

Material Issue 3 Non-Wasteful Usage of Products, Ingredients, and Energy

Approach to Material Issues

Seven & i Group operates around 22,600 primarily retail stores throughout Japan and has grown to be used by approximately 22.4 million customers each day. In order to prevent the development of these businesses from increasing the negative impact on the environment, we are working with various stakeholders in the value chain to reduce CO₂ emissions caused by energy consumption, reduce waste, and promote recycling, among other efforts.

In May 2019, we announced the "GREEN CHALLENGE 2050" Environmental Declaration, in which we establish Seven & i Group's ideal society as one that is decarbonized, has a circular economy, and is in harmony with nature. We established goals for 2030 and 2050 related to CO₂ emission reduction, plastic countermeasures, food loss and waste / organic waste recycling countermeasures, and sustainable procurement. We believe that reducing waste of energy, resources, and raw materials to achieve our goals will lead to cost reductions.

- Relevant Policies

[Environmental Guidelines / Environmental Rules](#) >

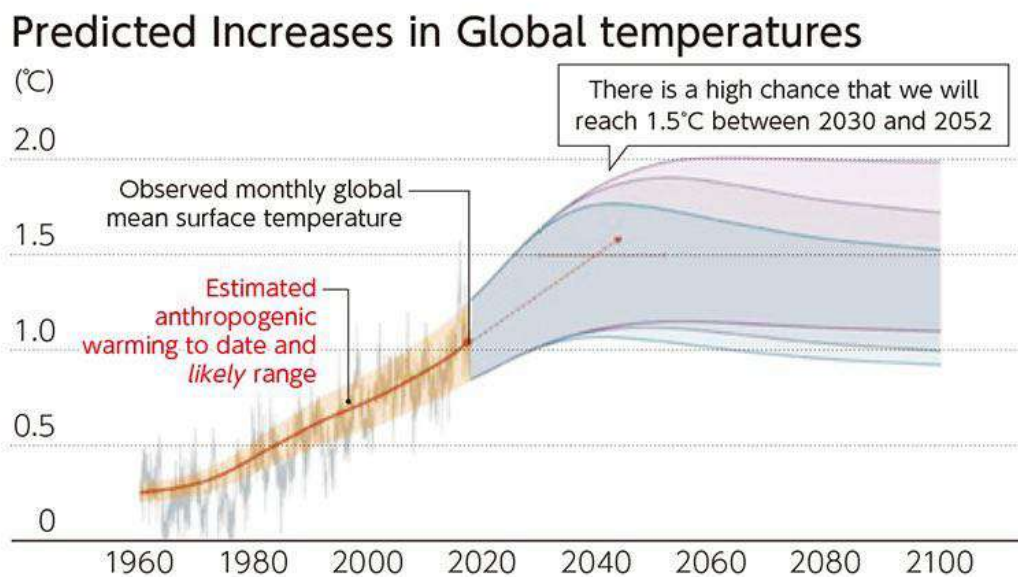
["GREEN CHALLENGE 2050" Environmental Declaration](#) >

[Business Partner Sustainable Action Guidelines](#) >

Background to Material Issues

Climate Change

Climate change is a serious threat that will affect future generations through rising sea levels, erratic weather, impacts on the agriculture and fishing industries, and more. According to the "Special Report: Global Warming of 1.5°C" released by the IPCC (Intergovernmental Panel on Climate Change) in 2018, the average temperature has risen by about 1.0°C compared to before the Industrial Revolution, and it is said that CO₂ emissions must be reduced to net zero by 2050 to keep the temperature rise at 1.5°C.



Source: IPCC "Special Report: Global Warming of 1.5°C" (October 2018)

Food Loss and Waste

Throughout the world, one in nine people suffers from malnutrition, while in Japan, 25.5 million tons of food is wasted every year. Of this, the amount of food loss and waste - edible food that is discarded - is 6.12 million tons, which is equivalent to every person throwing away a bowl of rice every day.

Amount of Food Loss and Waste



Source: Ministry of Agriculture, Forestry and Fisheries. (2020) "The State of Food Loss/Waste and Recycling."

Resource Circulation

Plastics, which are highly convenient, are used in various situations in our lives, and over 8.3 billion tons* of plastic have been produced since 1950. Meanwhile, 9% of plastic is recycled and 79% is sent to landfills or disposed of in nature. At this rate, it is estimated that 12 billion tons of plastic will be sent to landfills or disposed of in nature by 2050, and there are reports that the amount of plastic in the ocean exceeds the amount of fish*. The issue facing us is to build a recycling-oriented economic society that makes effective use of existing resources without waste.

* From Plastics Smart, Ministry of the Environment, "The State of Plastic in Japan and Overseas <4th collection of reference materials>" (in Japanese) [PDF:7.17MB]

Promotional Framework for Material Issues

In response to this material issue, the Environment Subcommittee (Subcommittee chair: Seven & i Holdings Executive Officer, Senior Officer of the Sustainability Development Department) is established under the CSR Management Committee, which is under the supervision of the Seven & i Holdings Director and Managing Executive Officer Head of the Corporate Development Division works together with the Group companies and related departments to promote initiatives.

The Environment Subcommittee comprises the supervisors of the Environment Departments in operating companies. Additionally, we have formed cross-Group Innovation Teams led by the leaders (executive officers and higher) from responsible departments at our main operating companies in order to achieve our "GREEN CHALLENGE 2050" Environmental Declaration and generate innovation throughout the Group.

Contribution to SDGs

In addressing this material issue, Seven & i Holdings contributes to achieving goals 4, 7, 12, 13, and 15 of the Sustainable Development Goals (SDGs) by reducing CO₂ emissions and waste of food products, and so forth.



Seven & i Holdings' Initiatives

Environmental Management >

Through the Seven & i Holdings Environment Subcommittee and other meeting committees, Group companies share information among one another, and initiatives are being promoted to achieve the "GREEN CHALLENGE 2050" Environmental Declaration. Group operating companies are also creating management systems appropriate for their lines of business.

Climate Change Measures >

As we are aware that the issue of climate change is a threat to the sustainable development of society and companies, we are promoting initiatives with the aim of creating a decarbonized society. We are thoroughly managing risks and promoting energy saving and expanding the use of renewable energy to achieve the targets of the "GREEN CHALLENGE 2050" Environmental Declaration.

Supply Chain Management (Environment) >

Seven & i Holdings is focusing on initiatives to reduce its own environmental impact as well as working together with its business partners in striving to reduce environmental impact across the entire supply chain.

Measures against Food Loss/Waste and for Organic Waste Recycling >

As a company in which food accounts for 60% of its sales, we are working on food loss and waste reduction and promotion of organic waste recycling, which we have established as one of our key themes through "GREEN CHALLENGE 2050."

Effective Use of Resources >

Toward an ideal society with a circular economy that makes effective use of resources, we will cooperate with our customers and business partners to reduce waste, promote collection of recycling resources at stores, and utilize recycled materials.

Introduction of Environmentally Friendly Packaging >

Product containers and packaging play important roles including preserving products and displaying information about ingredients, but after product use, these items become waste. Seven & i Holdings is working to reduce the environmental impact of containers and packaging by introducing containers and packaging made from recycled materials or biodegradable materials.

Internal and External Communication >

As for promoting our environmental activities, we value communication with our various stakeholders, including our customers. We are also making efforts to raise awareness among our employees.

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Environmental Management

Seven & i Group is actively working to reduce its environmental impact in order to contribute to the creation of a sustainable society and leave a prosperous planet to future generations. In May 2019, we announced the “GREEN CHALLENGE 2050” environmental declaration, which sets out our vision for society and our goals for 2030 and 2050.

We are moving ahead with environmental initiatives by way of the Seven & i Holdings Environment Subcommittee, which is attended by the supervisors of the Environment Divisions at our Group companies, as well as through our Innovation Teams established for the purpose of implementing initiatives falling under the environmental declaration “GREEN CHALLENGE 2050.” In addition, each Group company has established an environmental management system appropriate to its line of business.



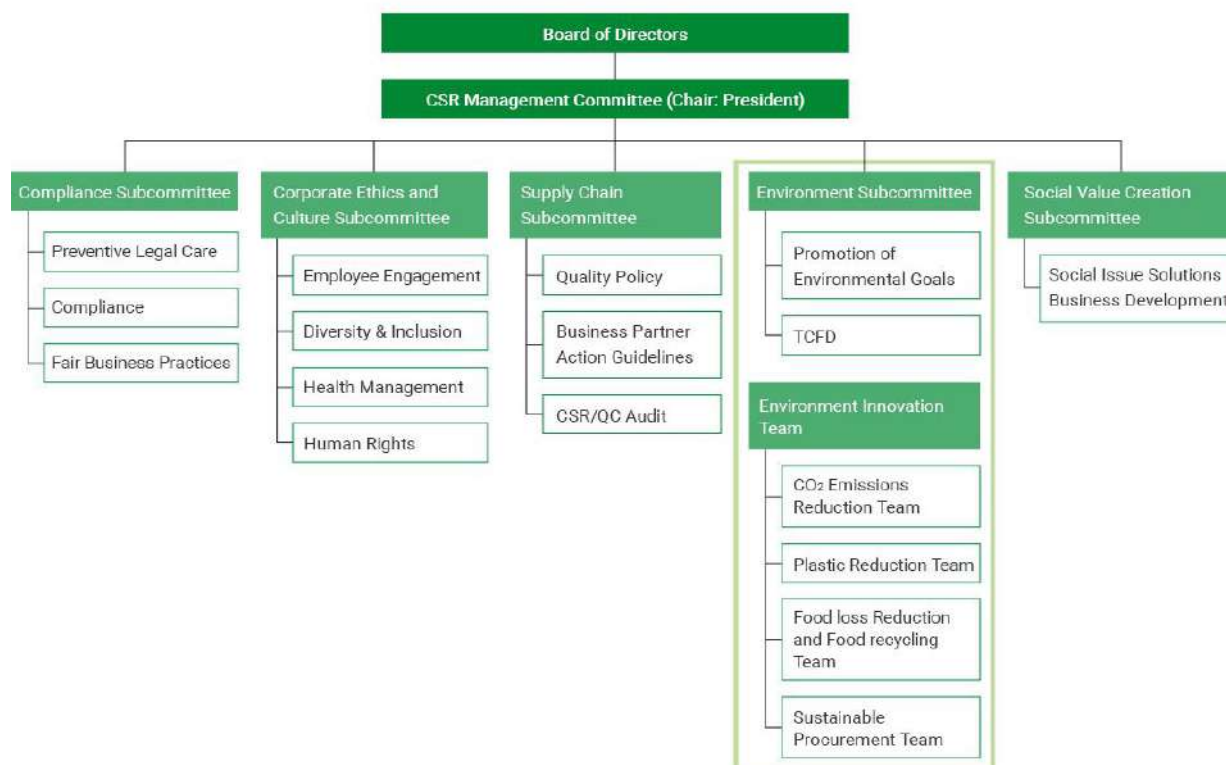
Implementation System

Seven & i Group CSR Management Committee meets twice a year. The Committee, chaired by our company President, is attended by CSR managers from the Group companies as well as managers from divisions from Seven & I Holdings engaged in the work of sustainability. The CSR Management Committee has established an Environment Subcommittee as a subordinate organization to deal with climate change issues. It consists of managers from the environmental departments of the Group companies.

In addition, when we announced the environmental declaration “GREEN CHALLENGE 2050” in May 2019, we established the Environmental Innovation Team, the goal of which is to alleviate environmental load working from four different perspectives, including CO₂ emission reduction and plastic reduction strategies. This is a company-wide initiative. The CSR Management Committee receives reports on trends in indicators and on initiatives mainly for mitigation measures. The Committee approves measures implemented by the subcommittees and each Group company, and provides any necessary advice. Progress reports on these initiatives are submitted to the Board of Directors of Seven & i Holdings at least twice a year, at which time policies and initiatives are reviewed as necessary.

Organization of CSR Promotion Framework

As of March 2020



Environmental Management System

With a view to boosting the effectiveness of Group-wide environmental management, the Seven & i Group is putting forth initiatives to acquire the ISO14001 international standard in environmental management. By way of regular internal audits, which include observation, assessment, and analysis, environmental management systems are evaluated with a view to ascertaining the efficiency of improvement initiatives. We also conduct reviews of management personnel in order to ensure smooth implementation of improvement initiatives. Additionally, Seven-Eleven Japan is taking steps to acquire the Ministry of the Environment's Eco Action 21 certification at dedicated factories, working together with the Nihon Delica Foods Association (NDF).

ISO 14001 Acquisition

Seven & i Group strives to maximize the effectiveness of its environmental management strategies. To this end, we are moving ahead with steps to acquire the international-standard ISO 14001. Sogo & Seibu became the first in the department store sector to achieve ISO 14001 certification in 1999, and has successfully maintained it continuously at all business sites. Subsequently, Seven-Eleven Japan acquired certification at the end of February 2015 for its offices and directly-managed stores throughout Japan. Meanwhile, Seven & i Food Systems attained certification in February 2015 for its Head Office and some Denny's restaurants. All in all, the Group companies achieving certification are carrying out initiatives to reduce environmental footprint, working through the ISO 14001 certification framework. They also conduct annual environmental audits to ascertain both the appropriateness and effectiveness of the management system. The sales ratio of the operating companies that have obtained ISO 14001 certification is approximately 49% of the Group's net sales.

Eco Action 21 Certification Acquired

In collaboration with the Nihon Delica Foods Association (NDF), Seven-Eleven Japan shares information on examples of initiatives that have substantial energy-saving effects at biannual NDF nationwide CSR promotion conferences. Seven-Eleven Japan also confirms the need to create a system that can respond to a variety of environmental issues including compliance, continuing energy-saving measures, reducing CO2 emissions, and reducing food loss and waste.

Based on the results confirmed above, Seven-Eleven Japan declared that it will utilize an environmental management system, and with regard to the acquisition of Eco Action 21, established by the Ministry of the Environment, it is taking proactive measures such as holding briefings. A total of 93 factories affiliated with 25 companies that produce chilled food have achieved environmental management certification with a focus on Eco Action 21. Including manufacturers and factories that have launched initiatives to acquire certification, the total rises to 154 factories affiliated with 39 companies (as of the end of February 2021).

In recognition of our achievements in energy conservation by way of Eco Action 21, we were awarded the Energy Conservation Center Chairman's Prize (Energy Conservation Grand Prize) for FY2020, together with NDF.



Energy Conservation Center Chairman's Prize (Energy Conservation Grand Prize)
for FY2020



Grand Prize trophy

To correctly assess and verify the initiatives taken to reduce environmental impact, each year since 2015, Seven & i Group has undergone third-party audits of CO₂ emissions from store operations. In 2020, audits of 15 companies*¹ were conducted. The sales of the 15 companies covered about 98% of the Group's total sales. The CO₂ emissions from store operations of the 15 companies in the fiscal year ended February 28, 2021 were 111,752 tons for Scope 1, and 2,657,180 tons for Scope 2. Moreover, by undergoing a third-party audit of the data for the Category 1*² emissions of Seven-Eleven Japan, which accounted for about half (9,604,855 tons) of the Scope 3 emissions, we improved the accuracy and reliability of the quantitative data internally and externally.

*2 The CO₂ emissions associated with “purchased products and services” (procurement of raw materials, outsourcing of packaging, procurement of consumables, etc.) from among the 15 categories of Scope 3.



At each store of Seven & i Group, 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 and so forth, we are working to reduce the volumes of water used. As a result, in the fiscal year ended February 28, 2021, water usage in conjunction with store operation was 20,537,000 m³*, a decrease of 13.0% compared to the fiscal year ended February 29, 2020.

Additionally, treatment of wastewater from store locations is similarly managed by each of the Group companies in an environmentally-friendly manner. By strictly observing national laws as well as the municipal laws and ordinances of the areas in which the stores are located, and by implementing appropriate wastewater treatment and purification for the specific region, we take the necessary steps to prevent contaminated water from flowing into ocean or river waters.

* Nine companies included: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, THE LOFT, and Seven & i Food Systems

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Management of CFCs

At Seven & i Group's stores, devices using CFCs are replaced with ones using CFC alternatives during remodeling and so forth. Moreover, in compliance with the Act on the Protection of the Ozone Layer Through the Control of Specified Substances and Other Measures, which was implemented in April 2015, devices undergo regular inspections and leakage assessments required by the government. 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.

Substitute CFCs include HCFC (hydro chlorofluorocarbon), production of which is to be banned in developed countries by 2020. As this will require a changeover to another type of substitute, we also plan to further promote the introduction of non-CFC devices in freezing and refrigeration devices used at our stores. At Seven-Eleven Japan, refrigeration devices that utilize CO₂ refrigerants have been introduced on a trial basis at 275 stores, and we are also trialing them at 4 Ito-Yokado stores (as of the end of February 2021).

Management of Paper

At 7-Eleven stores, Seven-Eleven Japan is making progress toward going paperless for accounting forms and has been expanding this effort to all stores since June 2019. This initiative has allowed it to reduce the amount of paper used annually at each store by approx. 3,000 sheets, which helps to reduce the negative impact on the environment.

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Climate Change Countermeasures

Seven & i Group recognizes that the issue of climate change exerts a negative impact on the stable society that is essential for the sustainable development of companies. We would like to contribute in achieving the greenhouse gas reduction targets set forth in the Paris Agreement. In the "GREEN CHALLENGE 2050" environmental declaration formulated in May 2019, we identified the decarbonized society as the ideal that we should be aiming for. We are promoting energy conservation and the expanded use of renewable energy, with the goal of reducing CO₂ emissions generated from store operations by 50% compared to FY2013 by 2030 and down to net-zero by 2050.



Managing Climate Change Risks

Seven & i Holdings is affected by various risks related to climate change. These include regulatory risks from tighter regulations in Japan and overseas, physical risks from the occurrence of major disasters as well as changes in customers' purchasing pattern, due to the climate change or/and response to weather fluctuations. Furthermore, there are reputation risks, in which companies judged by climate change prevention/mitigation/adaptation management. In particular, the impact from changes in temperature and the occurrence of major natural disasters extends beyond damage to store equipment and distribution networks, restrictions or halts to trading, and sales opportunity loss; it can also affect the Group companies' product suppliers and raw material prices. Climate change is therefore a risk factor for all aspects of operations, from product development and production to distribution, store operations, and product lineups. Seven & i Holdings therefore recognizes that developing and implementing a business model that can cope with weather and climate change is important for maintaining its growth.

Seven & i Holdings, in order to properly analyze, evaluate, and appropriately respond to risks associated with the Group and each business, it establishes, maintains, and utilizes its comprehensive risk management systems governed by Risk Management Committee, in accordance with its "Basic Rules for Risk Management." Risks posed by climate change are managed under this comprehensive risk management system as well.

Twice each year, each Group company identifies risks affecting that company based on the shared Group risk categories. Companies quantify risk assessments based on the degree of impact and the likelihood of occurrence of each risk, organize countermeasures for each risk in a risk assessment table, and submit the table to their Risk Department (Risk Management Committee Office). The risk assessment table should include not only quantitative but also qualitative risks, such as CO₂ emission regulations, business continuity risks due to recent large-scale typhoons, and changes in growing regions and fishing grounds for product raw materials.

The Risk Management Committee meets twice annually to comprehensively determine the status of Group risks based on the risk assessments and countermeasures submitted by each Group company and monitors implementation of risk management and improvement measures by each company from the perspectives of materiality, urgency of improvements, and so on.

In principle, the status of risk management is reported to the Seven & i Holdings Board of Directors once annually.

[➤ Response to TCFD Recommendations](#)

Measures for Adaptation to and Mitigation of Climate Change Risks

Our enduring concern around weather and temperature change is reflected in our daily ordering activities and sales floor formation. In product development and lineups as well, we strive to provide products that meet customers' needs by establishing a hypothesis based on weather changes over several months. At the same time, we will respond carefully to changes in customers' purchasing behavior driven by abnormal weather and temperature changes affected by climate change.

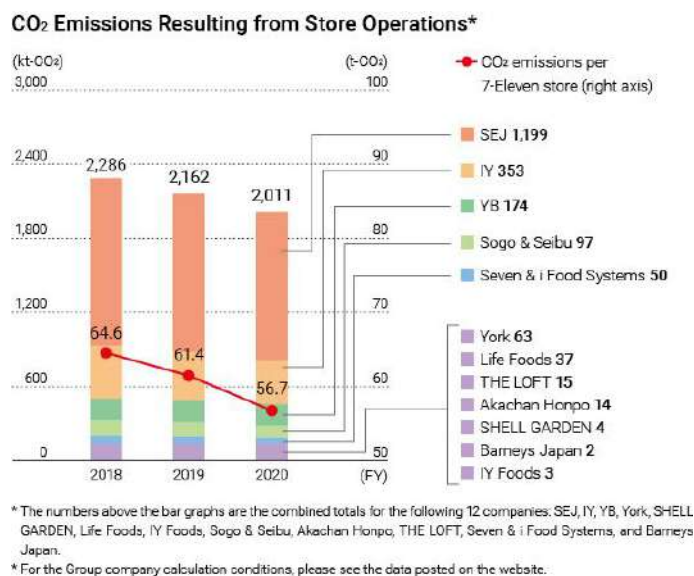
The "Seven Farm" environmental recycling-oriented agriculture initiative of Ito-Yokado buys the entire quantity of harvested produce, including imperfect shape/size items. This enables us to procure and sell vegetables steadily regardless of market trends. In this way, we are also addressing the aspect of stable product procurement. These Seven Farms are located in 12 places throughout Japan, covering approximately 250 ha in total. (As of February 28, 2021).

In addition, Seven & i Holdings is establishing systems to prepare for disasters associated with sudden weather phenomena, such as the numerous incidents of heavy rain and landslides that have occurred recently in Japan. For example, we have distributed booklets to employees summarizing how to respond in an emergency, and we have also been holding regular simulation drills using teleconferencing systems and so forth. Furthermore, 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 the Group and through cooperation with business partners.

Measures to mitigate climate change include various initiatives related to reducing our environmental impact, such as energy conservation and use of renewable energy at stores, along with forest maintenance and related activities throughout Japan.

Reduction Targets for CO₂ Emissions

Approximately 90% of the CO₂ emissions by each Seven & i Group company are from the energy use for store operations. For this reason, we set a target of reducing CO₂ emissions from store operations to net-zero by 2050 so that CO₂ emissions may not increase in conjunction with the expansion of business and increases in the number of stores.



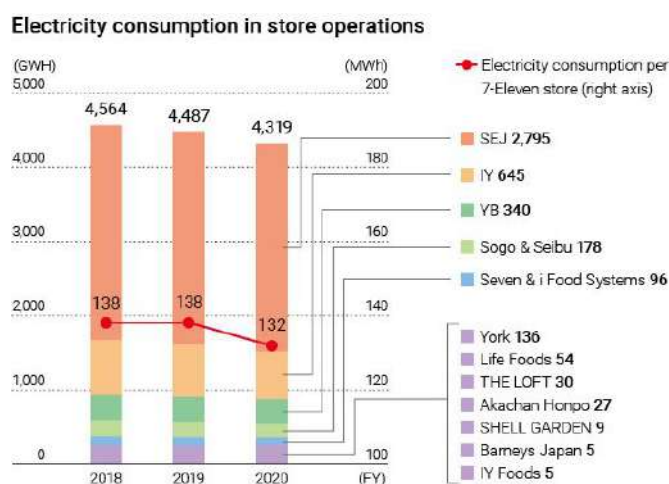
> [Details of CO₂ emissions amount data can be found here](#)

Promoting the Introduction of Energy-Saving Equipment at Stores

To curtail the increase in environmental impact proportionate to the increase and enlargement of stores and the expansion of products and services, each Seven & i Group company is installing energy-saving equipment such as LED lighting and solar panels when opening new stores and refurbishing existing ones. Conserving energy at stores also leads to lower costs for energy use.

For example, at Seven-Eleven Japan stores, we are promoting environment-friendly store creation by converting all types of lighting to LED, including store signage, sales area lighting, and sign poles. In 2014, we introduced new specification LED lighting that can further reduce electricity usage by approximately 50%. In addition, we have made progress in installing solar panels, which are now in place at 8,681 stores (as of the end of February 2021).

Other chains are promoting the wider use of renewables too. As of the end of February 2021, Ito-Yokado had installed LED lighting at all of its 132 stores and solar panels at 13 stores, York had installed solar panels at 2 stores, and York-Benimaru had installed solar panels at 7 stores.



※The numbers above the bar graphs are the combined totals for the following 12 companies :Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York, SHELL GARDEN, Life Foods, IY Foods, Sogo & Seibu, Akachan Honpo, THE LOFT, Seven & i Food Systems, and Barneys Japan.

※For the Group company calculation conditions, please see the Data Section of the website.



LED lights



Solar panels

Main investments in environmental equipment—cost and effect

| FY | Environmental investment (million yen) | Environmental expenses (million yen) | Projected reduction in expenses (million yen) | CO2 reduction effect (Tons) |
|--------------------|---|---|--|--------------------------------|
| 2020 ^{※1} | 15,473 | 355 | 759 | 24,449 |
| 2019 ^{※2} | 11,731 | 401 | 608 | 19,195 |

※1 Totals for 12 companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, Life Foods, York, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, Seven & i Food Systems, THE LOFT, IY Foods, and Barneys Japan

※2 Totals for nine companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, THE LOFT, and Seven & i Food Systems

Introduction of Large-Scale Solar Power Generation

As part of efforts to reduce CO₂ emissions from store operations based on Seven & i Group's "GREEN CHALLENGE 2050" environmental declaration, a large-scale solar panel generation system went into operation in July 2020 at Ito-Yokado's Ario Ichihara store. As an effective utilization of Ario Ichihara's space, solar panels were placed on the roof and are being used to generate some of the electricity consumed by the store. It is now possible to provide about 25% of the total electricity used by Ario Ichihara from the solar panels, as a result of which CO₂ emissions from electricity use can be reduced by about 25%. It is one of the largest generation systems of its kind at a commercial facility in Japan.



Large-scale solar panels at Ario Ichihara store

Stores with Hydrogen Stations

Seven-Eleven Japan has signed a comprehensive agreement with Iwatani Corporation regarding the installation of hydrogen stations at stores. In March 2017, the companies opened a store with a hydrogen station in Sendai, Miyagi Prefecture, bringing the total number of hydrogen-station stores to three with the existing stores in Ikegami, Ota-ku, Tokyo and Kariya City, Aichi Prefecture (as of the end of February 2021). The 7-Eleven stores with hydrogen stations have installed pure hydrogen fuel cells to examine the potential for the using hydrogen at retail stores. The aim is to build sites that can serve as community-based social infrastructure capable of supplying products, services, and clean energy at a single point.



The 7-Eleven store with a hydrogen station at Ikegami 8-chome, Ota-ku, Tokyo

People- and Environment-Friendly 7-Eleven Stores for the Next Generation

In December 2017, Seven-Eleven Japan refurbished the Chiyoda Nibancho 7-Eleven store, incorporating new technologies that will serve as the foundations for optimal next-generation stores.

By utilizing the technologies and facilities of companies representing various fields from Japan and other countries, total electric power externally purchased by the store has been reduced by approx. 28%※1, and work times relating to the subject equipment has been reduced by approx. 5.5 hours per day※2.

In addition, in May 2018 we opened stores in Sagamihara City, Kanagawa Prefecture based on the three themes of reducing the impact on the environment, making it easier to work, and creating a comfortable store environment. We installed equipment that allowed us to cover approx. 46% of our electricity usage with renewable energy and reduce our daily working hours by approx. 7.1 hours.

※1 Converted from the case where the technologies and equipment were installed in a standard store, compared to FY2013.

※2 Total compared to work performed according to existing procedures in an average store environment.



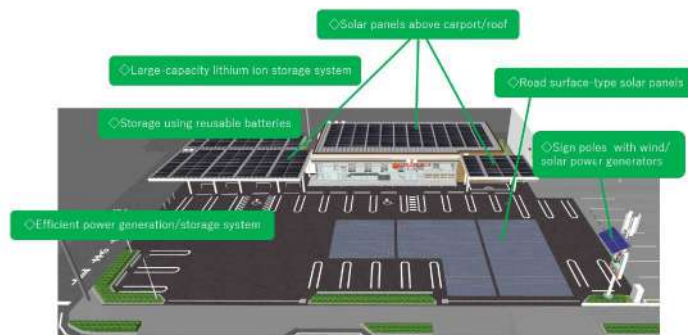
Chiyoda Nibancho 7-Eleven store



Sliding shelves

[Equipment/Store Exterior]

<< Overview of Adopted Technology (Excerpt) >>



1-Hashimotodai, Sagamihara 7-Eleven store

Start of Energy-Saving Store Demonstration Test

Seven-Eleven Japan opened the Ome Shinmachi 7-Eleven store as a test store for energy saving using state-of-the-art equipment and technology. As part of our efforts to reduce CO₂ emissions from store operations based on the Group's "GREEN CHALLENGE 2050" environmental declaration, this store has introduced various energy-saving structures and equipment and energy-creation and -storage systems, including highly efficient solar panels and architecture with efficient air conditioning. Where possible, we will consider expanding facilities tested and verified at this store to our other stores throughout Japan.



※The store has introduced various energy-saving equipment, including revised LED lighting, changeover walk-in door specifications, an in-store positive-pressure system, improved performance of chilled-case air curtains, and auto clean filters for refrigerators and freezers.

Overview of introduced technologies at Ome Shinmachi 7-Eleven store

Commencement of Trial Test on 100% Renewable Energy Store Operation

In September 2019, as an initiative based on the Agreement on Cooperation and Collaboration in Promoting SDGs between Seven & i Holdings and Kanagawa Prefecture as well as Seven & i Group's "GREEN CHALLENGE 2050" Environmental Declaration, Seven Eleven Japan started a trial test at 10 7-Eleven stores in Kanagawa Prefecture; all electric energy related to store operation is procured using renewable energy.

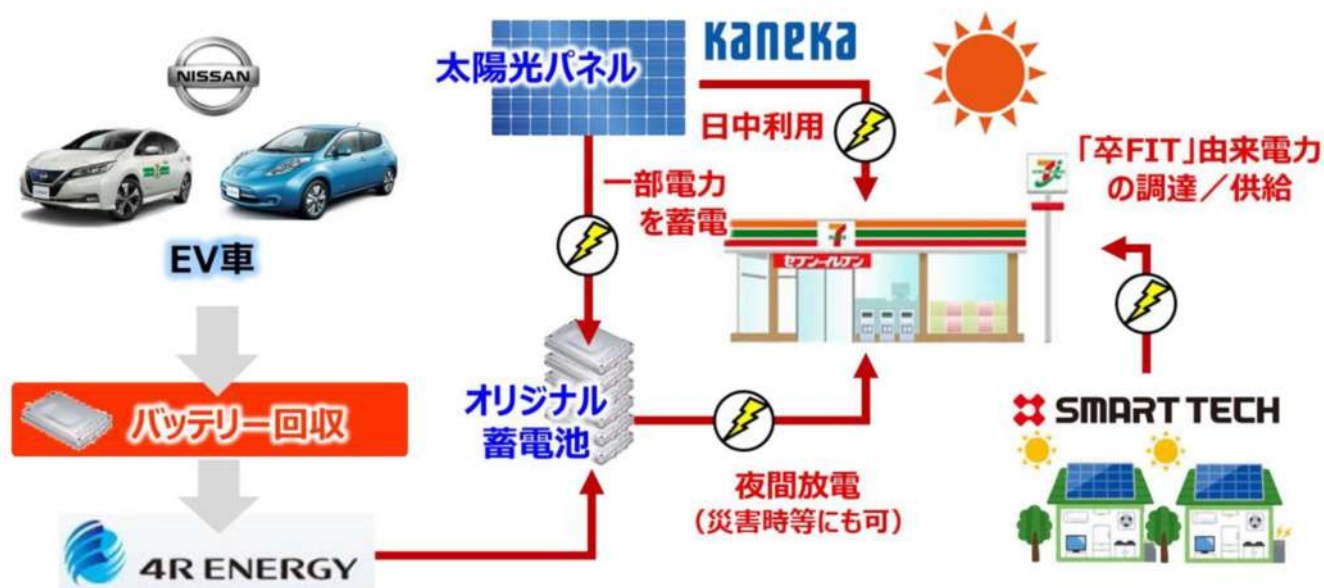
4R Energy Corporation's original batteries—which uses reused batteries from the Nissan LEAF electric vehicle produced by Nissan Motor Corporation—and solar panels with significantly improved electric power generation efficiency made by Kaneka Corporation are installed at stores undergoing the trial. Electric power is used efficiently through in-house power generation. In addition, since November 2019, the procurement of electric power beyond what in-house generation is being supplied by SMART TECH Corporation based on post-FIT^{※1}, which allowed an actual renewable energy rate of 100%^{※2} when combined with in-house power generation. The electricity generated during the day will be stored and used at night to save energy in stores and strengthen their function as regional infrastructure in the event of a disaster.

In addition to initiatives such as "people- and environment-friendly stores" made thus far, we aim to significantly reduce CO₂ emissions through this initiative.

※1 In addition to initiatives undertaken so far, such as people- and environment-friendly stores, Seven & i aims to significantly reduce CO₂ emission through this initiative. It is an assistance scheme that fixes the buyback price of energy produced. Post-FIT is expected to gradually occur from November 2019 as the scheme ends for solar energy.

※2 Achieve an actual renewable energy rate of 100% by combining the use of electric power generated/stored by stores with that of electric power originating from post-FIT.

Overview of Initiative



Introduction of Green Electricity in Some Stores, Including Japan's First Offsite PPA

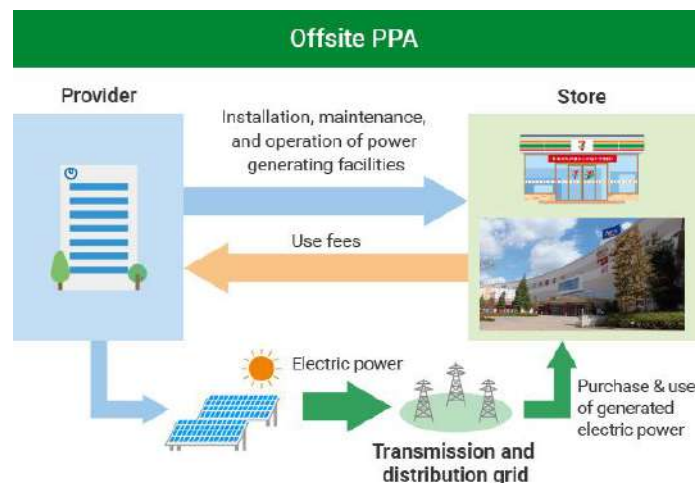
With the aim of realizing 100% renewable energy use in store operations of Seven & i Group, beginning in April 2021, Seven & i Holdings and NTT Corporation have been steadily introducing electricity procurement based on Japan's first^{※1} offsite power purchase agreement (PPA; see diagram below) and electricity from NTT group-owned green power generation plants in some stores. The initiative means that 40 7-Eleven stores of Seven & i Group and the Ario Kameari store now use 100% renewable energy in store operations.

NTT Anode Energy Corporation has set up two solar power generation plants in the offsite PPA framework and engages in electricity supply^{※2} via the transmission and distribution grid. In an offsite PPA, the project developer sets up an offsite renewable energy generation plant specially for the electricity consumer, be it a company, local government, or whatever, and provides the long-term supply of electricity via the grid. This was Japan's first offsite PPA. When the electricity from the PPA is insufficient, the rest comes from green electricity generation plants owned by the NTT group, so the electricity used in store operations is 100% renewable energy.

※1 Based on research by NTT Anode Energy Corporation through hearings with RTS Corporation, etc.

※2 ENNET Corporation, a subsidiary of NTT Anode Energy Corporation, is the agency providing this electricity supply.

Offsite PPA Diagram



Installation of Electric Vehicle Chargers

Seven & i Group has installed approximately 2,800 chargers for electric vehicles (EVs) and plug-in hybrid vehicles (PHVs) as of the end of February 2021 in parking lots at about 100 stores in Japan, including 7-Eleven, Ito-Yokado, Ario, Seibu, and Sogo department stores to provide a fee-based charging service. The initiative aims to increase the convenience of the commercial facilities and establish a pattern for using EVs and PHVs of charging them while shopping. It also aims to contribute to the realization of a decarbonized society by promoting the spread of environment-friendly, next-generation cars.



Electric Vehicle Chargers

Environmental Consideration in Leased Vehicles

Seven-Eleven Japan operation field counselors (OFCs), who support franchised store management, use leased vehicles to visit franchised stores. Seven-Eleven Japan has been phasing in hybrid vehicles for these leased vehicles. In the fiscal year ending February 28, 2021, it replaced 1,095 leased vehicles with hybrid models, bringing the total to 3,569 vehicles.



Example of leased vehicle

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Supply Chain Management (Environment)

Seven & i Group is making efforts to reduce its own environmental impact as well as working together with its business partners to reduce environmental impact across the entire supply chain. Besides requesting that our contractors that are manufacturing original products to comply with the Business Partner Sustainable Action Guidelines, we are also working to save energy at factories and introduce eco-friendly vehicles.



Applying the Business Partner Sustainable Action Guidelines

To ensure that it meets its social responsibilities on matters such as reducing its impact on the environment, Seven & i Holdings formulated the Business Partner Action Guidelines in 2007 and asks business partners to comply with them. In December 2019, to clarify our intention to build a sustainable society together with our business partners, we enhanced items related to human rights and labor issues. Thus we changed the name of the guidelines to “Seven & i Group Business Partner Sustainable Action Guidelines.”

“8. Global Environmental Conservation” in the Seven & i Group Business Partner Sustainable Action Guidelines defines items such as compliance with environmental laws and regulations, appropriate handling of wastewater and waste, consideration of biodiversity, and proactive use of energy-efficient equipment and eco-friendly technologies, as well as items related to the “GREEN CHALLENGE 2050” environmental declaration.

For our business partners to understand these guidelines for sustainable behavior and take effective action, we are carrying out the following activities, which are primarily aimed at the original products manufactured by the Group companies. In particular, we have been conducting training for our business partners since fiscal year ending February 28, 2019 to support the promotion of their efforts. In 2019, we held local briefings on the Business Partner Sustainable Action Guidelines and related policies for our business partners at four venues in China and five venues in Southeast Asia in March and April. A total of 287 factories (94.4% participation rate※1) and 482 business partners took part.

In fiscal year ending February 28, 2021, these in-person briefings were suspended accompanying the global spread of COVID-19, and we began to distribute briefings and practicals on the Business Partner Sustainable Action Guidelines under the title “Aiming for Sustainable Development Alongside Our Business Partners” in an on-demand format to our business partners with manufacturing bases overseas (274 participants from 178 companies※2) from June 2020. From August 2020, it was possible to view these resources in five languages, including Chinese and four other Asian languages, while in October instructional video streams for CSR audits with Chinese narration were also distributed to business partners within China (79 participants from 66 companies).

- ◆Awareness and spread: Organizing of briefings
- ◆Confirmation of implementation: Administering of self-check sheet
- ◆Support for implementation: Organizing of compliance training
- ◆Validation of implementation: Conduct of CSR audits and encouraging the taking of corrective action

※1 Percentage of factories participating in briefing sessions among those subject to CSR audits in fiscal year ending February 29, 2020 (overseas)

※2 Reference values taken from access logs for fiscal year ending February 28, 2021 online briefing sessions

➤ [For details about the Seven & i Group Business Partner Sustainable Action Guidelines](#)

CSR Audits and Corrective Measures

Since the fiscal year ended February 28, 2013, the Seven & i Group has had CSR audits conducted by third-party inspections organizations at the manufacturing factories of our private brand suppliers in developing countries. The CSR audits include everything from items related to human rights and labor issues to inspections of environmental aspects, such as compliance with environmental laws and regulations, management of effluent and chemical substances, and promotion of energy-saving and environmental protection activities.

If the business partner is found to be in conformance upon completion of the audit, we issue a Certificate of Conformity. However, if items not in conformance with the audit items (nonconforming items) are found, the third-party auditing organization will indicate the nonconforming items to the business partner in question. If the audit finds items that do not comply with the audit program (unacceptable items), the external audit organization provides guidance to the business partner concerned. The business partners must submit a corrective action plan (CAP) to the auditing organization within 10 days of the audit being completed, and must take immediate action to improve the items. After receiving a report on the completion of improvements for the relevant items, the completion of improvements is confirmed based on the submission of photos showing the improvements, guarantee documents (evidence) and other materials. However, for factories that exceed certain standards, such as when numerous serious unacceptable items are found, the resolution of issues is confirmed through another visit to perform a re-audit. When correction of the non-compliant items is completed or the third-party auditing organization and Seven & i Holdings judge that the plan contained in the CAP is valid, a Certificate of Conformity is issued to the relevant business partner.

The issuance of a “Certificate of Conformity” is a prerequisite for a business relationship to continue. In addition, when a new transaction is requested, we ask that you understand and comply with the “Seven & i Group Business Partner Sustainable Action Guidelines” and begin the transaction after a “Certificate of Conformity” has been issued through a CSR audit.

➤ [Further details about CSR audits of business partners can be found here](#)

Promoting Environmental Information Management at Manufacturing Factories

Seven-Eleven Japan has its original daily products manufactured by several contract manufacturers. These manufacturers have organized the Nihon Delica Foods Association, which reports on the CO₂ emissions, waste emissions, and the food recycle rate. We work to ascertain the environmental information of our contract manufacturers and hold study seminars through the “Environment Subcommittee” under the CSR Promotion Committee of the Nihon Delica Foods Association, where we share and spread examples from each manufacturer and work to address environmental issues. Further, Seven-Eleven Japan declared that it will utilize Eco Action 21 established by the Ministry of the Environment. Seven-Eleven Japan is taking action such as holding briefings and acquired certification at 93 factories of 25 companies that produce daily products (as of the end of February 2021). In addition, 221 factories in Japan that are tasked with manufacturing the Group's “Seven Premium” private brand products have acquired ISO 14001 certification for their environmental management systems.

Scope 3※1 Calculation

Seven & i Holdings is working to reduce CO₂ emissions and evaluate its environmental impact at every stage from the supply chain through to sales and consumption, as stated in its Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming. To this end, the Group has calculated the CO₂ emissions (“Scope 3”) throughout the entire supply chain following the “Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain Ver. 2.1.” of the Ministry of the Environment. For the fiscal year ending February 28, 2021 we calculated emissions for 10 major Group companies.※2 The results showed that Scope 3 emissions accounted for almost 90% of the Group's overall emissions, and of these, around 80% originated in the raw materials procurement process. We will analyze this calculation result and use it to achieve further reductions of CO₂ emissions across the entire supply chain.

※1. “Scope 3”: CO₂ emissions other than those from the company, emitted from its procurement of raw materials and products, transportation, and product use, together with CO₂ emissions from waste disposal processes

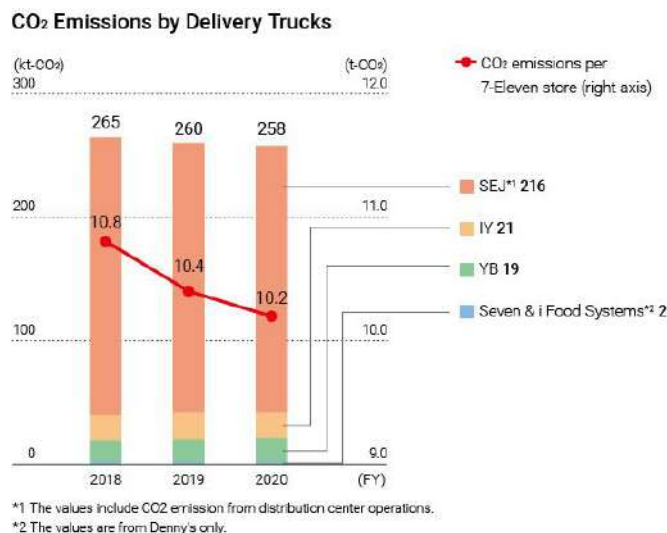
※2. The following 10 companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York, SHELL GARDEN, Sogo & Seibu, Akachan Honpo, THE LOFT, Seven & i Food Systems, and Seven Bank

Breakdown of Greenhouse Gas Emissions throughout the Supply Chain in the Fiscal Year Ending February 28, 2021 (Totals for 10 companies)

| Categories | Composition ratio | |
|---|-------------------|--------|
| Scope1 | 0.4% | |
| Scope2 | 9.6% | |
| Scope3 Categories 1-15 (total) | 90.0% | 100.0% |
| Category 1 (Purchased goods and services) | | 85.4% |
| Category 2 (Capital goods) | | 3.7% |
| Category 3 (Fuel- and-energy-related activities not included in Scope 1 or 2) | | 1.8% |
| Category 4 (Upstream transportation and distribution) | | 1.6% |
| Category 5 (Waste generated in operations) | | 0.4% |
| Category 6 (Business travel) | | 0.0% |
| Category 7 (Employee commuting) | | 0.2% |
| Category 8 (Upstream leased assets) | | 0.0% |
| Category 9 (Downstream transportation and distribution) | | 0.2% |
| Category 10 (Processing of sold products) | | - |
| Category 11 (Use of sold products) | | 0.3% |
| Category 12 (End of life treatment of sold products) | | 5.6% |
| Category 13 (Downstream leased assets) | | 0.7% |
| Category 14 (Franchises) | | - |
| Category 15 (Investments) | | - |
| Other | | 0.1% |
| Total of Scopes 1, 2 and 3 | 100.0% | |

Reducing CO₂ Emissions from Deliveries

Seven & i Holdings is asking its partners who deliver products to stores to cooperate with efforts to introduce eco-friendly vehicles, improve fuel efficiency, and reduce store delivery frequencies. Furthermore, progress is also being made in fitting trucks with drive-data terminals that record driving status. Data collected from the terminals is used to provide driver instruction and eco-driving seminars.



Introduction of Eco-Friendly Vehicles

For its delivery vehicles that convey products to stores, Seven-Eleven Japan is introducing clean diesel engines, compressed natural gas (CNG), hybrid vehicles, and fuel cell trucks such as EVs and hydrogen-powered trucks that do not emit CO₂, with the goal of reducing CO₂ emissions to achieve a decarbonized society. Of the total of 6,244 delivery vehicles, 3,926 are eco-friendly vehicles (as of the end of February 2021).

Since March 2018, we have been cooperating with a project being conducted by Ehime Prefecture to encourage the use of biodiesel fuel produced from used frying oil. Seven-Eleven Japan has been refining bio diesel fuel from oil collected from households, fryers in 7-Eleven stores, and production of fried foods at specialized factories in Ehime Prefecture. Seven-Eleven Japan projects that approximately 25 kiloliters of bio diesel fuel will be used each month and that emissions from deliveries will be reduced by about 2,590 kg- CO₂ per month.

Additionally, in April 2019, we introduced two light fuel cell trucks developed by Toyota Motor Corporation. These trucks run on a fuel cell (FC unit) that uses hydrogen to generate electricity, has a maximum loading capacity of three tons, a cruising range of approximately 200 kilometers, and does not emit environmentally hazardous substances during operation. Also, the electricity generated by the FC unit is used to power the refrigeration unit. In April 2020, a new test was begun at Japan's first center with incorporated hydrogen station, and verification experiments are being carried out toward expanded introduction from the summer of 2021.

From July 2019, we introduced two EV trucks, which are demonstration vehicles developed by Isuzu Motors Ltd., and are making efforts to further reduce our CO₂ emissions.



A delivery vehicle which runs on biodiesel fuel



A small fuel cell truck



EV truck



EV truck

Promoting Introduction of Eco-Friendly Tires

Seven-Eleven Japan is promoting the introduction of eco-friendly tires with low rolling resistance for delivery vehicles. As of the end of February 2021, we have installed ecofriendly tires on 6,244 delivery vehicles, representing approximately 99% of the total fleet.

Moreover, Seven-Eleven Japan has also introduced retread tires to 850 vehicles, as of the end of February 2021. These tires are made from tires that have finished their service life, by removing a certain amount of the rubber surface that makes contact with the road and applying new rubber and tread. In this way, they can be re-used as rear tires for delivery vehicles. Seven-Eleven Japan will promote the use of retread tires to contribute to resource conservation and waste reduction by reusing them.



Retread tires

Introduction of Energy-Saving Equipment at Distribution Centers

Seven-Eleven Japan is promoting efforts to reduce wasteful power usage at its distribution centers by introducing “demand controllers” that monitor the electricity usage of each unit of equipment and apply controls to the equipment in use to ensure that the usage does not exceed a certain range at 65 of 163 distribution centers (as of the end of February 2021).

Participation in Initiatives and Collaboration with External Organizations

Seven & i Holdings is actively supporting and participating in external organizations/initiatives both domestically and internationally such as the industry-government-academia collaborations and consortiums. We actively collect information on advanced technologies and know-hows on sustainability through initiatives, participate in regular/irregular seminars and study groups, as well as dispatch our information by discussions and presentations at symposiums/seminars/gatherings. By working to further reduce the environmental impact of the Group through collaborative and cooperative activities with suppliers and other stakeholders, we advance our efforts to realize our prosperous and sustainable society together.

Working together with our suppliers to reduce the environmental impact

| Name | Status of Participation |
|-----------------------------|-------------------------|
| Science Based Targets (SBT) | LINK |

Collaboration and joint research

| Name | Status of Participation |
|--|---|
| Kyoto Beyond SDGs consortiums, Kyoto University | Member (LINK: Japanese) |
| Japan Clean Ocean Material Alliance (CLOMA) | Member (LINK) |
| Japan Hydrogen Association (JH2A) | Member (LINK) |
| Sustainable Future Society Creation Platform, Tokyo University | Member (LINK: Japanese) |
| Japan Climate Leaders Partnership (JCLP) | Member (LINK) |

Material issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Measures against Food Loss / Waste and Measures for Organic Waste Recycling

Food accounts for about 60% of Seven & i Group's sales, and the "GREEN CHALLENGE 2050" Environmental Declaration has established food loss and waste / organic waste recycling countermeasures as one of its themes and is promoting initiatives. The "GREEN CHALLENGE 2050" aims to raise the organic waste recycling rate to 70% by 2030 and 100% by 2050, and the amount of food loss and waste* will be reduced by 50% by 2030 and 75% by 2050 compared to 2013.

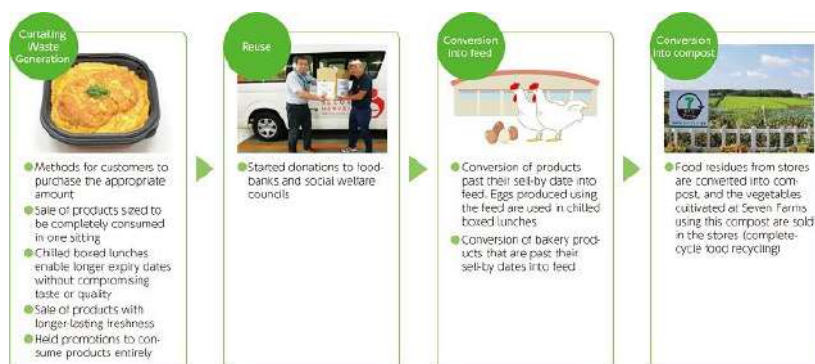
*Amount generated per one million yen in sales



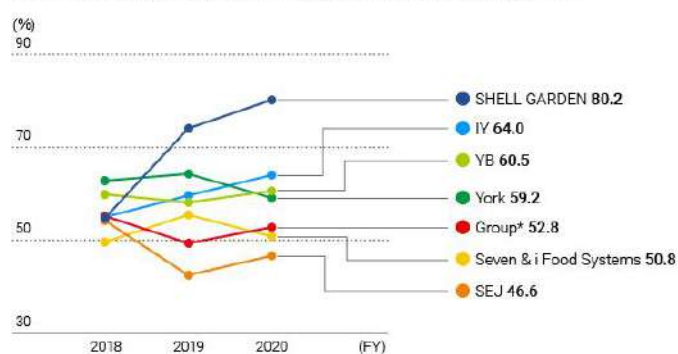
*Covering six food-related operating companies: Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York, SHELL GARDEN, and Seven & i Food Systems.

Our Approach to Reducing Food Waste

Our priorities for reducing organic waste are to curtail the generation of waste, promote the reuse of waste, convert waste into feed and fertilizer, and recover heat. Seven & i Group implements initiatives in order of priority at each stage.



Core Operating Companies' Organic Waste Recycling Rates



* Six food-related operating companies: SEJ, IY, YB, York, Seven & i Food Systems, SHELL GARDEN

Amount of Food Waste Generation

| | FY2018 | FY2019 | FY2020 |
|--|---------|---------|---------|
| Amount generated per million yen of sales (kg) ※ | 21.80kg | 22.35kg | 21.01kg |

※Six food-related operating companies: (Seven-Eleven Japan, Ito-Yokado, York-Benimaru, York, SHELL GARDEN, and Seven & i Food Systems.)

Initiatives Across the Entire Supply Chain

Seven & i Group continues to implement initiatives to reduce food loss throughout its supply chain. As one example, we are relaxing product delivery deadlines at Seven-Eleven Japan, Ito-Yokado, York-Benimaru, and York. Until now, our business practice was to use the “1/3 rule,” which entailed delivering products to stores before a third of the period between the date of manufacture and the expiration date had passed. As an initiative for reducing food loss, we are revising certain categories of products to a “1/2 rule,” which relaxes delivery deadlines by allowing deliveries before half of the period between the date of manufacture and the expiration date has passed. Going forward, we will expand target categories to reduce the inventory burden of manufacturers and vendors and work to further reduce food loss.

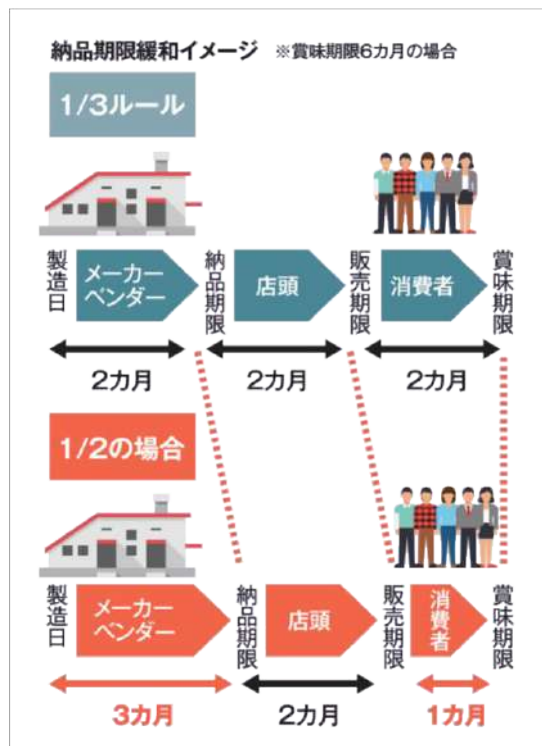


Image showing relaxed delivery deadlines

Received “Supply Chain Innovation Award 2020”

Seven-Eleven Japan is promoting efforts to reduce food loss and waste throughout the supply chain such as those for the mitigation of food waste by extending expiration dates through improvement of hygiene management levels at factories that manufacture original daily products as well as reducing inventory disposal costs at distribution centers and by granting nanaco points for products whose sales deadlines are approaching. In July 2020, these efforts received praise and won the Excellence Award and Special Award in the “2020 Supply Chain Innovation Award” contest hosted by of the Ministry of Economy, Trade and Industry.

Initiatives of Each Group Company to Reduce Food Loss and Waste

Each Seven & i Group company is implementing various innovations to reduce food waste in areas including sales methods and products. For example, Ito-Yokado and York (York Mart, York Foods, and York Price) have introduced food items sold loose and sold by small portions as well as cut vegetables to enable customers to purchase products only in the amounts they need. In addition, Denny's of Seven & i Food Systems provides menus offering dishes with smaller servings that can be finished comfortably without leftovers. It also provides take-out containers for customers to take the leftovers home, when they wish.

Additionally, York-Benimaru and York are converting fish ilium bones discarded by stores into feed. Moreover, 100% of waste oil, such as that generated from the frying oil used to cook delicatessen items at the stores of each Group company, is recycled. Going forward, Seven & i Group will continue to promote organic waste recycling.

Initiation of an “Ethical Project”

In May 2020, Seven-Eleven Japan started an “ethical project” at stores nationwide with the aim of reducing food loss and waste. The initiative reduces the generation of food waste by giving 5% of the tax-excluded price for target products near their sales deadline as bonus Nanaco points, and it covers a total of seven categories such as rice balls, bread, delicatessen, and sweets.

Extending Expiration Dates of Original Daily Products

Seven-Eleven Japan has made technological innovations that take advantage of the excellence of the manufacturing factories. Reviewing the manufacturing processes as well as temperature and hygiene management has allowed us to preserve safety and security without using preservatives and extend the expiration date (developing products with longer-lasting freshness) while improving the taste and quality. Starting with chilled boxed lunches in 2009, we have extended the freshness of products such as gratin and doria, pasta dishes, sandwiches, and delicatessen items. As of the end of February 2021, about 84% of our original daily products have a sales deadline that is over 24 hours away.

Donations to Food Banks

Ito-Yokado has been donating unexpired foods from some stores to food banks[※] since the fiscal year ending February 28, 2018, to a cumulative total of around 4 tons of donations (as of May 2021).

With regard to reuse, Seven-Eleven Japan has been donating inventories of processed foods to food banks when stores are closed or refurbished, and since the fiscal year ending February 28, 2019, it concluded regional comprehensive collaboration agreements with municipalities and began making donations to social welfare organizations. As of the end of February 2021, it has concluded regional comprehensive collaboration agreements with 194 municipalities.

[※]Organizations engaged in the distribution, to those in need of support, of foods which, despite no quality concerns, could not be put to market or are surplus to households.

Deployment of Eco Distribution

Seven-Eleven Japan has been promoting “Eco Distribution^{*}” since 1994 as a system for appropriate processing and recycling of organic waste. As part of this system, we are endeavoring to recycle products that have passed their sales deadlines into feed or compost, and in the fiscal year ending February 28, 2021, the combined recycling rate for products that had passed their sales deadline and discarded food oil was 46.6%.

^{*}Eco Distribution: Seven-Eleven’s original waste recycling system A recommended waste disposal provider for franchisees in each region collects all of the waste from Seven-Eleven stores for appropriate processing and recycling.

Circular Economy in Agricultural Initiatives

Establishment of Seven Farm

In August 2008, with the aim of enhancing recycling rates and revitalizing local agriculture, Ito-Yokado established “Seven Farm Tomisato” as an agricultural production corporation in Tomisato City, Chiba Prefecture, thereby becoming the first player in the retail sector to engage in “Circular economy in agriculture.” “Circular economy in agriculture” is an initiative for composting food residues (garbage) generated by Ito-Yokado stores and using it as fertilizer at Seven Farms. The produce that is grown at the farms is then harvested and sold at the stores from which the food residues were generated. As of the end of February 2021, Seven Farm had expanded to 12 sites nationwide, Seven Farm is actively working to acquire certification under Japan Good Agricultural Practice (JGAP), an agricultural production process management technique, and 11 Seven Farm locations (as of the end of February 2021) have acquired JGAP certification.



Seven Farms



Seven Farms' Circular Economy Model

➤ More details on Seven Farm can be found [here \(in Japanese\)](#)

On-site Processing (Garbage Processors) Initiatives

Ito-Yokado introduced a “biodegradable garbage processor” system that breaks down organic waste using microorganisms in October of 2011 and has installed on the sites of 58 stores as of the end of February 2021. Through the power of microorganisms, the devices break down into water and CO₂ garbage that is ill-suited to recycling (such as highly fibrous substances, etc.). This process results in reduced CO₂ emissions compared to incineration processing, and it offers an effective reduction of waste volumes.

Seven-Eleven Japan also started operations tests of biodegradable garbage processors in 2013. The on-site organic waste treatment eliminates the need for delivery to local municipal treatment centers and contributes to the reduction of CO₂ emissions generated during delivery and incineration. As of the end of February 2021, we had introduced and begun operating these at a total of 18 stores in Tokyo and Nagano Prefecture on a trial basis.



Biodegradable garbage processors (Ito-Yokado)



Biodegradable garbage processors (Seven-Eleven Japan)

Awareness-Raising Activities for Reducing Food Loss and Waste

In light of the fact that approximately half of food waste is generated by homes, the Seven & i Group is conducting educational activities to reduce food waste at home. We conducted a food drive in which customers could bring their extra food to participating Ito-Yokado, York, and Sogo and Seibu stores and have it be donated to food banks.

From June 2020, Ito Yokado successively expanded the number of stores with a permanent food drive collection box to 31 (as of June 2021), and have collected a cumulative total of around 9.4 tons (as of May 2021) of food. The foods collected at each store are centralized at distribution centers with the cooperation of contracted logistics companies, and then delivered to food canteens for children and persons in need of support through food banks. In addition, we implemented a food drive to raise employee awareness at venues including the Head Office of each Seven & i Group company and selected district offices of Seven Eleven Japan.

At Seven & i Food Systems, companies in the restaurant business have the responsibility to promote efforts that encourage customers to finish their food. At the end of February 2021, 13 local municipals nationwide have registered as stores that promote food waste reduction, such as stores that encourage customers to finish their meals. Since October 2019, Denny's menu has made it clear that there is a small-serving option for rice that is easy to finish, and it has displayed the “Loss Non” symbol used by the national movement to promote food loss and waste reduction.

For introducing its mottECO program to reduce food waste, Seven & i Food Systems has been selected by the Ministry of the Environment as a “FY2021 Model Business for Reduction of Food Waste and Promotion of Recycling by Local Governments and Businesses.” Under this program, restaurant customers unable to finish their food can request 100% plant-derived containers in which to take home the leftover portion. By having customers assume the responsibility for taking home these leftovers on their own, this campaign is raising awareness of reducing food waste and promoting a “culture of taking home leftovers as one’s own responsibility.”

During Food Waste Reduction Month in October 2020, York created booklets compiling ideas to reduce food waste which can easily be practiced in the daily lives of customers, distributing these at all stores. In addition, York introduced eco menus and ideas at stores where kitchen support is available.



mottECO poster



Introduction of eco menus (York)

Material issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Effective Use of Resources

In response to such trends as the sharp increase in the world's population and its continued urbanization along with the rapid economic growth of emerging and developing nations, the depletion of natural resources essential for living has become an issue. Seven & i Group is working toward achieving a circular economy that makes effective use of resources by working with customers and business partners to reduce waste, collect recyclable resources at stores, promote recycling, and reuse materials.

With regard to the reduction of plastic shopping bags that has been attracting increased attention lately, the "GREEN CHALLENGE 2050" environmental declaration states that use of plastic shopping bags should be reduced to zero by 2030, and the materials used for shopping bags should be sustainable, natural materials such as paper.



Collection of Recyclable Resource at Stores

Seven & i Group is promoting an important initiative to recover and recycle empty containers and other materials from its products. Every Group company cooperates with customers and local governments to collect recycling resources such as bottles, cans, polystyrene, paper cartons, and PET bottles at stores in accordance with local waste disposal sorting rules. Recently, some stores of the Group have also been cooperating with local governments to collect small electrical appliances, which have been drawing attention as "urban mines."

Installing Reverse Vending Machines for Collecting PET Bottles for Recycling

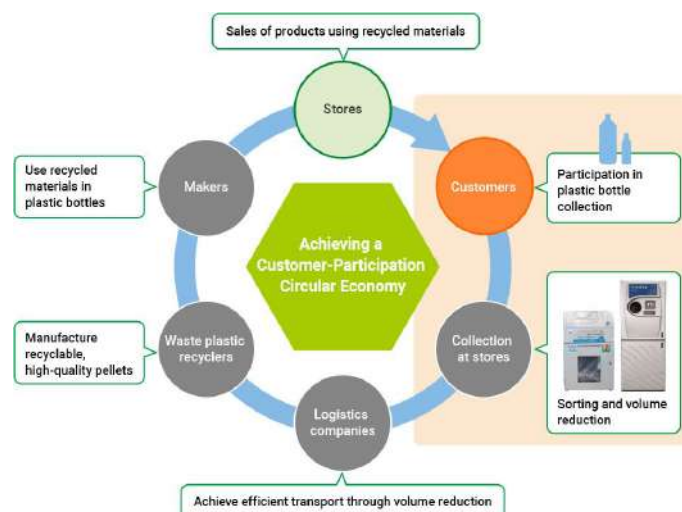
Ito-Yokado, York-Benimru, and York have had reverse vending machines for collecting PET bottles for recycling installed at stores since 2012. Since PET bottles inserted into the machines undergo an automatic process of foreign-matter removal and volume-reduction (by either compression or crushing), large volumes of bottles for recycling can be sent to recycling plants on each occasion, which reduces the delivery frequency from stores. Moreover, by utilizing Seven & i Group logistics routes, more efficient transportation is possible and the volume of CO2 emissions resulting from the operations can be reduced.

The collected PET bottles are made into new PET bottles for 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 February 2021, 1,001 reverse vending machines have been installed in stores across the four companies, and approximately 8,700 tons of PET bottles have been collected. We are promoting an initiative to recycle material from PET bottles collected at stores and use it in packaging for the Group's Seven Premium private brand products. Moreover, we have printed a note explaining the process from collecting to recycling on the product packaging.

Seven-Eleven Japan conducted trials of reverse vending machines at five stores in Koto-ku, Tokyo starting in December 2015. Later, the program was expanded in stages to stores in Tokyo and Saitama Prefectures starting in December 2017. In addition, since June 2019, Seven-Eleven Japan has been partnering with Higashiyamato City, the Higashiyamato City Cleaning Business Cooperative, and the Nippon Foundation to gradually install PET bottle reverse vending machines to promote bottle-to-bottle recycling at all 7-Eleven stores in Higashiyamato City. Moreover, in September 2019, the installation of PET bottle reverse vending machines began at stores in Okinawa Prefecture, and in January 2020, installation began in Yokohama City, making it the first among ordinance-designated cities. As of the end of February 2021, PET bottle reverse vending machines have been installed at some stores in Tokyo, Saitama, Kanagawa, Ibaraki, and Okinawa Prefectures, and there are plans for expansion going forward.

PET Bottle Recycling System Using Reverse Vending Machines



Small-sized reverse vending machine system for convenience stores

| | FY2018 | FY2019 | FY2020 |
|--------------------------|--------|--------|--------|
| Amount recovered (tons) | 8,900 | 9,740 | 8,700 |
| Number installed (Units) | 759 | 820 | 1,001 |

Number of PET bottle reverse vending machines installed and amount recovered

Achieving Complete Bottle-to-Bottle PET Bottle Recycling

In June 2019, Seven & i Group began selling “Seven Premium Hajime Ryokucha Ichi-nichi Ippon” in recycled bottles made by using 100% of the PET bottles collected by reverse vending machines at stores. It is the first initiative of its kind in the world that recycles PET bottles collected from specific distribution groups as raw materials and sells them as a product again in the same distribution group.※

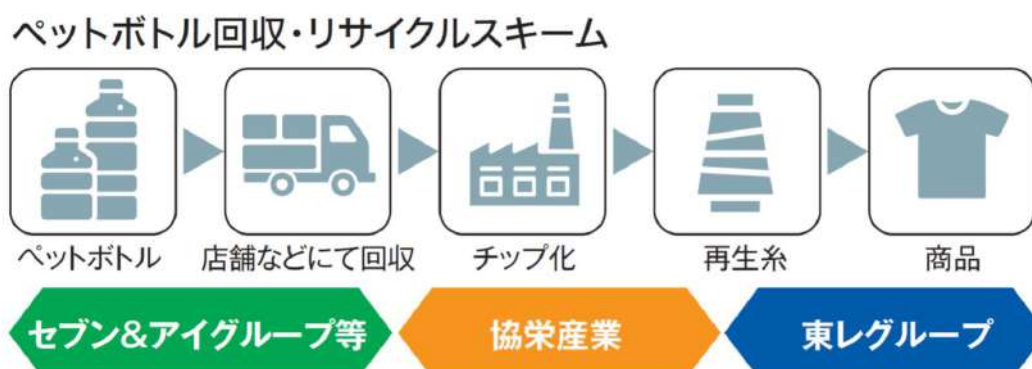
※As of June 5, 2019. Study by Coca-Cola Japan and Seven & i Holdings.

Using Recycled PET Material for Clothing

Seven & i Group is making efforts to expand the use of recycled PET materials while promoting the collection of PET bottles. In February 2020, “Seven Premium Lifestyle Body Cooler,” an underwear that utilizes PET bottles collected by PET bottle reverse vending machines installed at the Group stores and uses recycled yarn made from the PET bottles, went on sale at Ito-Yokado, York-Benimaru, and Sogo & Seibu stores nationwide.

As of February 2021, Ito-Yokado carries approximately 250 clothing items that use these recycled materials, accounting for about 12% of the sales mix for Ito-Yokado’s underwear category. We plan to continue developing products that use recycled PET bottle materials moving forward.

PET Bottle Recycling Scheme



Reducing the Use of Disposable Plastic Bags

Seven & i Group has promoted the reduced use of disposable plastic bags by asking customers whether they need a bag at the register, displaying posters and POP signs, and holding events to encourage customers to bring their own shopping bags when shopping at stores.

Seven-Eleven Japan, with the marine plastic waste problem becoming a social issue, has recommended that 21,000 stores nationwide use plastic shopping bags containing 30% plant-derived biomass polyethylene to further reduce usage fees for petroleum-derived plastics. As plastic shopping bags started to cost money in July 2020, the turn-down rate across the entire Group has climbed to just under 80%, and the turn-down rate at Seven-Eleven Japan, which was about 30% before the charge was applied, has grown to be about 75% (as of the end of February 2021), leading to an 8,000-ton reduction in the use of plastic (amount reduced from the July 2020 start of charging to February 2021). Moreover, the “amount equivalent to Head Office revenue” from the charge of plastic shopping bags is being used widely for future generations and funding cleanup activities, such as the cost of installing PET bottle reverse vending machines at 7-Eleven stores, which has been done as an initiative to reduce our negative environmental impact, and partial donations to the Seven-Eleven Foundation.

Reducing Waste Resulting from Products

Ito-Yokado is working to curtail the generation of waste and to promote reuse and recycling with a view to reducing waste disposal. For example, in product deliveries, Ito-Yokado utilizes reusable containers and hangers for delivery of apparel as a way of cutting down on the use of packaging and cardboard. At stores, Ito-Yokado promotes understanding of recycling, and store employees are encouraged to rigorously sort waste for recycling purposes.



Shipping work at a distribution center



Reusable containers for store deliveries

Reuse of Fixtures and Building Materials from Closed Stores

When 7-Eleven stores are to be rebuilt or closed, the disposed product shelving, fixtures, and chiller cases are reused at other stores after undergoing maintenance. Furthermore, steel frames and sashes that are resulted in destructions of stores are reused in constructions of new stores to reduce construction waste.



Introduction of Environmentally Friendly Packaging

Product containers and packaging play important roles including preserving products and displaying information about ingredients, but after product use, these items become waste. In the “GREEN CHALLENGE 2050” Environmental Declaration,” Seven & i Group is promoting the reduction of the environmental impact associated with containers and packaging by pledging to make 50% of the containers and packaging used in original products (including Seven Premium) consist of environmentally conscious materials by 2030, and 100% by 2050.



Plastic Usage Reduction Initiatives

At Ito-Yokado, York-Benimaru, and York, we have devised sales methods for fresh food and delicatessen items that reduce the amount of containers and packaging used, such as selling by weight or selling individual loose items. In our delicatessen items sales areas, we are increasingly using paper bags rather than plastic containers for selling items such as croquettes and deep-fried chicken. In some other stores, some products sold in fresh meat sales areas have adopted the method of packing meat for sale in plastic bags without a polystyrene tray.

At Seven-Eleven Japan, the lids on containers of the “Cup Deli” line of salad products have been changed to top-seal types, and the amount of plastic used per container has been reduced by about 25% compared to conventional containers. (Plastic reduction in the fiscal year ending February 28, 2021: about 203 tons*1) Moreover, aside from initiatives for product containers, we reduced the amount of oil-based plastic by about 12% compared to conventional materials through our original manufacturing process and the addition of biomass resin to some of the plastic promotional display items in 7-Eleven stores.

※Compared to the weight of plastic used in the lids on containers of the Cup Deli in the fiscal year ending February 28, 2019



“Cup Deli” products with top-seal lids



Example of display items with reduced oil-based plastic

Shifting to Recyclable Packaging

In July 2015, we changed the paper cartons used for Seven Premium alcohol products from the previous aluminum carton material to a non-aluminum carton material. This change enables the cartons to be recycled as paper cartons. Moreover, the volume of CO₂ emissions per carton from the raw material procurement and manufacturing process is around 12% lower compared with the aluminum cartons. Therefore, this initiative has resulted in a reduction in CO₂ emissions of approximately 250 tons per year, the equivalent of the CO₂ absorbed by approximately 18,000 cedar trees.



The identification mark also changed from the Paper Mark to the Paper Carton Mark

Use of Biomass Raw Materials

In the fiscal year ended February 29, 2016, Seven-Eleven Japan replaced the original Salad Cup Container sold in the chilled cases of its stores with containers that use environmentally friendly PET made from recycled or biomass PET rather than oil-based PET. Ito-Yokado also uses bioplastics that make partial use of plant-based oil materials for the containers in its cut fruit and boxed lunches.



Example of Salad Cup Container using environmentally friendly PET



Bioplastic container



Cut fruit inside a bioplastic container

Adopting "Rice Ink" for Package Printing

In April 2016, Seven-Eleven Japan introduced rice ink for printing the packaging of rice balls sold at its stores. Rice ink is made from rice bran oil, a non-edible part of the plant extracted from rice bran. This ink reduces the Company's annual CO₂ emissions by around 60 tons compared with conventional petroleum-based inks and is therefore aiding in reducing environmental impact. Moreover, the packaging is also contributing to our efforts to promote local production for local consumption by using domestically produced rice bran oil, which is one of the raw materials.

In December 2016, Seven-Eleven Japan changed to plant-based packaging film and ink for its original bakery products. Compared with the previous oil-based packaging, this has therefore reduced the Company's annual CO₂ emissions by approximately 108 tons.



Product packaging made from plant-derived raw materials

Introducing Paper Containers

Since June 2020, Seven-Eleven Japan has switched from conventional plastic to paper containers for “chilled boxed lunches” sold in the Tokyo metropolitan area (gradually expanding nationwide). Through this initiative, there was a reduction of about 406 tons of plastic in the fiscal year ending February 28, 2021 when compared to conventional containers that use plastic, and the target for the fiscal year ending February 28, 2022 is a reduction in plastic of about 800 tons. In addition, by combining paper material for the parts of sandwich packaging that had used film material, we reduced our use of plastic by about 40%.



Paper container for chilled boxed lunches



Packaging that combines paper material within the red frames

Use of Forest Thinning Materials

Certain Seven Premium cup soups and yoghurt drinks have containers made with Seven Forest thinning materials. Japan has a large number of unmaintained man-made forests that have been left unattended. With many such forests currently not fulfilling their potential as carbon sinks, use of forest thinning materials can contribute to the creation of healthy forests and prevention of global warming. Forest thinning materials are also being phased in for use in the outer sleeve section of the hot cups used for SEVEN CAFÉ, which is sold mainly at 7-Eleven stores throughout Japan.



Products that use forest thinning materials

➤ [See here for further information about Seven Forest \(in Japanese\)](#)

Introduction of Recycled Materials

Ito-Yokado and York are introducing recycled trays manufactured by suppliers that have received Eco Mark certification. In the fiscal year ending February 28, 2021, the introduction of recycled trays reduced annual CO₂ emissions by approximately 2,500 tons.

Moreover, in packaging for lifestyle household goods such as Seven Premium Refillable Body Soap, the Group has adopted recycled materials such as those from PET bottles, some of which are recovered at the Group stores.



Recycled tray



Packaging made from recycled PET bottle material

Environmental Efforts of SEVEN CAFÉ

Many customers support SEVEN CAFÉ, which is promoting environmental considerations in various ways. For example, forest thinning material is used for the outer sleeves for hot beverages. Cups for iced beverages use a compound material that includes recycled PET. We are also working to cut down our use of limited resources, for example by making cups lighter and thinner. Since the fiscal year ended February 28, 2018, we have developed an antibacterial deodorizer that uses recycled coffee grounds collected from some of our stores. The new product is being used for cleaning at 7-Eleven stores.

Moreover, in November 2019, we introduced straws for use at SEVEN CAFÉ that use the biopolymer “PHBH®” from Kaneka Co., Ltd., which is 100% plant-derived and biodegradable, at approximately 10,000 stores. Additionally, the remaining 11,000 stores have introduced FSC-certified paper straws. We are working to reduce the distribution of petroleum-derived plastic straws at all 7-Eleven stores and promoting eco- friendliness at SEVEN CAFÉ.



Environmentally friendly SEVEN CAFÉ



Antibacterial deodorizer that uses recycled coffee grounds

Material Issue 3 Non-Wasteful Usage of Products, Ingredients and Energy

Internal and External Communication

Seven & i Group is utilizing the characteristics of the retail business, which is used by approximately 22.4 million customers every day in Japan alone, to promote environmental activities along with its customers. Moreover, we emphasize collaboration with various stakeholders through participation in the activities of external organizations and communication with NPOs. Further, to promote environmental activities, it is necessary for each and every one of our more than 100,000 employees in Japan to take action, so we are also focusing our efforts on awareness-raising activities for employees.



Communication with Customers

Seven & i Group is committed to environmental activities that take advantage of the distinct ability of the retail business to interact directly with many customers. In March and July of 2021, we conducted “light-down” campaigns in which some of the Group stores turned off their signboard lights as a means of thinking about the global environment along with our customers. About 7,500 Group stores took part in this.

For Environment Month in June 2021, as a donation effort to reduce food loss and waste, a “food drive” was conducted to generate donations by collecting food no longer needed at homes in the area at some Ito-Yokado and Sogo & Seibu stores. Many customers participated, and the collected food was donated to various organizations. At some Ito-Yokado stores, permanent food drive spaces have been set up where these activities are continued throughout the year.

Moreover, in consideration of the COVID-19 pandemic, we are also engaged in awareness-raising activities via the Internet and social media as complementary to efforts at stores. As an example, we started releasing “Kenja no Recipe (Recipe of the Wise)” in March 2021 with the aim of reducing food waste. On this special website, we deliver food waste-cutting recipes with the theme that through eating ingredients used “carefully, attentively, wisely, and without waste,” happiness extends to all of the growers of the food, cooks of the food, and diners of the food.

Support for NPOs and Other Environmental Organizations

Seven & i Holdings continues to make donations to various environmental organizations such as the Keidanren Nature Conservation Fund, which promotes wider awareness of biodiversity and supports the nature protection projects of NGOs in and outside of Japan, as well as WWF Japan, environmental and wildlife preservation group. In addition, with regard to climate change, we joined the Japan Climate Initiative (JCI), the Japan Climate Leaders’ Partnership (JCLP), and the TCFD Consortium, and for plastic issues, we joined the Japan Clean Ocean Material Alliance (CLOMA). We are making efforts to promote environmental activities in cooperation with various companies and organizations.

In addition, Seven-Eleven Japan has been conducting environment-themed social contribution activities together with franchised stores through the Seven-Eleven Foundation since 1993. Based on contributions*1 from customers collected through collection boxes placed at the counters of 7-Eleven stores, along with donations from Seven-Eleven Japan and other funds, the Seven-Eleven Foundation engages in environmental citizenship activity support projects, natural resource protection and conservation projects, publicity projects, and disaster recovery assistance projects. One of the major pillars of the environmental citizenship activities*2 is the funding of NPOs and civic groups conducting regional environmental activities. The foundation has been calling for applications each year since 2001, with the goal of seeing regional donations used to support regional environmental activities. Over the past 20 years in total, the foundation has provided ¥2,423,190,106 in funding for 4,078 activities.

The Seven-Eleven Foundation operates the Kokonoe Furusato Nature School located in Kokonoe Town, Kusu District, Oita Prefecture and the Takao Forest Nature School in Hachioji City, Tokyo, based on the principle of “Learning from nature: how to promote coexistence and mutually beneficial relationships between people and nature and the natural environment and local communities.” The Kokonoe Furusato Nature School is engaged in projects to protect and preserve the abundant nature cultivated by the region as well as its ecosystems, history, and culture. The school’s efforts to promote creation of rice fields that coexist with nature and where living things can thrive has been designated as a project in coordination with the Japan Committee for the United Nations Decade of Biodiversity (UNDB-J). Moreover, The Takao Forest Nature School is a collaborative project with the Tokyo metropolitan government, operating in a forest of approximately 26.5 ha owned by Tokyo metropolitan government. The school’s programs include bird watching, volunteer experiences in the forest, flora observation, and craft work.

*1 Storefront donations collected in the fiscal year ended February 28, 2021 amounted to ¥420,596,964. The total amount of storefront donations collected since the fiscal year ended February 28, 1995 is ¥8,356,449,175.

*2 Assistance for environmental NPOs through public support in the fiscal year ended February 28, 2021 (including recipients of ongoing support): 269 support projects; ¥111,063,824 provided in total



Takao Forest and Nature School



Collection box placed on counters in stores



Kokonoe Furusato Nature School

Responding to Opinions and Requests

We receive and respond to opinions and requests relating to the environment from customers and civic groups at the customer feedback departments at each Group company and at the Sustainability Promotion Department of Seven & i Holdings. In 2014, when we considered the material issues that Seven & i Holdings should address, we identified our material issues upon engaging in dialogue with stakeholders including customers, business partners, shareholders and other investors, as well as those of CSR experts.

➤ [For more details about the selection process for material issues](#) 

Employee Environmental Education

In order to raise the environmental awareness of employees, Seven & i Group regularly holds training, events, and more with the aim of instilling basic knowledge and facilitating understanding of environmental matters in line with the characteristics of each of their businesses.

Conducting Group-Wide e-Learning

In response to the “GREEN CHALLENGE 2050” environmental declaration announced in May 2019, Seven & i Group has conducted Group-wide e-learning every year since fiscal year ended February 29, 2020. For fiscal year ended February 28, 2021, it focused on the revisions to the targets in the “GREEN CHALLENGE 2050” environmental declaration and social developments related to climate change, and was conducted for all Seven & i Group employees in Japan.

Encouraging Group Employees to Take the Eco Test

Since the fiscal year ended February 28, 2015, Seven & i Group has been encouraging employees to pass the Certification Test for Environmental Specialists (Eco Test) as a training tool for systematically acquiring a broad knowledge about increasingly diverse environmental problems. Each group company supports test takers by subsidizing test fees, holding study sessions, and so forth. In the fiscal year ended February 28, 2021, 462 employees passed the test (cumulative total of 10,063 people passing the test).

Holding Environmental Events to Raise Awareness Among Employees

Seven & i Group holds internal environmental events to provide opportunities to raise environmental awareness of employees. For example, the Group employees participate alongside 7-Eleven franchisees in volunteer activities organized by the Seven-Eleven Foundation. Major activities include such conservation efforts as forest care operations ranging from tree planting to tree thinning and undergrowth cutting at “Seven Forests” in 16 locations throughout Japan; and marine afforestation initiatives to cultivate eelgrass habitats, which purify water and reduce CO₂, thereby enriching the marine environments in Tokyo Bay and Osaka Bay. In the fiscal year ended February 28, 2021, a total of 171 people took part in such events, including personnel from Seven-Eleven Japan franchised stores and Head Office employees as well as the Group employees. (For the fiscal year ended February 28, 2021, these activities were held with a limited number of participants in order to prevent the spread of COVID-19.) Starting in 2006, the number of participants so far totals 13,307.

Additionally, we are engaged in various activities to raise employee awareness particularly in June, which has been designated as Environment Month, and October, which has been designated as Food Waste Reduction Month. In the fiscal year ended February 28, 2021, we provided employees with opportunities to think about the environment as a personal issue by conducting such efforts as a food drive where customers could bring food they did not use at home and donate it to a food bank, the collection of empty disposable contact lens cases as a measure to address plastic waste, and a light-down campaign at the Group stores.

➤ [For more details about “Seven Forest” \(in Japanese\)](#) 

➤ [For more details about the Tokyo Bay UMI Project \(in Japanese\)](#) 