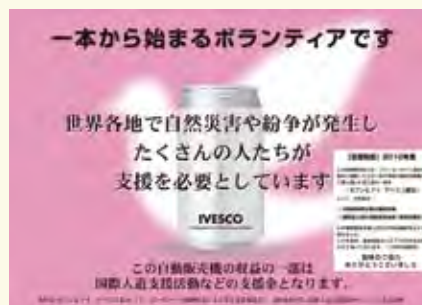
In May 2013, Seven & i Holdings began participation in the Fill the Cup ("Red Cup") campaign, a United Nations World Food Programme (WFP) initiative aimed at supporting the provision of school meals worldwide. Seven & i Holdings supports the Fill the Cup goal of eradicating hunger and poverty, and is donating part of the revenue from sales of five Seven Premium snack products and three Seven Premium cup-noodle products to Fill the Cup.



### IVESCO Fund

In 2000, Ito-Yokado established the Seven & i IVESCO Fund in collaboration with a group of beverage manufacturers. Through the IVESCO Fund, part of the revenue from sales from selected vending machines in Ito-Yokado stores is donated to groups involved in international humanitarian support activities.

In June 2013, donations totaling 14.88 million yen (deriving from sales by 409 individual vending machines) were distributed to four organizations involved in international humanitarian aid work, including Plan Japan.



Vending Machine Activity Notifications

# Overseas Initiatives

Seven & i Holdings operates globally, in 16 countries and regions around the world.

Worldwide Store Network

**54,000** stores (approx.)\*

\*The number of stores (as of the end of February 2014 for Japan, end of December 2013 for other countries/regions) includes the following:

- Stores operated in various countries/regions by our subsidiaries
- Stores operated in each country by area licensees of 7-Eleven, Inc.
- Stores operated using trademarks pursuant to agreements concluded with Sogo & Seibu

## Chinese Operations

Seven-Eleven (Beijing) Co., Ltd.

150 stores



Area licensees: 1,716 stores

Seven-Eleven (Tianjin) Co., Ltd.

56 stores



Seven-Eleven (Chengdu) Co., Ltd.

79 stores



▶▶P.72

## North America Operations

7-Eleven, Inc.

Canada: 486 stores

▶▶P.66



## Chinese Operations

Hua Tang Yokado Commercial Co., Ltd.

9 stores



Sogo 3 stores

AllDay's 1 store

▶▶P.75

Chengdu Ito-Yokado Co., Ltd.

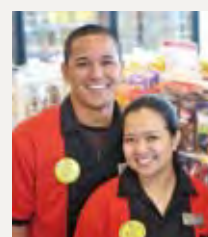
5 stores



## North America Operations

Seven-Eleven Hawaii, Inc.

59 stores



▶▶P.70

## North America Operations

7-Eleven, Inc.

USA: 7,806 stores

Area licensees:

290 stores



▶▶P.66

\* The following pages introduce major company initiatives, excluding activities by area licensees, Sogo and AllDay's. Sections on Chinese operations cover the three subsidiaries (50% stake) of Seven-Eleven China Co., Ltd.

7-Eleven, Inc. (USA: 7,806 stores, Canada: 486 store)

### History

The Southland Corporation, the predecessor of 7-Eleven, Inc., was established in the United States in 1927. The store name was changed to 7-Eleven in 1946, to reflect the store hours, which ran from 7 in the morning to 11 at night. As of the end of December 2013, there are 7,806 7-Eleven stores in the United States, and 486 in Canada.

### Reducing environmental impact

7-Eleven, Inc. (SEI) is committed to reducing its impact on the environment and preserving natural resources. In 2013, SEI continued to make progress toward this goal through a variety of energy and sustainability programs to increase efficiency and reduce waste and resource consumption. As a result, the company achieved an annualized reduction in CO<sub>2</sub> emissions of 258,000 metric tons and annualized energy cost savings of more than \$42 million.

### Energy conservation

7-Eleven's LED lighting is an important element within the company's standards for energy-efficient store design. LED lighting program is implemented in new stores and retrofitted in existing stores. LED lights are energy efficient and are also long-life with minimal maintenance, reducing waste. They are also free of hazardous substances, unlike mercury-containing fluorescent bulbs. They create less light pollution, and comply better with local regulations on nighttime brightness and intensity. Since introducing the program in 2011, more than 4,500 stores now feature LED lighting. The program is a significant contributor to the company's overall CO<sub>2</sub> reductions.



Before LED installation (left) and after (right)

### In-store water conservation

In order to reduce water consumption, installation of new water-saving faucets was introduced in fiscal 2012 for all new stores. Since then, these faucets have been added to the standard energy-efficient design plan for new store branches.

### Packaging improvements reduce material use

Many of SEI's packaging solutions are paper-based, derived from sustainable resources. In addition, whenever possible, the company strives to reduce packaging materials without compromising on product quality or safety, by focusing on correct sizing and material selection to best fit and deliver products in the most efficient manner.

In fiscal 2013 the paper containers for hot dogs were redesigned, reducing the amount of cardboard used during manufacture by 2% (amounting to a yearly total of 50 tons).



### Number of 7-Eleven, Inc. stores, and store operation environmental data

|   | FY2011 | FY2012 | FY2013              | FY2014 Target |
|---|--------|--------|---------------------|---------------|
| Stores  | 7,149  | 8,118  | 8,292               | 8,372         |
| Electricity consumption from store operations (GWh)   | 1,771  | 1,854  | 2,099* <sup>1</sup> | 2,201         |
| CO <sub>2</sub> emissions from store operations (1,000 tons-CO <sub>2</sub> )* <sup>2</sup> | 1,138  | 1,203  | 1,011* <sup>3</sup> | 1,061         |
| Water consumption from store operations (1,000m <sup>3</sup> )                              | 5,955  | 6,707  | 8,966* <sup>1</sup> | 8,822         |
| Plastic bag consumption (tons)  | 1,496  | 1,390  | 2,985* <sup>4</sup> | 2,891         |

\*1 Estimated values are used for stores where actual values cannot be determined.

\*2 Values for USA and Canada up until fiscal 2012 were calculated using US EPA emissions factors. Fiscal 2013 values for USA were calculated using US EPA emissions factors based on carbon emissions by ZIP code. Values for Canada were calculated using "2013 Climate Registry Table 14.2 Canadian Emission Factors for Electric Grid by Province."

\*3 Inspected by third party.

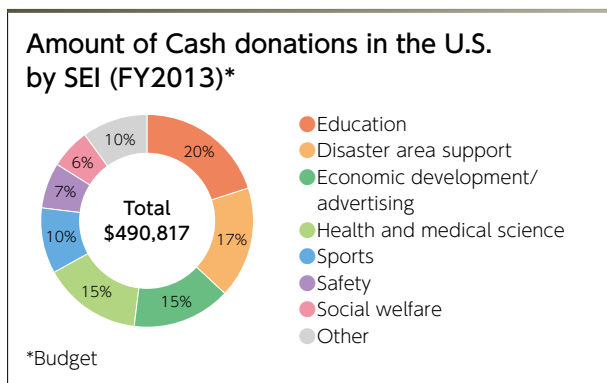
\*4 Usage increased due to a rise in the number of stores and sales



## Coexisting with local communities in the U.S.

In order to fulfill its responsibilities to be a good corporate citizen, 7-Eleven, Inc. hopes to improve the quality of life in local communities through unified activities by the headquarters and franchisees. Its philanthropic focus areas are youth well-being, safety in local communities, hunger relief and military families.

FY2013, more than \$3 million in cash equivalent value was donated to more than 1,000 organizations, including cash donations from customers, franchisees, employees, and the company, as well as in-kind contributions and volunteer hours for local initiatives.



### Youth development

Recognizing and rewarding kids can reinforce good conduct, which might have a long-lasting impact on deterring negative behaviors and crime in the future.

Encouragement and praise from adults for good behavior on the part of youth is effective, long-term, for the prevention of delinquency and crime.

In order to encourage and reward positive behavior on the part of youth, 7-Eleven, Inc. cooperates with local police forces to distribute free Slurpee beverage coupons. The program is known as Operation Chill. During their patrols, participating police officers hand out these coupons to children they see engaging in good behavior that discourages crime, such as helping people in need, wearing a helmet while riding bicycles or skateboards, or participating in community events. Police officers benefit from having a positive reason to interact with children

and youth, and giving kids free Slurpee coupons for doing good is a great way to make an introduction and build a relationship. During the hot summer months and back-to-school season in FY 2013, good kids in more than 600 neighborhoods, cities, towns and counties received free Slurpee coupons.



Oftentimes schools and youth sports organizations do not have sufficient funding to pay for programs and supplies beyond the basics. A project was created to promote youth well-being and establish a strong foundation for the next generation by helping organizations continue to provide meaningful youth development opportunities.

Franchisees and 7-Eleven, Inc. store managers identify a local school or youth sports organization with a specific need and apply for a grant. Grants are jointly funded by local franchisees and 7-Eleven, Inc. and help provide much-needed funding for academic, extra-curricular or athletic programs to keep kids in school, out of trouble and on track. In FY 2013, 7-Eleven, Inc. and its franchisees awarded more than 380 grants to local schools and youth sports organizations, a community investment of nearly \$140,000. Donations were used to underwrite a number of initiatives including research, extracurricular and exercise activities that ensure children stay in and continue to enjoy school.





### Ensuring safety in regional communities

Participating in community events like National Night Out® is a meaningful way that 7-Eleven, Inc. connects with guests outside of stores to promote safety. National Night Out® focuses attention on strengthening neighborhood spirit and police-community partnerships, heightening crime and drug-awareness prevention, generating support for and participation in crime prevention programs, and sending a message to criminals that neighborhoods are organized and fighting back. Celebrations, held in communities across the U.S., are visited by city council members, police and sheriff's department officers and other city officials to show support for local efforts.

In 2013, 7-Eleven, Inc. participated in a number of National Night Out® events to show its support for safe neighborhoods and to promote youth safety through the Operation Chill Pledge. Kids take the pledge and promise to obey the law, avoid risky behaviors and be good citizens.

### Helping to fight hunger

According to the US Department of Agriculture, 16 million children in America under the age of 18 are not receiving proper nutrition. 7-Eleven, Inc. believes that an environment where enough healthy food is available is vital to the mental and physical development of children.

7-Eleven, Inc. believes all children deserve access to enough healthy food to provide the solid foundation on which to build sharp minds and strong bodies. To help fight childhood hunger, SEI partnered with Feeding America during Hunger Action Month (September 2013) by conducting a national awareness and fund-raising campaign to benefit the millions of Americans served annually by the charity. Approximately \$170,000 were raised,

which were donated to local food banks in the areas where the funds were raised to provide over 1.3 million meals.

During national Hunger Action Month in September a campaign was held in cooperation with food and beverage manufacturer Oak Farms Dairy, to support the North Texas Food Bank organization. For every gallon (3.785 L) of milk sold at 7-Eleven branches in the Dallas and Fort Worth areas 7-Eleven, Inc. and Oak Farms Dairy donated enough money to provide one meal. In total, the two companies donated \$26,500, or enough to provide approximately 80,000 meals.

The Food Bank program provides backpacks full of nonperishable, kid-friendly and nutritious food for kids to take home each weekend during the school year. SEI volunteers also worked on assembly lines to produce items for the program.



### Expanding healthy food choices

7-Eleven, Inc. offers a variety of fruits and vegetables for sale to support health-conscious customers. In fiscal 2013 7-Eleven, Inc.'s private store brand, 7-Select®, began offering dried fruits, vegetable chips, nuts, banana chips and other healthy selections.



Sold in convenient packages for healthy eating on the go

Employee Voices



**Rebecca Frechette**

Senior vice president of merchandising, 7-Eleven, Inc.

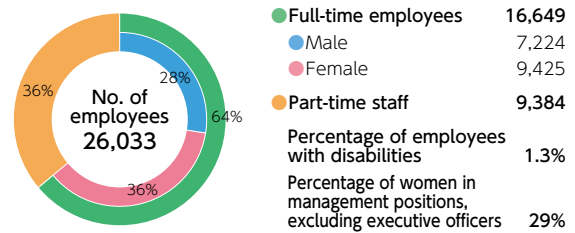
Customers who want simpler meals are often looking for products that are also healthy and delicious. Better-for-you is one of the fastest-growing segments of the snacking category. Our goal is to provide great-tasting, healthy food options at an outstanding, everyday value for our guests,

areas of operations, merchandising and business processes. In fiscal 2013 the program introduced mobile access for better, more efficient study. In 2013, 7-Eleven, Inc. established a program with input from corporate store operators and franchisees. It consists of a series of best practices, processes and tools designed to assist in the hiring, training and empowerment of sales associates. The program focuses on three key principles: "Start with hiring the right people," "Develop them to be the best" and "Take care of them and they will take care of the guest." The information was made available for corporate store operators and franchisees to use in their stores. Employee ability serves an important role in the management of 7-Eleven stores. Through the development of store employee potential, 7-Eleven, Inc. strives to improve store productivity and customer satisfaction.

Supporting employee development

7-Eleven, Inc. has more than 26,000 U.S. and Canadian employees and 8,292 stores including franchisees. Maximizing employee potential is vital to corporate growth, which is why 7-Eleven carries out its education and training programs. For instance, the training curriculum for OFCs (Operations Field Consultants) and headquarter employees includes 7-Excel University. Employees are encouraged to take advantage of this development opportunity to improve leadership and management skills and technical business skills in the

**Personnel data in the U.S. and Canada (as of December 31, 2013)**



TOPICS

**7-Eleven overseas management initiatives**

7-Eleven operating companies in different countries 7-Eleven, Inc. is responsible for granting area licenses to overseas operators of 7-Eleven stores in 16 countries and regions. The 7-Elevens in each country are managed by the companies holding these licenses, and the royalty fees contribute to 7-Eleven, Inc.'s operating income. The number of 7-Eleven stores in the world is over 50,000. Here are CSR initiatives implemented by two companies of licensees in different countries: CP ALL Public Company Ltd., which operates 7-Eleven stores in

Thailand (7,429), has been working on reducing the use of plastic bags. In 2013, the company opened its first energy-efficient store.

Korea-Seven Co. Ltd. which operates 7-Eleven stores in South Korea (7,085) has been supporting Korea Social Service by donating daily necessities through Food Bank, and powdered milk for babies using 1% of the profits from sales of prepackaged meals, cakes, and other items.

\* The number of stores is current as of December 31, 2013.

• Seven-Eleven Hawaii, Inc. (59 stores)

### History

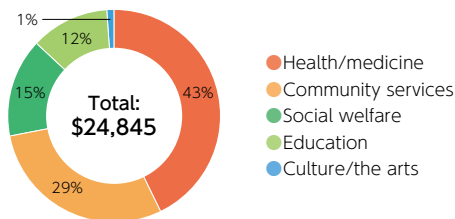
In 1989 Seven-Eleven Japan purchased Southland's (America, currently 7-Eleven, Inc.) Hawaii division and began operations as Seven-Eleven Hawaii Inc. (hereafter SEH). As of December 31, 2013 SEH has 59 stores in Oahu, Maui and other islands.



### Coexisting with local communities

As a good corporate citizen, SEH supports youth, education, welfare and health NPOs and activities. In fiscal 2013 an equivalent of approximately \$150,000 in support was carried out for 94 organizations through fundraising, donations of goods and volunteer activities on the part of SEH customers, member stores, employees and the company.

Monetary donations via Seven-Eleven Hawaii, Inc. (Fiscal 2013)



### Fundraising relief for typhoon in the philippines

A large portion of Seven-Eleven Hawaii employees are of Filipino ancestry and many of them have relatives in the Philippines. Hawaiian businesses (including SEH) and citizens carried out fundraising through February 2014 in support of victims of Typhoon Haiyan, which struck the Philippines in November 2013, collecting \$650,000. These funds were matched by the Consuelo Foundation\*1, for a total of \$1.3 million. The funds were sent to the Filipino Community Center\*2 to be used for emergency foodstuffs, repairs for damaged schools and other necessary support.

\*1 The foundation runs programs in Hawaii and the Philippines that prevent and treat abuse, neglect and the exploitation of children, women and families.

\*2 A center for the support of Filipino culture in Hawaii.

### Support for the elderly

The 7-Eleven Charity Golf Classic is an annual golf tournament fundraiser sponsored by Seven-Eleven Hawaii to raise monies for various charities, started in 1978. In fiscal 2013 the money collected by this charity was donated to Lanakila Meals on Wheels. Hunger among the elderly has become a growing problem in Hawaii. With volunteer support, the Meals on Wheels organization delivers nutritionally balanced wheels to the homes of elderly people throughout Oahu Island.

### Reducing environmental impact

SEH has developed a new initiative labeled the "Energy Smart Program" to reduce energy consumption from FY2012. In 2013, SEH worked with local consultants and Seven-Eleven Japan to further reduce energy consumption. As a result, in fiscal 2013 (the program's second year) energy usage was reduced to 98%, and costs to 96%, over the previous year.

Number of Seven-Eleven Hawaii, Inc. stores, and store operation environmental data

|                    | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 |
|--------------------|-------------|-------------|-------------|
| No. of stores      | 58          | 59          | 59          |
| Energy usage (MWh) | 18,468      | 18,079      | 17,848      |

## Chinese Initiatives

We maintain convenience stores, super stores and other establishments throughout China.

### Business Overview

#### Convenience store business overview

In 2004 Seven-Eleven Japan began full-scale development of convenience store operations in Beijing and Tianjin, China. Afterwards, stores were further expanded to Chengdu, Qingdao and Chongqing.

National policy in China for the modernization of cities has resulted in a reduction in the number of street stalls and other traditional Chinese vendors. Amid this change, Seven Eleven is dedicated to contributing to society and supporting urban lifestyles as a convenient and nearby infrastructural network that provides safe and reliable foods.



#### Super store business overview

Ito Yokado responded to a 1996 appeal from the Chinese government, establishing Hua Tang Yokado Commercial Co., Ltd. in Beijing in September 1997. The company also responded to an appeal from Chengdu City in the Sichuan Province, establishing Chengdu Ito-Yokado Co., Ltd. in Chengdu City in December 1996.

In addition to the safe and reliable foodstuffs and meticulous customer service cultivated in Japan, these companies strive to offer stores from, by and for Chinese people. This includes product and service line-ups tailored to the needs of Chinese customers, and local products and staff sourced from within China.



#### Strengthening chinese operations

In order to create a framework for proactive expansion of business in China, Seven-Eleven (China) Co., Ltd. and Ito-Yokado (China) Investment Co., Ltd. were established in 2012 as presiding (investment) companies over the convenience store business and super store business operating companies.

#### Promoting CSR Activities

In recent years, as a result of rapid economic development, environmental and labor problems have begun to surface in China. Under the guidance of the Chinese government, the creation of CSR initiative guidelines and evaluatory indices, the disclosure of CSR rankings, and general concern over CSR has accelerated. In order to promote ongoing CSR activities and respond to changes in Chinese society, an identical CSR promotion system as in place for Japanese operating companies (p. 7) was introduced in February 2014 for Seven-Eleven (China) Co., Ltd., Ito-Yokado(China) Investment Co., Ltd., and their subsidiary companies.

As part of the formulation of this system the Seven & i Holdings CSR manager visited China to discuss basic CSR philosophy, the CSR Promotion system in Japan and specific CSR activities with Japanese and Chinese executive staff (including the chairmen). Under the new system, the individual Chinese operating companies will promote CSR activities by identifying the specific CSR activities they face and carrying out employee CSR training based on these findings.





• Seven-Eleven Beijing (150 stores), Seven-Eleven Tianjin (56 stores), Seven-Eleven Chengdu (79 stores)

## HR development and support

### Improving skills

Training and promotion of Chinese staff is indispensable when developing stores in China. A variety of policies are in place for developing human resources that possess the extensive experience in store management and advanced communications skills necessary for interacting smoothly with member store owners. It is also important that staff that can bring an insight for improving stores to their work.

Before becoming a company OFC (“Operations Field Consultant,” responsible for sharing multi-faceted advice on ordering, product lineup, employee training and other overall management issues), employees must build up experience working at a training store. At Seven-Eleven Chengdu this career-track training program has been improved. The path from entry to OFC takes 23 months, during which employees train in subjects such as “Four Basic Principles (Friendly Service, Cleanliness, Freshness Management, and Product Lineup),” “Unit Control,” “Employing, Training, Assigning and Evaluating Staff” and “Managerial Indicators.” As part of OFC training, meanwhile, in order to raise OFCs’ ability to improve numbers and solve problems, sessions were established in November 2013 in which persons in charge from each section teach necessary knowledge. In order to improve OFCs’ abilities to assess stores, region-by-region on-site in-store training was also established.

At Seven-Eleven Beijing training is carried out for managers into training workers and communicating smoothly with staff. For headquarter employees, from September to October 2013 a total of seven employees from the merchandising, development, training and accounting departments participated in training at Seven-Eleven Japan on efficient work approaches. In fiscal 2014 training for OFCs on improving communication with member stores was also introduced.



### Fair evaluation and treatment

At all three companies both monthly interview evaluations and yearly evaluations are carried out for employees. During monthly interviews the employees meet with their direct supervisor to discuss achievement of individually set goals. During yearly evaluations, self-assessments are first reviewed by the direct supervisor before a review by and interview with a secondary, higher-level supervisor. Regular training is carried out for managers on monthly evaluation methods, and on determining pay in accordance with these evaluations.

### Improving workplace environments

Seven-Eleven Tianjin is a subsidiary of Seven-Eleven Beijing. An employee consultation email address has been set up at the company to receive employee feedback and help create more conducive work environments. This ensures that in addition to benefiting from the expertise of Seven-Eleven Beijing, there is a working environment in place where employees can freely propose ideas and consult over issues such as company structure, benefits, and interpersonal workplace relationships.

### Promoting women in the workplace

Chinese labor contract law stipulates that both men and women must have full and welcome access to childbirth and childcare leave. In accordance with these laws and with the company’s own merit-based management promotion system, female employees accounted for 58.3% of managers at Seven-Eleven Beijing (excluding officers) as of December 31, 2013. This is a significant increase over the 47.0 % figure of the previous year. Upper level promotion of female employees has also been positive. In November 2012 the first Chinese female board member was appointed at Seven-Eleven Tianjin. In 2013 a female accounting director-general and female HR general-manager at Seven-Eleven Beijing were each appointed as vice-presidents. In February 2014 a female managing director at Seven-Eleven Chengdu was also appointed as a vice-president.

Employee Voices



**Xu Yali**  
Vice-President and  
Managing Director  
Seven-Eleven Chengdu

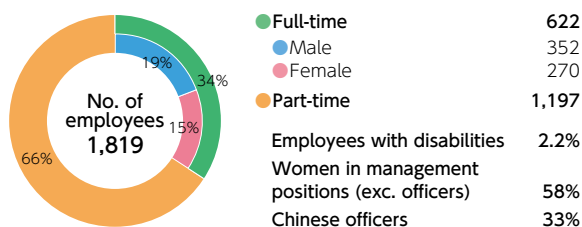
Before joining the company I worked at Chengdu Ito-Yokado Co., Ltd. While there I was able to build up a variety of experience in multiple departments, which has given me confidence in my communication skills. Through work I made a large number of contacts in government, local communities and the media, which I believe allowed me to make significant contributions as Seven-Eleven Chengdu transitioned from establishment to growth. I look forward to continuing to use my amassed experience and connections to their utmost potential, and to working hard with everyone to develop the company and achieve our goal of creating nearby and convenient stores for the residents of Chengdu.

all Seven-Eleven Beijing and Chengdu stores, exceptional examples are also included in the company newsletters distributed to the stores. Additionally, in order to grasp changing customer needs, improve products and sales spaces, and increase customer service skills, store surveys by employees and customer questionnaires are carried out by Seven-Eleven Tianjin and Chengdu stores every year.



Award recipients and managers at Seven-Eleven Chengdu

**Seven-Eleven Beijing employee data (as of December 31, 2013)**



**Increasing customer satisfaction**

Customer feedback centers were established at all three companies to approach product and service improvements from the customers' points of view. The information gathered is divided by subject and then shared with individual departments and stores. At Seven-Eleven Beijing and Tianjin, an in-company "CEO Prize" is also awarded based on positive customer feedback (after application by stores and checking by OFCs and related departments). In order to improve customer service a system is in place at the three companies to award employees that display a high level of store friendliness and professional skill. The purpose of the system is to improve friendliness toward customers, and to increase employee motivation and retention. In order to encourage exceptional customer service at

**Working in harmony with local communities**

Since November 2006 donation boxes have been in place at Seven Eleven Beijing stores to collect funds for donation to the Beijing Afforestation Foundation, a governmentally recognized environmental conservation organization. The foundation uses donations from citizens to plant trees in anti-erosion tracts in Beijing and surrounding areas so as to protect against sandstorms and desertification. Seven Eleven Chengdu's social contributions have also garnered high praise from the industry and Chinese government. In fiscal 2012 the company received a responsible retailer's award from organizations such as the Chengdu Retail Chain Association and Chengdu Chamber of Commerce, and in fiscal 2013 received a yearly award for contribution to the public good.

**Funds Raised**

|             |              |
|-------------|--------------|
| Fiscal 2011 | 148,586 yuan |
| Fiscal 2012 | 164,884 yuan |
| Fiscal 2013 | 112,406 yuan |



## Activities at Seven-Eleven Chengdu

- Since 2012 Seven-Eleven Chengdu has recognized July 11 and November 7 as “7-11 Days,” with activities geared toward contributing to local society and maintaining clean and beautiful city environments. For instance, previous activities have included cleanup drives around stores and headquarters, and distribution of free portable ashtrays to discourage littering.



On 7-11 Days the company explains Seven-Eleven’s commitment to environmental protection to citizens and solicits signatures

- Since 2013 the chairman and employees have visited Benevolence Family, a home for children and youth with intellectual disabilities, on June 1 (Children’s Day) and Christmas. The chairman and employees hand out presents, and form bonds with the children by participating in lessons.



- When the Lushan Earthquake occurred in Ya’an City in the Sichuan Province in April 2013, the company immediately delivered rice balls, meat buns, mineral water and other supplies to the affected area. The fast response was praised in SNS and media outlets.

## Reducing environmental impact

In China growing demand for electricity has led to supply shortages and a sharp rise in electricity fees. This makes electricity conservation vital to corporations, both in order to reduce environmental impact and control costs. In fiscal 2013 Seven-Eleven Beijing rolled out preliminary introduction of LED lighting at two stores. In fiscal 2014 the company plans to introduce LED lighting for all existing stores. Seven Eleven Tianjin has also shown a significant benefit in terms of cost by using LED storefront signage from the same manufacturer as for Seven-Eleven Japan.

In February 2011, the Wang Yang Factory went into operation. The factory is dedicated to production for Seven-Eleven Beijing with joint investment from Seven-Eleven Japan and Warabeya Nichiyo Co., Ltd. The factory is the first in China to receive authorization to produce lunch boxes and is environmentally friendly, with exemplary water and waste treatment facilities. Additionally, excess foodstuffs are used as pig feed. The factory also contributes to the local economy, proactively employing local workers and sourcing ingredients from local suppliers.

### Number of Seven-Eleven Beijing stores and environmental data

|                                     | Fiscal 2011 | Fiscal 2012          | Fiscal 2013       |
|-------------------------------------|-------------|----------------------|-------------------|
| No. of stores                       | 147         | 200                  | 150* <sup>3</sup> |
| Electricity usage (MWh)             | 13,216      | 20,675* <sup>1</sup> | 19,648            |
| Water usage (1,000 m <sup>3</sup> ) | 55          | 82* <sup>2</sup>     | 69                |

\*1 Due to government restrictions on gas usage, in-store kitchens have converted from gas to electricity use. As a result, electricity usage increased in fiscal 2012.

\*2 The data collection method was changed.

\*3 Seven-Eleven Beijing stores within Tianjin City were transferred to Seven-Eleven Tianjing. As a result, the number of stores as of the end of the fiscal year decreased greatly in comparison to fiscal 2012.

• Hua Tang Yokado/Chengdu Ito-Yokado

Promoting chinese employees

Following a general philosophy of ‘localization,’ these companies proactively pursue promotion of Chinese employees. Chinese core workforce and store management systems are in place. As a result, as of December 31, 2013 the ratio of Chinese management (excluding officers) is 94 % at Hua Tang Yokado and 86% at Chengdu Ito-Yokado. Seven of nine Hua Tang Yokado stores and all Chengdu Ito-Yokado stores are operated by Chinese general managers.

Workplace promotion for women in China has also been improving. Women account for 68% of management at Hua Tang Yokado, and 48% at Chengdu Ito-Yokado.

Improving employee skills

A training program is in place to help motivate local workers and allow each employee to succeed to their fullest potential. There are also a variety of awards and inter-employee competitions in place. At Chengdu Ito-Yokado, a training program with outside lectures was also introduced for executive staff to improve communications and leadership skills. Through the program, executive staff reaffirm their role in training their employees and study communication skills for maximizing the individual strengths of the people they manage.

|   |  |
|---|--|
| Results presentations                       | Held once every six-month period. Participants report on individual and department achievements in customer service, sales promotion, cost controls and environmental improvements, with the most exceptional examples receiving awards. |
| Distinguished employee awards               | An award for exemplary employees, partners and tenant employees who contribute significantly to the company.   |
| Sales skills contest                        | Stores compete against each other in areas such as increased holiday sales, with awards given to the top three stores. Store-by-store awards for excellence in five fields.  |
| Business improvement proposal presentations | Proposals for business improvements are solicited, with one person selected from each store/department to present their proposal.  |

Athletic meet to foster employee unity

Since fiscal 2011 Chengdu Ito-Yokado has held a yearly athletic meet for all employees and tenants. Each store forms a team, fostering employee unity by competing in team competitions and cheering each other on. There is also participation from partner company executives and local customers, which helps to foster interaction with these groups.

TOPICS

First Chinese female CEO (President) appointed in May 2014 at Chengdu Ito-Yokado



**Xiaosu Jin**  
CEO  
Chengdu Ito-Yokado

I first entered the company in 1998 as a translator at Chengdu Ito-Yokado Store Number One. My duties involved translating for the managing director, but I was also proactive about proposing ideas that occurred to me while mediating between others at the store. In recognition of my efforts I was promoted to a position responsible for affairs, and continued to move up after that to positions of greater responsibility.

Something I learned from working with Japanese executives is how to approach work in a dedicated and professional manner. The fact that the company recognized and rewarded my dedication deeply impressed both myself and others around me.

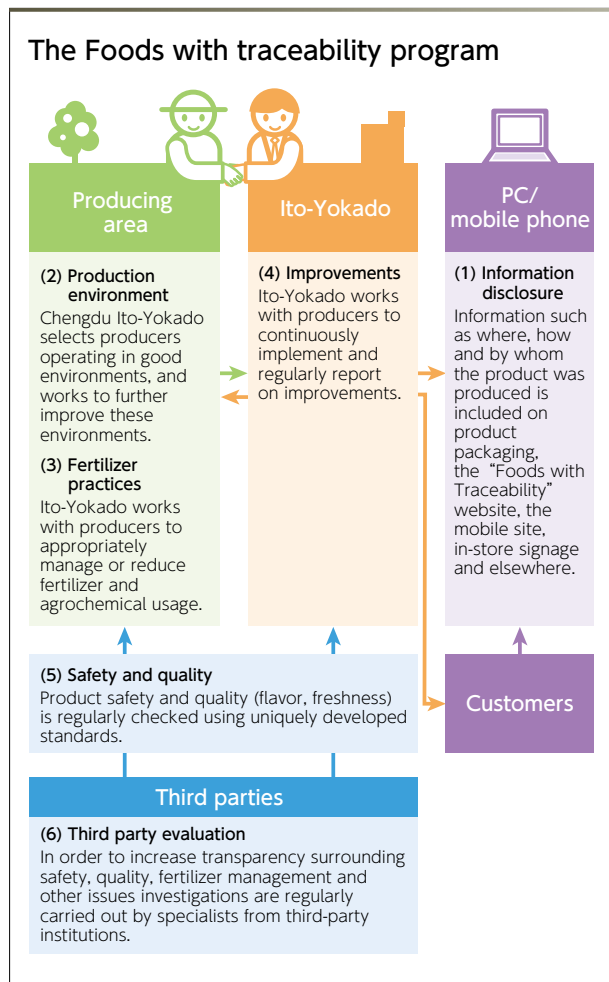
There is no division at Chengdu Ito-Yokado between Chinese and Japanese employees, and all employees are able to express their ideas and discuss matters with each other. Employees can actively make proposals, and take personal involvement and pride in company policies. This is the bedrock behind teamwork and follow-through.

As CEO, I hope to carry on the corporate culture built by my predecessors, and to continue to develop the company as one where employees can feel pride and satisfaction in their work.



## “Foods with Traceability” products

In order to ease growing concerns over food safety in China, in March 2013 Chengdu Ito-Yokado introduced the “Foods with Traceability” (see p.30) concept already in use for products in Japan. Using a dedicated website, customers can learn where, how and by whom the product was raised. The concept has been warmly received, in particular by customers with special concerns over food safety and reliability such as pregnant customers or those with children. As of December 31, 2013 the lineup included 33 vegetable items and 11 fruit items. In January 2014 pork items were also introduced. Chengdu Ito-Yokado is also preparing to introduce products such as cut-fruit, beef and fresh fish to the lineup.



## Utilizing customer feedback

In order to create better products and stores, customer feedback boxes are in place at all stores to collect feedback from customers. Persons in charge of customer feedback at each Hua Tang Yokado store meet every week to share feedback received.

At Chengdu Ito-Yokado, customer feedback collected each week is shared with the relevant departments and stores, and a customer satisfaction committee comprising executive staff from all stores meets every month to address the important feedback received from customers and discuss improvements.

## Reducing environmental impact

In China, the public looks for corporate action to help solve increasingly serious environmental issues. In fiscal 2012 Hua Tang Yokado signed energy conservation target agreements with Beijing City, committing itself to reducing energy usage by 428 tons of SCE. Through careful management of air conditioning temperatures, lighting and other measures the company reduced fuel usage and achieved a reduction of 427 tons. In fiscal 2014 plans are in place to further reduce energy consumption, such as through introduction of LED lighting. Chengdu Ito-Yokado signed similar energy conservation agreements with Chengdu City. Through methods such as switching to LED for basic lighting at the Chunxi store and thorough adherence to electricity usage manuals, the company significantly reduced consumption, with reductions totaling 1,002 tons of SCE. Further capital improvements, such as the introduction of more LED lighting, will be made in fiscal 2014. In-store energy conservation action teams will also be formed from the headquarters energy conservation project, to explore and implement further reductions of environmental impact.

### Hua Tang Yokado environmental data

|                                     | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 |
|-------------------------------------|-------------|-------------|-------------|
| No. of stores at end of period      | 8           | 8           | 9           |
| Energy usage (MWH)                  | 55,847      | 54,609      | 56,232      |
| Water usage (1,000 m <sup>3</sup> ) | 413         | 360         | 359         |

### Chengdu Ito-Yokado environmental data

|                                     | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 |
|-------------------------------------|-------------|-------------|-------------|
| No. of stores at end of period      | 5           | 5           | 5           |
| Energy usage (MWH)                  | 61,378      | 84,226      | 77,169      |
| Water usage (1,000 m <sup>3</sup> ) | 571         | 674         | 761         |

# Awards and Recognition by Outside Parties

## Major Awards and Recognition in FY 2013

| Title of recognition of award  | Organizer or awarding organization   | Reason for recognition  | Recipient   |
|--|--|---|---|
| 1st place, NICES ranking of Japanese corporations  | Nikkei Inc.  | A comprehensive ranking of five indices including investors, consumers, employees, society and potential.   | Seven & i Holdings Co., Ltd.                                |
| 2013 35th Awards for Excellent Corporations in the Food Industry, Minister of Agriculture, Forestry and Fisheries Prize                  | Japan Food Industry Association and the Organization of Food-Marketing Structure Improvement | In recognition of Seven Farm initiatives, involving installations carried out since 2008 for environmentally friendly circular farming.   | Ito-Yokado Co., Ltd.  |
| 17th Nikkei Environmental Management Survey, retailers/dining division, 2nd place  | Nikkei Inc.  | In recognition of store-by-store environmental promotion systems, and the use of customer and employee feedback in pursuing initiatives.  | Sogo & Seibu Co., Ltd.                                      |
| Green IT Awards 2013, Commerce and Information Policy Bureau Director-General Award for Energy Conservation through the Use of IT        | Green IT Promotion Council   | Electricity use visualization system and "smart" distribution board   | Seven-Eleven Japan Co., Ltd.                                |
| 2013 7th Awards for Excellent Corporations in Consumer Product Safety Measures, large-scale retail sales division, METI Minister's Award | Ministry of Economy, Trade and Industry  | In recognition of company-specific quality standards for product safety, and propagation of standards to group companies and suppliers; strengthening of factory inspections through use of third-party inspection agencies; creation of a system for swift cooperation in the event of a recall on the part of suppliers, etc. | Ito-Yokado Co., Ltd.  |
| Kids Design Award 2013   | NPO Kids Design Association  | For designs that contribute to the safe and healthy growth and development of children, in recognition of two products from the Denny's low-allergen menu and three (baby toothbrushes, etc.) from Akachan Honpo.   | Seven & i Food Systems Co., Ltd.<br>Akachan Honpo Co., Ltd. |
| Empowerment Grand Prize  | Japan Productivity Center Working Women's Empowerment Forum                                  | In recognition of proactive promotion of female officers, store managers, etc., and store management, cross-group events and other initiatives focusing on women.   | Seven & i Holdings Co., Ltd.                                |
| 2013 ECO Drive Contest MVP Award   | Oita Prefecture  | In recognition of operations field consultants (OFCs) in northern and southern Oita reducing vehicle payloads and avoiding accidents and infractions.   | Seven-Eleven Japan Co., Ltd.                                |
| Chiyoda Ward Global Warming Action Plan Program MVP Award  | Chiyoda Ward, Tokyo  | In recognition of energy-saving initiatives carried out in cooperation with customers, such as water sprinkling and green curtains, environmental education, and community contributions.   | Sogo & Seibu Co., Ltd.                                      |

## Major Acknowledgements Related to SRI (Socially Responsible Investing) (as of September 26, 2014)

Seven and i Holdings was included in the following SRI indexes.



Dow Jones Sustainability Index:  
Member of DJSI Asia-Pacific



Morningstar  
Socially Responsible  
Investment Index



ETHIBEL  
Excellence  
Reconfirmed since  
July 18, 2013



ETHIBEL  
Sustainability  
Index Global  
Reconfirmed since  
September 22, 2014

# GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Seven & i Holdings Co., Ltd.



**BUREAU  
VERITAS**

August 29, 2014

Bureau Veritas Japan Co., Ltd.  
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Seven & i Holdings Co., Ltd. (Seven & i) to conduct verification to a limited level of assurance of the greenhouse gas (GHG) emissions reported by Seven & i in its CSR Report 2014.

## 1. Scope of Verification

Seven & i requested Bureau Veritas to verify the accuracy of the following GHG information:

• Scope 1 and Scope 2 emissions:

CO2 emissions from energy use through the following store operations within Japan, U.S.A (excluding stores operated by domestic licensees of 7-Eleven, Inc.) and Canada:

| Name of company                  | Number of stores covered within scope | Reporting period covered                  |
|----------------------------------|---------------------------------------|---|
| Seven-Eleven Japan Co., Ltd.     | 16,319                                | March 1, 2013 through February 28, 2014   |
| Ito-Yokado Co., Ltd.             | 182                                   | April 1, 2013 through March 31, 2014      |
| York-Benimaru Co., Ltd.          | 191                                   |   |
| Sogo & Seibu Co., Ltd.           | 24                                    |   |
| Seven & i Food Systems Co., Ltd. | 595                                   |   |
| York Mart Co., Ltd.              | 76                                    |   |
| THE LOFT CO., LTD.               | 78                                    |   |
| AKACHANHONPO CO., LTD.           | 97                                    |   |
| SHELL GARDEN CO., LTD.           | 22                                    | January 1, 2013 through December 31, 2013 |
| 7-Eleven, Inc.                   | 8,292                                 |   |

## 2. Methodology

Bureau Veritas conducted the verification in accordance with the requirements of the international standard 'ISO 14064-3(2006): Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions'.

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of Seven & i responsible for the identification and calculation of GHG emissions;
- Review of Seven & i's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

## 3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of the GHG emissions from activities within the scope of work
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Seven & i.

| Verified greenhouse gas emissions      |  |
|--|--|
| Scope 1<br>128,342 t-CO <sub>2</sub> e | Scope 2<br>3,439,021 t-CO <sub>2</sub> e |

### [Statement of independence, impartiality and competence]

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services. No member of the verification team has a business relationship with Seven & i, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.

# GRI Guidelines G4/ISO 26000 Content Index

Information is included in this report for standard items under GRI (Global Reporting Initiative) G4 Sustainability Reporting Guidelines.

There are also entries corresponding to the seven core subjects defined under ISO 26000: Guidance on Social Responsibility.

| GRI Items   | GRI Index  | ISO26000:2010  | Page to Refer  |
|---|--|--|--|
| <b>GENERAL STANDARD DISCLOSURES</b>               |  | <b>7.2</b>   | <b>The relationship of an organization's characteristics to social responsibility</b>  |
| Strategy and Analysis                             |  | 4.7<br>6.2<br>7.4.2  | Respect for international norms of behaviour<br>Organizational governance<br>Setting the direction of an organization for social responsibility  |
| G4-1  | Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.   |  | Messages from the CEO and COO (3)  |
| G4-2  | Description of key impacts, risks, and opportunities.  |  | Messages from the CEO and COO (3)<br>Identifying Material Issues (9-18)<br>Material Issues Facing Seven & i Holdings (19-20)<br>Providing Social Infrastructure for an Aging Society and Declining Population (21-22)<br>Providing Safety and Reliability through Products and Stores (27-28)<br>Non-Wasteful Usage of Products, Ingredients and Energy (37-38)<br>Supporting the Active Role of Women, Youth and Seniors Across the Group and in Society (45-46)<br>Building an Ethical Society and Improving Resource Sustainability together with Customers and Business Partners (55-56) |
| Organizational Profile                            |  | 6.3.10<br>6.4.1-6.4.2<br>6.4.3<br>6.4.4<br>6.4.5<br>6.8.5<br>7.8 | Fundamental principles and rights at work<br>Labour practices<br>Employment and employment relationships<br>Employment and employment relationships<br>Social dialogue<br>Employment creation and skills development<br>Voluntary initiatives for social responsibility  |
| G4-3  | Name of the organization.  |  | Corporate Data (1)   |
| G4-4  | Primary brands, products, and/or services.   |  | Corporate Data (1)   |
| G4-5  | Location of organization's headquarters.   |  | Corporate Data (1)   |
| G4-6  | Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.   |  | Overseas Initiatives (65)  |
| G4-7  | Nature of ownership and legal form.  |  | Corporate Data (1)<br>About the CSR Report (2)   |
| G4-8  | markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).   |  | Corporate Data (1)   |
| G4-9  | scale of the organization  |  | Corporate Data (1)<br>Revenue from Operations and Operating Income (1)<br>Revenue from Operations (1)<br>Net Sales (1)<br>Consolidated Employees (1)   |
| G4-10   | <ul style="list-style-type: none"> <li>- Total number of employees by employment contract and gender.</li> <li>- Total number of permanent employees by employment type and gender.</li> <li>- Total workforce by employees and supervised workers and by gender.</li> <li>- Total workforce by region and gender.</li> <li>- Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</li> <li>- Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</li> </ul> |  | Corporate Data (1)<br>Consolidated employees (1)<br>CSR Data   |
| G4-11   | percentage of total employees covered by collective bargaining agreements.   |  | Sound labor-management relations (52)  |
| G4-12   | organization's supply chain.   |  |  |
| G4-13   | Any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain/  |  |  |
| <b>COMMITMENTS TO EXTERNAL INITIATIVES</b>        |  |  |  |
| G4-14   | Whether and how the precautionary approach or principle is addressed by the organization.  |  | Strengthening Corporate Governance and CSR Management>Risk Management Committee (6)  |
| G4-15   | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.  |  | Messages from the CEO and COO (3)<br>About the CSR Report (2)  |
| G4-16   | Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization   |  |  |
| <b>Identified Material Aspects and Boundaries</b> |  | 5.2<br>7.3.2<br>7.3.3<br>7.3.4                                   | Recognizing social responsibility<br>Determining relevance and significance of core subjects and issues to an organization<br>An organization's sphere of influence<br>Establishing priorities for addressing issues   |
| G4-17   | <ul style="list-style-type: none"> <li>- All entities included in the organization's consolidated financial statements or equivalent documents.</li> <li>- Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.</li> </ul>  |  | Corporate Data (1)<br>About the CSR Report (2)   |
| G4-18   | <ul style="list-style-type: none"> <li>- Process for defining the report content and the Aspect Boundaries.</li> <li>- How the organization has implemented the Reporting Principles for Defining Report Content.</li> </ul>   |  | Identifying Material Issues (9-18)   |
| G4-19   | Material Aspects identified in the process for defining report content.  |  | Material Issues Facing Seven & i Holdings (19-20)  |
| G4-20   | For each material Aspect, report the Aspect Boundary within the organization.  |  | Identifying Material Issues (9-18)   |
| G4-21   | For each material Aspect, report the Aspect Boundary outside the organization.   |  | Identifying Material Issues (9-18)   |
| G4-22   | Effect of any restatements of information provided in previous reports, and the reasons for such restatements.   |  | Not Applicable   |
| G4-23   | Significant changes from previous reporting periods in the Scope and Aspect Boundaries.  |  | About the CSR Report (2)   |
| <b>Stakeholder Engagement</b>                     |  | <b>5.3</b>   | <b>Stakeholder identification and engagement</b>   |
| G4-24   | Stakeholder groups engaged by the organization.  |  | CSR policies (4)   |
| G4-25   | Basis for identification and selection of stakeholders with whom to engage.  |  | Identifying Material Issues (9-18)   |



| GRI Items  | GRI Index   | ISO26000:2010         | Page to Refer  |
|--|---|-----------------------|--|
| G4-26  | Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.  |                       | Identifying Material Issues (9-18)   |
| G4-27  | Topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.  |                       | Identifying Material Issues (9-18)   |
|  | <b>Report Profile</b>   | 7.5.3<br>7.6.2        | Types of communication on social responsibility<br>Enhancing the credibility of reports and claims about social responsibility                 |
| G4-28  | Reporting period (such as fiscal or calendar year) for information provided.  |                       | About the CSR Report (2)   |
| G4-29  | Date of most recent previous report (if any).   |                       | About the CSR Report (2)   |
| G4-30  | Reporting cycle (such as annual, biennial)  |                       | About the CSR Report (2)   |
| G4-31  | Contact point for questions regarding the report or its contents.   |                       |  |
| <b>GRI CONTENT INDEX</b>   |   |                       |  |
| G4-32  | - 'In accordance' option the organization has chosen.<br>- GRI Content Index for the chosen option (see tables below).<br>- Reference to the External Assurance Report, if the report has been externally assured.  |                       | GRI Guidelines G4/ISO 26000 Content Index (79-84)  |
| <b>ASSURANCE</b>   |   |                       |  |
| G4-33  | - Organization's policy and current practice with regard to seeking external assurance for the report.<br>- If not included in the assurance report accompanying the sustainability report, scope and basis of any external assurance provided.<br>- Relationship between the organization and the assurance providers.<br>- Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.   |                       | Greenhouse Gas Emission Verification Statement (78)  |
|  | <b>Governance</b>   | 6.2<br>7.4.3<br>7.7.5 | Organizational governance<br>Building social responsibility into an organization's governance, systems and procedures<br>Improving performance |
| <b>GOVERNANCE STRUCTURE AND COMPOSITION</b>  |   |                       |  |
| G4-34  | Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.  |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-35  | Process for delegating authority for economic, environmental and social topics from the highest   |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-36  | whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.   |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-37  | whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.   |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-38  | Composition of the highest governance body and its committees   |                       |  |
| G4-39  | Whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).  |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-40  | Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.  |                       |  |
| G4-41  | processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum  |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| <b>HIGHEST GOVERNANCE BODY'S ROLE IN SETTING PURPOSE, VALUES, AND STRATEGY</b>                     |   |                       |  |
| G4-42  | Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.  |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| <b>HIGHEST GOVERNANCE BODY'S COMPETENCIES AND PERFORMANCE EVALUATION</b>                           |   |                       |  |
| G4-43  | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.  |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-44  | - Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.<br>- Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice. |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| <b>HIGHEST GOVERNANCE BODY'S ROLE IN RISK MANAGEMENT</b>   |   |                       |  |
| G4-45  | - Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.<br>- Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.   |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-46  | - Highest governance body's role in reviewing the effectiveness of the organization's risk  |                       | Strengthening Corporate Governance and CSR Management (5-8)  |
| G4-47  | - Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.  |                       |  |
| <b>HIGHEST GOVERNANCE BODY'S ROLE IN SUSTAINABILITY REPORTING</b>                                  |   |                       |  |
| G4-48  | - Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.  |                       |  |
| <b>HIGHEST GOVERNANCE BODY'S ROLE IN EVALUATING ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE</b> |   |                       |  |
| G4-49  | - Process for communicating critical concerns to the highest governance body  |                       |  |
| G4-50  | - Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.   |                       |  |
| <b>REMUNERATION AND INCENTIVES</b>   |   |                       |  |
| G4-51  | Remuneration policies for the highest governance body and senior executives for the below types of remuneration.  |                       |  |
| G4-52  | Process for determining remuneration.   |                       |  |
| G4-53  | How stakeholders' views are sought and taken into account regarding remuneration  |                       |  |

# GRI Guidelines G4/ISO 26000 Content Index

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| G4-54                       | Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.  |               |   |
| G4-55                       | Ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country |               |   |
| <b>Ethics and Integrity</b> |   | 4.4<br>6.6.3  | Ethical behaviour<br>Anti-corruption                    |
| G4-56                       | Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.  |               | CSR policies (4)  |
| G4-57                       | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.   |               | Business Partner Consultation Helpline (60)             |
| G4-58                       | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.   |               | CSR Data<br>Business Partner Consultation Helpline (60) |

| SPECIFIC STANDARD DISCLOSURES              |   |  |   |
|--|---|--|---|
| GENERIC DISCLOSURES ON MANAGEMENT APPROACH |   |  |   |
| GM-DMA                                     | Why the Aspect is material.   | 6<br>7.3.1<br>7.4.3<br><br>7.7.3<br>7.7.5                                      | Guidance on social responsibility core subjects<br>Due diligence<br>Building social responsibility into an organization's governance, systems and procedures<br>Reviewing an organization's progress and performance on social responsibility<br>Improving performance                                  |
| <b>CATEGORY: ECONOMIC</b>                  |   |  |   |
| Aspect: Economic Performance               |   |  |   |
| G4-EC1                                     | Direct economic value generated AND DISTRIBUTED   | 6.8.1-6.8.2<br>6.8.3<br>6.8.7<br>6.8.9   | Community involvement and development<br>Community involvement<br>Wealth and income creation<br>Social investment   |
| G4-EC2                                     | Financial implications and other risks and opportunities for the organization's activities due to climate change                          | 6.5.5  | Climate change mitigation and adaptation  |
| G4-EC3                                     | Coverage of the organization's defined benefit plan obligations   | 6.8.7  | Wealth and income creation  |
| G4-EC4                                     | Financial assistance received from government   |  |   |
| Aspect: Market Presence                    |   |  |   |
| G4-EC5                                     | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation                        | 6.3.7<br>6.3.10<br>6.4.3<br>6.4.4<br>6.8.1-6.8.2                               | Discrimination and vulnerable groups<br>Fundamental principles and rights at work<br>Employment and employment relationships<br>Conditions of work and social protection<br>Community involvement and development   |
| G4-EC6                                     | Proportion of senior management hired from the local community at significant locations of operat   | 6.4.3<br>6.8.1-6.8.2<br>6.8.5<br>6.8.7   | Employment and employment relationships<br>Community involvement and development<br>Employment creation and skills development<br>Wealth and income creation  |
| Aspect: Indirect Economic Impacts          |   |  |   |
| G4-EC7                                     | Development and impact of infrastructure investments and services supported   | 6.3.9<br>6.8.1-6.8.2<br>6.8.7<br>6.8.9   | Economic, social and cultural rights<br>Community involvement and development<br>Wealth and income creation<br>Social investment  |
| G4-EC8                                     | Significant indirect economic impacts, including the extent of impacts  | 6.3.9<br>6.6.6<br><br>6.6.7<br>6.7.8<br>6.8.1-6.8.2<br>6.8.5<br>6.8.7<br>6.8.9 | Economic, social and cultural rights<br>Promoting social responsibility in the value chain<br><br>Respect for property rights<br>Access to essential services<br>Community involvement and development<br>Employment creation and skills development<br>Wealth and income creation<br>Social investment |
| Aspect: Procurement Practices              |   |  |   |
| G4-EC9                                     | Proportion of spending on local suppliers at significant locations of operation   | 6.4.3<br>6.6.6<br><br>6.8.1-6.8.2<br>6.8.7                                     | Employment and employment relationships<br>Promoting social responsibility in the value chain<br><br>Community involvement and development<br>Wealth and income creation  |
| <b>CATEGORY: ENVIRONMENTAL</b>             |   |  |   |
| Aspect: Materials                          |   |  |   |
| G4-EN1                                     | Materials used by weight or volume  | 6.5.4  | Sustainable resource use  |
| G4-EN2                                     | Percentage of materials used that are recycled input materials  | 6.5.4  | Sustainable resource use  |
| Aspect: Energy                             |   |  |   |
| G4-EN3                                     | Energy consumption within the organization  | 6.5.4  | Sustainable resource use  |
| G4-EN4                                     | Energy consumption outside of the organization  | 6.5.4  | Sustainable resource use  |
| G4-EN5                                     | Energy intensity  | 6.5.4  | Sustainable resource use  |
| G4-EN6                                     | Reduction of energy consumption   | 6.5.4<br>6.5.5   | Sustainable resource use<br>Climate change mitigation and adaptation  |
| G4-EN7                                     | Reductions in energy requirements of products and services  | 6.5.4<br>6.5.5   | Sustainable resource use<br>Climate change mitigation and adaptation  |
| Aspect: Water                              |   |  |   |
| G4-EN8                                     | Total water withdrawal by source  | 6.5.4  | Sustainable resource use  |
| G4-EN9                                     | Water sources significantly affected by withdrawal of water   | 6.5.4  | Sustainable resource use  |
| G4-EN10                                    | Percentage and total volume of water recycled and reused  | 6.5.4  | Sustainable resource use  |
| Aspect: Biodiversity                       |   |  |   |
| G4-EN11                                    | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 6.5.6  | Protection of the environment, biodiversity and restoration of natural habitats   |

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| G4-EN12  | Description on significant impacts on activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas                                     | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats  |  |
| G4-EN13  | Habitats protected or restored   | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats  | Sustainable Forest Conservation Activities (61)  |
| G4-EN14  | Total number of IUCN red list species and national conservation list species With habitats in areas affected by operations, by level of extinction risk  | 6.5.6 Protection of the environment, biodiversity and restoration of natural habitats  |  |
| Aspect: Emissions                                    |  |  |  |
| G4-EN15  | Direct greenhouse gas (GHG) emissions (SCOPE 1)  | 6.5.5 Climate change mitigation and adaptation   | Attaining an Appropriate Grasp of Environmental Impact (39)<br>Greenhouse Gas Emission Verification Statement (78)<br>CSR Data                                       |
| G4-EN16  | Energy indirect greenhouse gas (GHG) emissions (SCOPE 2)   | 6.5.5 Climate change mitigation and adaptation   | Attaining an Appropriate Grasp of Environmental Impact (39)<br>Reducing environmental impact (66)<br>Greenhouse Gas Emission Verification Statement (78)<br>CSR Data |
| G4-EN17  | Other indirect greenhouse gas (GHG) emissions (SCOPE 3)  | 6.5.5 Climate change mitigation and adaptation   | Reducing CO <sub>2</sub> Emissions from Logistics Operations (42)<br>CSR Data  |
| G4-EN18  | Greenhouse gas (GHG) emissions intensity   | 6.5.5 Climate change mitigation and adaptation   |  |
| G4-EN19  | Reduction of greenhouse gas (GHG) emissions  | 6.5.5 Climate change mitigation and adaptation   | Attaining an Appropriate Grasp of Environmental Impact (39)<br>Reducing CO <sub>2</sub> Emissions from Logistics Operations (42)<br>CSR Data                         |
| G4-EN20  | Emissions of ozone-depleting substances (ODS)  | 6.5.3 Prevention of pollution<br>6.5.5 Climate change mitigation and adaptation  | Management of CFCs (41)  |
| G4-EN21  | Nox, Sox, and other significant air emissions  | 6.5.3 Prevention of pollution  |  |
| Aspect: Effluents and Waste                          |  |  |  |
| G4-EN22  | Total water discharge by quality and destination   | 6.5.3 Prevention of pollution<br>6.5.4 Sustainable resource use  |  |
| G4-EN23  | Total weight of waste by type and disposal method  | 6.5.3 Prevention of pollution  | Promoting Food Recycling (43)<br>Reducing Packaging Materials, etc. (44)<br>CSR Data   |
| G4-EN24  | Total number and volume of significant spills  | 6.5.3 Prevention of pollution  |  |
| G4-EN25  | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | 6.5.3 Prevention of pollution  |  |
| G4-EN26  | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff                                    | 6.5.3 Prevention of pollution<br>6.5.4 Sustainable resource use<br>6.5.6 Protection of the environment, biodiversity and restoration of natural habitats |  |
| Aspect: Products and Services                        |  |  |  |
| G4-EN27  | Extent of impact mitigation of environmental impacts of products and services  | 6.5.3 Prevention of pollution<br>6.5.4 Sustainable resource use<br>6.5.5 Climate change mitigation and adaptation<br>6.7.5 Sustainable consumption       | Reducing CO <sub>2</sub> Emissions at Stores (40-41)<br>CSR Data   |
| G4-EN28  | Percentage of products sold and their packaging materials that are reclaimed by category   | 6.5.3 Prevention of pollution<br>6.5.4 Sustainable resource use<br>6.7.5 Sustainable consumption   | Promoting Food Recycling (43)<br>Reducing Packaging Materials, etc. (44)   |
| Aspect: Compliance                                   |  |  |  |
| G4-EN29  | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance With environmental laws and regulations  | 4.6 Respect for the rule of law  |  |
| Aspect: Transport                                    |  |  |  |
| G4-EN30  | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce  | 6.5.4 Sustainable resource use<br>6.6.6 Promoting social responsibility in the value chain   | Reducing CO <sub>2</sub> Emissions from Logistics Operations (42)  |
| Aspect: Overall                                      |  |  |  |
| G4-EN31  | Total environmental protection expenditures and investments by type  | 6.5.1-6.5.2 The environment  |  |
| Aspect: Supplier Environmental Assessment            |  |  |  |
| G4-EN32  | Percentage of new suppliers that were screened using environmental criteria  | 6.3.5 Avoidance of complicity<br>6.6.6 Promoting social responsibility in the value chain<br>7.3.1 Due diligence   |  |
| G4-EN33  | Significant actual and potential negative environmental impacts in the supply chain and actions taken  | 6.3.5 Avoidance of complicity<br>6.6.6 Promoting social responsibility in the value chain<br>7.3.1 Due diligence   | Strengthening Implementation of Business Partner Action Guidelines (59-62)   |
| Aspect: Environmental Grievance Mechanisms           |  |  |  |
| G4-EN34  | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms  | 6.3.6 Resolving grievances   |  |
| <b>CATEGORY: SOCIAL</b>                              |  |  |  |
| <b>SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK</b> |  |  |  |
| Aspect: Employment                                   |  |  |  |
| G4-LA1   | Total number and rates of new employee hires and employee turnover by age group, gender and region   | 6.4.3 Employment and employment relationships  |  |
| G4-LA2   | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation  | 6.4.4 Conditions of work and social protection<br>6.8.7 Wealth and income creation   |  |
| G4-LA3   | Return to work and retention rates after parental leave, by gender   | 6.4.4 Conditions of work and social protection   | Achieving a Work-life Balance (49)   |
| Aspect: Labor/Management Relations                   |  |  |  |
| G4-LA4   | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements   | 6.4.3 Employment and employment relationships<br>6.4.5 Social dialogue   |  |
| Aspect: Occupational Health and Safety               |  |  |  |
| G4-LA5   | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs                             | 6.4.6 Health and safety at work  | Assuring Consideration of Worker Health and Safety (52)  |
| G4-LA6   | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender  | 6.4.6 Health and safety at work<br>6.8.8 Health  | CSR Data   |
| G4-LA7   | Workers with high incidence or high risk of diseases related to their occupation   | 6.4.6 Health and safety at work<br>6.8.8 Health  |  |
| G4-LA8   | Health and safety topics covered in formal agreements with trade unions  | 6.4.6 Health and safety at work  |  |
| Aspect: Training and Education                       |  |  |  |
| G4-LA9   | Average hours of training per year per employee by gender, and by employee category  | 6.4.7 Human development and training in the workplace  |  |

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| G4-LA10   | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings   | 6.4.7<br>6.8.5   | Human development and training in the workplace<br>Employment creation and skills development  | Assuring Fair Assessment and Treatment of Employees (51)                   |
| G4-LA11   | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category  | 6.4.7  | Human development and training in the workplace  |  |
| <b>Aspect: Diversity and Equal Opportunity</b>                  |   |  |  |  |
| G4-LA12   | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity                                    | 6.2.3<br>6.3.7<br>6.3.10<br>6.4.3                            | Decision-making processes and structures<br>Discrimination and vulnerable groups<br>Fundamental principles and rights at work<br>Employment and employment relationships   | Consolidated Employees (1)   |
| <b>Aspect: Equal Remuneration for Women and Men</b>             |   |  |  |  |
| G4-LA13   | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation  | 6.3.7<br>6.3.10<br>6.4.3<br>6.4.4                            | Discrimination and vulnerable groups<br>Fundamental principles and rights at work<br>Employment and employment relationships<br>Conditions of work and social protection   |  |
| <b>Aspect: Supplier Assessment for Labor Practices</b>          |   |  |  |  |
| G4-LA14   | Percentage of new suppliers that were screened using labor practices criteria   | 6.3.5<br>6.4.3<br>6.6.6<br>7.3.1                             | Avoidance of complicity<br>Employment and employment relationships<br>Promoting social responsibility in the value chain<br>Due diligence  |  |
| G4-LA15   | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken   | 6.3.5<br>6.4.3<br>6.6.6<br>7.3.1                             | Avoidance of complicity<br>Employment and employment relationships<br>Promoting social responsibility in the value chain<br>Due diligence  | Strengthening Implementation of Business Partner Action Guidelines (59-62) |
| <b>Aspect: Labor Practices Grievance Mechanisms</b>             |   |  |  |  |
| G4-LA16   | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms   | 6.3.6  | Resolving grievances   |  |
| <b>SUB-CATEGORY: HUMAN RIGHTS</b>                               |   |  |  |  |
|   |   | 4.8<br>6.3.1-6.3.2   | Respect for human rights<br>Human rights   |  |
| <b>Aspect: Investment</b>                                       |   |  |  |  |
| G4-HR1  | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening   | 6.3.3<br>6.3.5<br>6.6.6                                      | Due diligence<br>Avoidance of complicity<br>Promoting social responsibility in the value chain   |  |
| G4-HR2  | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained                         | 6.3.5  | Avoidance of complicity  |  |
| <b>Aspect: Non-discrimination</b>                               |   |  |  |  |
| G4-HR3  | Total number of incidents of discrimination and corrective actions taken  | 6.3.6<br>6.3.7<br>6.3.10<br>6.4.3                            | Resolving grievances<br>Discrimination and vulnerable groups<br>Fundamental principles and rights at work<br>Employment and employment relationships   |  |
| <b>Aspect: Freedom of Association and Collective Bargaining</b> |   |  |  |  |
| G4-HR4  | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights            | 6.3.3<br>6.3.4<br>6.3.5<br>6.3.8<br>6.3.10<br>6.4.5<br>6.6.6 | Due diligence<br>Human rights risk situations<br>Avoidance of complicity<br>Civil and political rights<br>Fundamental principles and rights at work<br>Social dialogue<br>Promoting social responsibility in the value chain                 |  |
| <b>Aspect: Child Labor</b>                                      |   |  |  |  |
| G4-HR5  | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor   | 6.3.3<br>6.3.4<br>6.3.5<br>6.3.7<br>6.3.10<br>6.6.6<br>6.8.4 | Due diligence<br>Human rights risk situations<br>Avoidance of complicity<br>Discrimination and vulnerable groups<br>Fundamental principles and rights at work<br>Promoting social responsibility in the value chain<br>Education and culture |  |
| <b>Aspect: Forced or Compulsory Labor</b>                       |   |  |  |  |
| G4-HR6  | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor. | 6.3.3<br>6.3.4<br>6.3.5<br>6.3.10<br>6.6.6                   | Due diligence<br>Human rights risk situations<br>Avoidance of complicity<br>Fundamental principles and rights at work<br>Promoting social responsibility in the value chain  |  |
| <b>Aspect: Security Practices</b>                               |   |  |  |  |
| G4-HR7  | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations  | 6.3.4<br>6.3.5<br>6.6.6                                      | Human rights risk situations<br>Avoidance of complicity<br>Promoting social responsibility in the value chain  |  |
| <b>Aspect: Indigenous Rights</b>                                |   |  |  |  |
| G4-HR8  | Total number of incidents of violations involving rights of indigenous peoples and actions taken  | 6.3.4<br>6.3.6<br>6.3.7<br>6.3.8<br>6.6.7<br>6.8.3           | Human rights risk situations<br>Resolving grievances<br>Discrimination and vulnerable groups<br>Civil and political rights<br>Respect for property rights<br>Community involvement   |  |
| <b>Aspect: Assessment</b>                                       |   |  |  |  |
| G4-HR9  | Total number and percentage of operations that have been subject to human rights reviews or impact assessments  | 6.3.3<br>6.3.4<br>6.3.5                                      | Due diligence<br>Human rights risk situations<br>Avoidance of complicity   |  |
| <b>Aspect: Supplier Human Rights Assessment</b>                 |   |  |  |  |
| G4-HR10   | Percentage of new suppliers that were screened using human rights criteria  | 6.3.3<br>6.3.4<br>6.3.5<br>6.6.6                             | Due diligence<br>Human rights risk situations<br>Avoidance of complicity<br>Promoting social responsibility in the value chain   |  |
| G4-HR11   | Significant actual and potential negative human rights impacts in the supply chain and actions taken  | 6.3.3<br>6.3.4<br>6.3.5<br>6.6.6                             | Due diligence<br>Human rights risk situations<br>Avoidance of complicity<br>Promoting social responsibility in the value chain   | Strengthening implementation of Business Partner Action Guidelines (59-62) |



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| Aspect: Human Rights Grievance Mechanisms           |   |  |   |
| G4-HR12   | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms  | 6.3.6  | Resolving grievances  |
| SUB-CATEGORY: SOCIETY                               |   |  |   |
| Aspect: Local Communities                           |   |  |   |
| G4-SO1  | Percentage of operations With implemented local community engagement, impact assessments, and development programs  | 6.3.9<br>6.5.1-6.5.2<br>6.5.3<br>6.8                   | Economic, social and cultural rights<br>The environment<br>Prevention of pollution<br>Community involvement and development   |
| G4-SO2  | Operations with significant actual and potential negative impacts on local communities  | 6.3.9<br>6.5.3<br>6.8                                  | Economic, social and cultural rights<br>Prevention of pollution<br>Community involvement and development  |
| Aspect: Anti-corruption                             |   |  |   |
| G4-SO3  | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified   | 6.6.1-6.6.2<br>6.6.3                                   | Fair operating practices<br>Anti-corruption   |
| G4-SO4  | Communication and training on anti-corruption policies and procedures   | 6.6.1-6.6.2<br>6.6.3<br>6.6.6                          | Fair operating practices<br>Anti-corruption<br>Promoting social responsibility in the value chain   |
| G4-SO5  | Confirmed incidents of corruption and actions taken   | 6.6.1-6.6.2<br>6.6.3                                   | Fair operating practices<br>Anti-corruption   |
| Aspect: Public Policy                               |   |  |   |
| G4-SO6  | Total value of political contributions by country and recipient/beneficiary   | 6.6.1-6.6.2<br>6.6.4                                   | Fair operating practices<br>Responsible political involvement   |
| Aspect: Anti-competitive Behavior                   |   |  |   |
| G4-SO7  | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes  | 6.6.1-6.6.2<br>6.6.5<br>6.6.7                          | Fair operating practices<br>Fair competition<br>Respect for property rights   |
| Aspect: Compliance                                  |   |  |   |
| G4-SO8  | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations   | 4.6  | Respect for the rule of law   |
| Aspect: Supplier Assessment for Impacts on Society  |   |  |   |
| G4-SO9  | Percentage of new suppliers that were screened using criteria for impacts on society  | 6.3.5<br>6.6.1-6.6.2<br>6.6.6<br>6.8.1-6.8.2<br>7.3.1  | Avoidance of complicity<br>Fair operating practices<br>Promoting social responsibility in the value chain<br>Community involvement and development<br>Due diligence   |
| G4-SO10   | Significant actual and potential negative impacts on society in the supply chain and actions taken  | 6.3.5<br>6.6.1-6.6.2<br>6.6.6<br>6.8.1-6.8.2<br>7.3.1  | Avoidance of complicity<br>Fair operating practices<br>Promoting social responsibility in the value chain<br>Community involvement and development<br>Due diligence   |
| Aspect: Grievance Mechanisms for Impacts on Society |   |  |   |
| G4-SO11   | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms  | 6.3.6<br>6.6.1-6.6.2<br>6.8.1-6.8.2                    | Resolving grievances<br>Fair operating practices<br>Community involvement and development   |
| SUB-CATEGORY: PRODUCT RESPONSIBILITY                |   |  |   |
| Aspect: Customer Health and Safety                  |   |  |   |
| G4-PR1  | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement   | 6.7.1-6.7.2<br>6.7.4<br>6.7.5<br>6.8.8                 | Consumer issues<br>Protecting consumers'health and safety<br>Sustainable consumption<br>Health  |
| G4-PR2  | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes   | 4.6<br>6.7.1-6.7.2<br>6.7.4<br>6.7.5<br>6.8.8          | Respect for the rule of law<br>Consumer issues<br>Protecting consumers'health and safety<br>Sustainable consumption<br>Health   |
| Aspect: Product and Service Labeling                |   |  |   |
| G4-PR3  | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | 6.7.1-6.7.2<br>6.7.3<br>6.7.4<br>6.7.5<br>6.7.9        | Consumer issues<br>Fair marketing, factual and unbiased information and fair contractual practices<br>Protecting consumers'health and safety<br>Sustainable consumption<br>Education and awareness                                |
| G4-PR4  | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes   | 4.6<br>6.7.1-6.7.2<br>6.7.3<br>6.7.4<br>6.7.5<br>6.7.9 | Respect for the rule of law<br>Consumer issues<br>Fair marketing, factual and unbiased information and fair contractual practices<br>Protecting consumers'health and safety<br>Sustainable consumption<br>Education and awareness |
| G4-PR5  | Results of surveys measuring customer satisfaction  | 6.7.1-6.7.2<br>6.7.6                                   | Consumer issues<br>Consumer service, support, and complaint and dispute resolution  |
| Aspect: Marketing Communications                    |   |  |   |
| G4-PR6  | Sale of banned or disputed products   |  |   |
| G4-PR7  | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes  | 4.6<br>6.7.1-6.7.2<br>6.7.3                            | Respect for the rule of law<br>Consumer issues<br>Fair marketing, factual and unbiased information and fair contractual practices   |
| Aspect: Customer Privacy                            |   |  |   |
| G4-PR8  | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | 6.7.1-6.7.2<br>6.7.7                                   | Consumer issues<br>Consumer data protection and privacy   |
| Aspect: Compliance                                  |   |  |   |
| G4-PR9  | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services  | 4.6<br>6.7.1-6.7.2<br>6.7.6                            | Respect for the rule of law<br>Consumer issues<br>Consumer service, support, and complaint and dispute resolution   |



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