



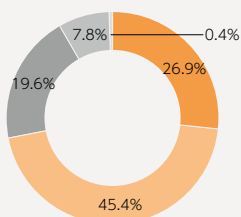
We will provide safety and reliability through products and stores.



Social Background

Customer interest in food safety is increasing. A survey conducted by the Consumer Affairs Agency found that approximately 70% of respondents were concerned about the area where items were produced when making purchases. Companies are therefore being urged to tighten their quality control systems even further. Stores are also viewed as playing an increasingly important role as lifestyle infrastructure amid widespread concern over whether people will be able to buy essential products and services for living as usual in the event of a major disaster.

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

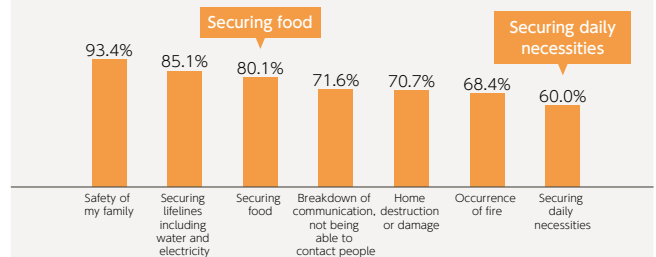


People that cared about the production area when purchasing products 72.3%

- I care about this
- I somewhat care about this
- I don't really care about this
- I don't care about this
- I don't know

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

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



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

Along with providing safe, reliable products, we are also working to provide products and services based on the customer's perspective, as we work to play our part in life-style infrastructure that customers can rely on at any time, even in emergencies such as disasters.

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

Emphasizing the safety and reliability of products in all processes from the procurement of raw materials to sales and actively disclose product traceability information (distribution history).

Action on the Promises

Appropriate Disclosure of Information on Products and Services

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

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.

Created Value

Value for Society

Improving safety and reliability of food and other products

Life support function during disasters

Value for Seven & i Holdings

Strengthening trust with stakeholders



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Building a Quality Control System

● Coordination between Quality Control Departments in Each Group Company

At Seven & i Holdings, the heads of the Group development division for the *Seven Premium* private brand and other divisions of Group companies, such as SEJ and IY, hold regular meetings in order to confirm current quality management issues and problems in an effort to share information aimed at improvement.

For example, they check progress on initiatives to counter the spread of the norovirus and prevent food poisoning, including ingredient and hygiene management at operating companies handling food products, and apply them rigorously throughout the Group to increase the level of quality control.

● Adoption of the NDF-HACCP Certification System

SEJ has adopted the (Hazard Analysis and Critical Control Point) HACCP*1 method since 1997 as a method to manage food hygiene. In addition, for review and certification of the quality control status of dedicated plants, we check their compliance with a safety standard of approximately 140 check items based on HACCP. Based on the results of this check, high-quality plants recognized to be above a certain level are certified under our NDF-HACCP Certification System. A third party is commissioned with the inspection, and the results are inspected and certified by the Nihon Delica Foods Association (NDF)*2. Inspections are also conducted after certification is acquired in order to maintain the management level.

*1 HACCP: A process management system that analyzes hazards at each step of production, from ingredient acceptance through to product finalization, and provides continuous monitoring and recording of critically important hazard-prevention processes.

*2 Nihon Delica Foods Association (NDF): The NDF was formed in 1979 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 IY, we are working to acquire JGAP (Japan Good Agricultural Practice) certification, recommended by the Ministry of Agriculture, Forestry and Fisheries in order to further improve the level of our quality management.

JGAP sets standards that should be implemented in day-to-day agricultural management to improve safety and protect the environment. Certification has been acquired for 15 locations as of February 28, 2015, and efforts will be made for further certification going forward.

● Hygiene Management Based on ISO 9001

At Seven & i Food Systems, the QC Office that serves as the hygiene management division has acquired the ISO 9001 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. A dedicated internal department conducts checks at stores, and random checks of store hygiene are also conducted by a third-party hygiene inspection agency (wipe inspection).

Moreover, by conducting regular hygiene training for store employees, we aim to increase the level of hygiene management.



Food Traceability

●“Fresh Foods with Traceability” Initiatives

IY 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. For Foods with Traceability, our procurement officers check with producers to ensure that they are using appropriate cultivation and stock-raising management. Various tests are conducted, including agricultural chemical residue tests, as well as soil, feed, and water quality tests, and third-party confirmation is obtained before the products are sold.

It is possible to confirm producer information for Foods with Traceability products using the IY website and mobile phones or smartphones. As of February 28, 2015, 212 items are handled under the Foods with Traceability brand, covering all fresh foods including vegetables, fruits, meat, eggs, and fish.

Producer Information Disclosure Methods (Example of IY)



●Centralized Management of Production Records

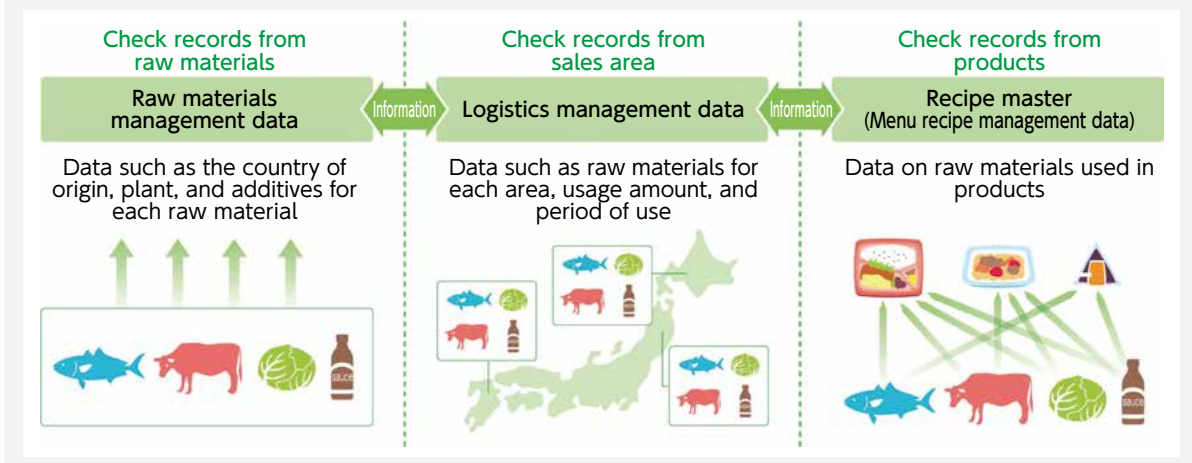
At SEJ, each deli product menu, such as rice and side dishes, uses an average of 40 types of raw materials (including seasonings). In order to manage these individual products and gain an accurate grasp of which factory a product was manufactured at, how much of what raw material was used, and in what region, 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 thoroughly manage the production history from the raw materials production site to the storefront.

We also confirm the presence of any allergens or additives included in the products, to take every possible precaution when selling the products.

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 waste through means such as controlling excessive production.

In addition, we voluntarily conduct DNA testing on rice to prevent the mixing of different varieties as well as inspections for radioactive substances.

SEJ's Raw Material Production Record Management Framework





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Inspection for Radioactive Substances

● Independent Inspections and Announcement of Inspection Results

The Radioactivity Project was established as an internal organization at YB to enable customers to shop with confidence by complementing the monitoring surveys on radioactive substances implemented by the government. We install equipment for measuring radioactive substances at key points within the area where we have established stores, and an internal organization conducts regular inspections. The inspection results are announced on the company's website. For the case of our private brand Three-Star Fruit 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.

Inspections for radioactive substance are also conducted for IY's Foods with Traceability and the results are published on the company's website.

Quality Management in Stores

● Management of Product Freshness

At Seven & i Holdings, we rigorously manage product freshness at stores as well, aiming to provide customers with products that are fresh, safe, and reliable.

At IY, for example, there are specialists called Freshness Checkers under the direct supervision of store managers that specialize in food freshness management. These specialists constantly check 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.

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.

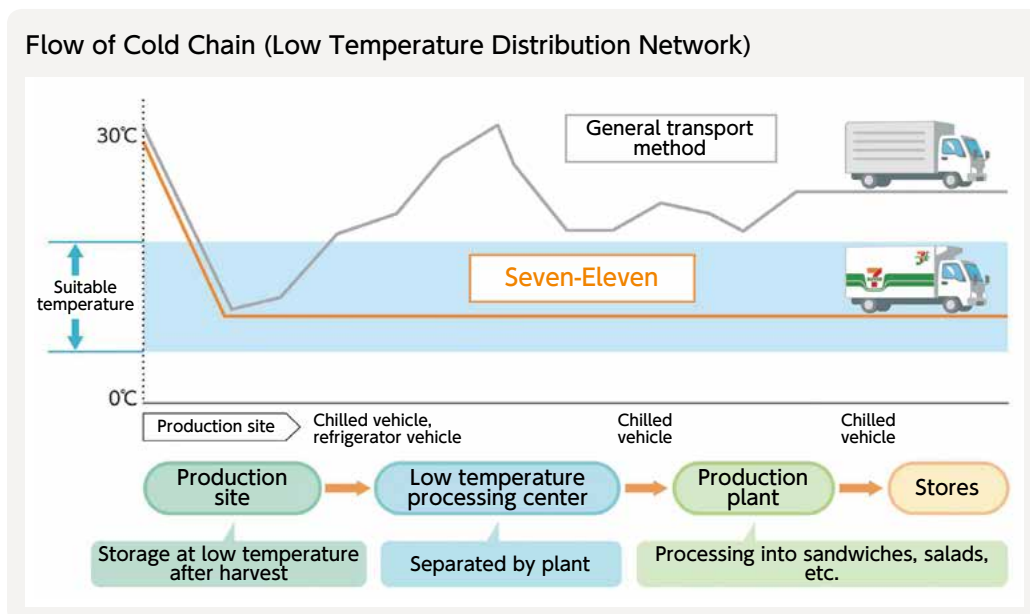
Temperature Management in Distribution

● Cold Chain Distribution (Low Temperature Distribution Network)

At SEJ, we have adopted cold chain distribution (low temperature distribution network) to procure high-quality and fresh raw materials for foods. Vegetables are stored at low temperature on the spot after being harvested in fields, and transported under constant

temperature management. This maintains the freshness of the vegetables for a long period of time and minimizes product degradation.

At Seven & i Food Systems' Denny's, ingredients 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.



Consideration to Health

● Reducing the Use of Food Additives

At Seven & i Holdings we endeavor to reduce the use of food additives in our original products.

For example, in SEJ's original deli products and IY's delicatessen items, boxed lunches, and sushi produced in-store, we have eliminated the use of synthetic coloring and preservative agents.

Furthermore, since 2007 SEJ has eliminated phosphate from ham and sausages that are used for original product sandwiches, as excessive intake is said to inhibit the absorption of calcium. We have also implemented independent measures in conjunction with raw material manufacturers to reduce trans-fatty acid, which 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 products on our website since May 2011, based on the Guidelines on Trans Fatty Acid Labeling of the Consumer Affairs Agency.

● Providing Healthy Meals Supervised by a Managing Dietician

SEJ's *Seven-Meal* home delivery service is supervised by a managing dietician who organizes the composition and nutritional components of the menu to provide healthy, balanced meals adjusted for calories and salt. We are constantly working to develop new products, aiming for authentic, home-cooked tastes with enduring appeal, pursuing tastiness without the use of preservatives or synthetic coloring agents.



Seven-Meal

● Developing Products that Take Food Allergies into Consideration

To allow children with food allergy concerns and their families, as well as many others to eat cake with confidence, IY conducts reservation sales of rice flour and soy milk cream cakes for Christmas and birthdays that do not use designated raw materials. For these products, all raw materials and components are managed by lot and inspections are conducted by external agencies.

In addition, special areas have been set up to cater to people with food allergies within the food product sales area at 83 stores (as of May 31, 2015). These areas are stocked with allergy-conscious product lines from seasoning and food product manufacturers.

At Seven & i Food Systems' Denny's, we offer a low-allergen menu for kids that takes food allergies into consideration. The menu items exclude seven specified ingredients (eggs, milk, flour, buckwheat, peanuts, shrimp, and crab). When preparing the food in the restaurant, staff members conduct heating and food arrangement separately from the standard cooking line, and tableware that is individually washed and stored is used in an effort to prevent secondary contamination by allergens.



Low allergen menu



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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 select products with confidence.

For products prepared in 7-Eleven stores, (hot snacks, *oden*, and Chinese steamed buns, donuts) 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.



Disclosure of information on the website

● Product Labeling Education for Employees

At Seven & i Holdings, joint training on labeling, such as the Act against Unjustifiable Premiums and Misleading Representations and the Food Labeling Act, is conducted twice a year for new purchasing staff members at each Group company. The training is intended to provide basic knowledge relating to misleading representations and the provision of unjustifiable premiums prohibited under law.

After the joint training course, a confirmation test is given using an e-learning platform to check the participants' level of understanding. In the fiscal year ended February 28, 2015, 175 people had taken the course.



Group joint training

Support of Crime Prevention

● Safety Station Activities

Seven-Eleven stores are open 365 days a year, and even late at night the stores are brightly lit 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. We also use various opportunities to disseminate information on measures to prevent underage drinking and smoking.



Using the cash register screen to raise awareness



Preventing sales of adult magazines to minors

● Safe ATM transactions

At Seven Bank, we have installed cameras to allow customers to perform cash withdrawals, fund transfers, and other tasks with confidence, and we alert customers of bank transfer scams through visual displays and audio announcements so that they do not become victims. Moreover, we have also taken measures to detect suspicious objects attached to ATMs and to prevent unauthorized acquisition of customers' card information (scamming). In the fiscal year ending February 29, 2016, 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, and taking measures against money laundering such as 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 in real time after accounts have been opened.

Provision of Safety and Security When Disasters Occur

● Providing Emergency Contact Information for Emergencies

SEJ has installed emergency telephones (special public telephones for use in disasters) at some of its stores within the 23 wards of Tokyo. These will serve as a means for confirming the personal safety of people and making contact when people are unable to return to their homes in an emergency such as a disaster. We are also prepared to allow free use of our *Seven Spot* in-store Wi-Fi service without requiring membership registration during disasters.



Emergency telephone

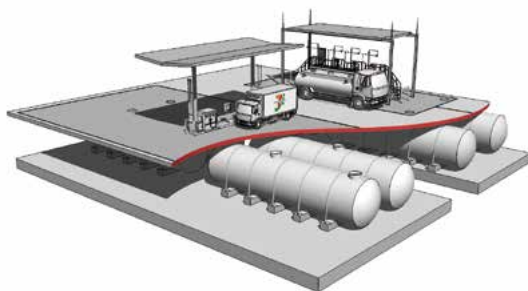


Free In-Store Wi-Fi Service Seven Spot

● Fuel Storage Station for Delivering Emergency Supplies

At Seven & i Holdings, we consider securing a fuel supply network during a major disaster to be a priority issue from an emergency business continuity plan (BCP) perspective. In May 2014 we became the first retailer in Japan to establish a fuel storage station to stockpile fuel for product delivery vehicles. The station was set up on the site of the IY distribution center in Saitama Prefecture.

As 400 kl of fuel is stored at this station at all times, the station makes it possible to deliver emergency supplies and goods promptly and reliably when a disaster occurs for approximately ten days to evacuation centers in disaster areas as well as our Group companies' stores in the Tokyo Metropolitan Area.



Fuel for vehicles is stored underground

● Establishing a Disaster Response System

As part of the social infrastructure in areas where it has established stores, Seven & i Holdings is expected to act as a lifeline to provide essential products and services for daily living. We are also expected to continue operating during disasters. To meet these expectations, we are working to secure a distribution network and constructing a disaster countermeasure system to make regional information visible in greater detail.

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 largescale 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, which in turn enables us to provide more prompt store support.



Seismic information display

At SEJ, we have established a wireless network that allows the Head Office, delivery companies, joint distribution centers, and all delivery vehicles to mutually communicate with each other in the event of a disaster. A contact network for disasters using wireless networks has been established by each Group company.

● 7VIEW (Seven Visual Information Emergency Web)

Seven & i Holdings is constructing 7VIEW (Seven Visual Information Emergency Web), a system that enables provision, sharing, and joint use of disaster information. The system gathers together information from within the Group and through cooperation with business partners. Our goal is to create a system which combines various information provided by Group companies in stages and produces a map that enables accurate judgment of the status of areas in which our stores are located. The system will facilitate information exchange between Group companies, as well as with municipalities, local residents, and so forth, and will enable us to disseminate information to local residents through our stores.