

Material Issue 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

Approach to Material Issues

Seven & i Holdings believes that the Group has an important role to play in providing socially and environmentally responsible products and services to its customers, thereby helping to build an ethical* society.

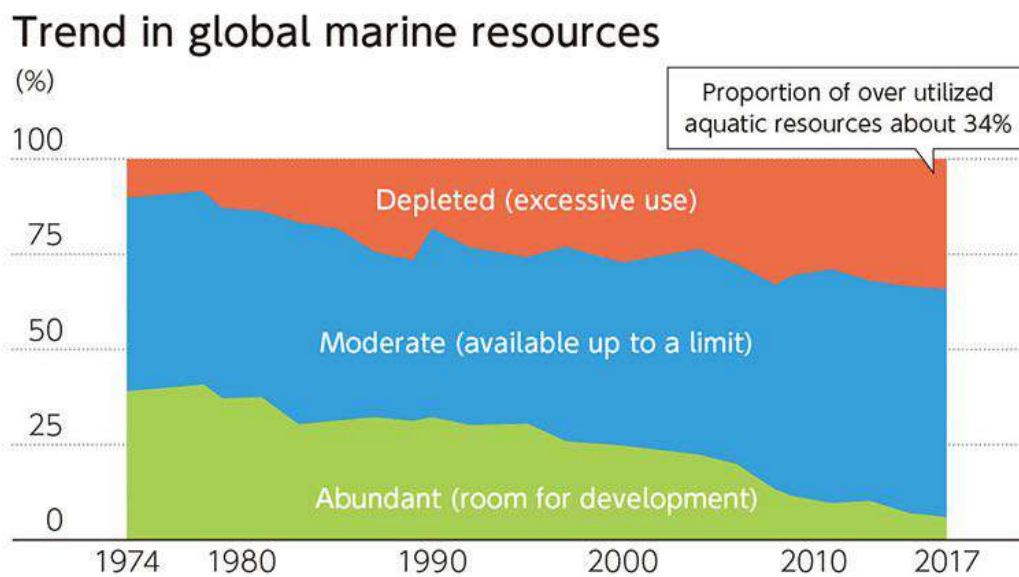
In every process from procuring raw materials to delivering products to customers, Seven & i Holdings believes that it must not only comply with laws and regulations, but it must also supply valuable products that show consideration for society and the environment. This will contribute to improving the sustainability of resources and is crucial to enhancing the strength of supply chains and ensuring business continuity. Moreover, awareness of ethical consumption has been increasing among customers in recent years. Addressing this awareness will also help to strengthen Seven & i Holdings' competitiveness. For these reasons, we will advance initiatives targeting the entire supply chain, including business partners.

* The word "ethical," in addition to its conventional meaning, has been increasingly associated with environmental preservation and social contribution in recent years.

Background to Material Issues

Decline and Depletion of Fisheries Resources

Amid increasing consumption of seafood in recent years, activities such as overfishing and environmentally destructive resource usage have taken place. As a result, sound marine resources have been steadily declining, while an increasing number of resources face the risk of depletion.



Source: The State of World Fisheries and Aquaculture 2020

Heightened Interest in the Social and Environmental Impact of Supply Chains

Modern slaves are individuals forced into labor, trafficking, sexual exploitation, forced marriage, etc., and it is said that there are about 40 million slaves throughout the world. According to studies, about 70% of these slaves are women, with children accounting for 25%*.

Against the backdrop of a multitude of social issues like these around the world, an increasing number of consumers are seeking to purchase goods produced through fair trade practices. With a heightened awareness of ethical consumption, it has become crucial to build sustainable business models across the entire supply chain.

* Source: Global Slavery Index 2018



Promotional Framework for Material Issues

The entire Group is working to address this material issue, with specific measures being examined and formulated by the following committees and subcommittees. The CSR Management Committee and its subordinate Supply Chain Subcommittee examine the theme of "Addressing the social and environmental impacts of the supply chain." The Environment Subcommittee addresses themes related to product procurement and business partners, including the "Depletion of natural resources" and the "Loss of biodiversity." These activities are supervised by the Director and Managing Executive Officer Head of the Corporate Development Division, Seven and i Holdings.

Contribution to SDGs

By addressing this material issue, Seven & i Holdings will achieve sustainable food production and consumption patterns through the entire supply chain, and will contribute to achieving Sustainable Development Goals 2, 7, 8, 10, 12, 13, 14, 15 and 16.



Seven & i Holdings' Initiatives

Building a Sustainable Supply Chain Together with our Business Partners >

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

Sustainable Environment Conservation Activities >

In cooperation with NPOs and other organizations, we undertake measures that contribute to the prevention of global warming and conservation of biodiversity.

Sustainable Procurement of Raw Materials >

We have formulated the Basic Policy on Sustainable Procurement to ensure sustainable use of natural resources for future generations and we are promoting initiatives in cooperation with various stakeholders.

Building a Sustainable Supply Chain Together with our Business Partners

Since its establishment, Seven & i Holdings has always been committed to being a sincere company that is trusted by the various stakeholders who support our corporate activities, including customers, business partners, shareholders, local communities, and employees, as stated in our corporate creed.

Today, the world is facing a variety of issues related to human rights. Companies are being required to fulfill their social responsibilities, such as respecting and protecting human rights throughout the supply chain of the products and services they handle, complying with laws and regulations, protecting the environment, and giving consideration to working conditions. Seven & i Group places the highest priority on respecting and protecting human rights, and we ask our business partners to understand and implement the Seven & i Group Business Partner Sustainability Action Guidelines. We believe that we can provide safe and secure products to our customers by working together with our suppliers to implement the Seven & i Group Business Partner Sustainable Action Guidelines and build a supply chain that fosters sustainable development.



Strengthening Enactment of the Seven & i Group Business Partner Sustainable Action Guidelines

Seven & i Holdings is strengthening the enactment of the Business Partner Sustainable Action Guidelines in order to provide safe and reliable products to customers and to fulfill our social responsibilities in areas such as human rights, labor, and the environment in cooperation with our suppliers. We also ask our suppliers to conduct and promote human rights due diligence.

Thorough Implementation of the Seven & i Group Business Partner Sustainable Action Guidelines

In April 2017, Seven & i Holdings revised the "Seven & i Holdings Business Partner Action Guidelines" formulated in 2007 as the "Seven & i Group Business Partner Action Guidelines," and we have asked our business partners to understand and comply with these guidelines. In December 2019, we further revised these guidelines as the "Seven & i Group Business Partner Sustainability Action Guidelines" (hereinafter, the Guidelines). The purpose of the Guidelines is not only to ensure the safety and quality of products and services handled by the Group, but also to fulfill our social responsibilities together with our suppliers by promoting the protection and respect of human rights, compliance with laws and regulations, global environmental conservation, and consideration for the working environment throughout the supply chain. These guidelines are disseminated to all Group companies through various meetings with suppliers.

Seven & i Group Business Partner Sustainable Action Guidelines (Excerpt)

1. Respect and Protection of Human Rights
2. Legal Compliance
3. No Child Labour and Protection for Young Workers
4. No Forced Labour
5. Payment of Living Wages
6. Elimination of Abuse, Harassment, Discrimination and Punishment
7. Employment and Protection of Workers
8. Preservation of Global Environment
9. Prevention of Confidential Information Leakage and Information Management
10. Management of Personal Information
11. Quality Control and Ethical Response
12. Relationship with Local and International Communities
13. Anti-corruption and Fair Business Practices
14. Protection of Intellectual Property
15. Export and Import Management
16. Development of Internal Reporting Systems
17. Disaster Preparedness
18. Development into Supply Chain
19. Monitoring

➤ [The Seven & i Group Business Partner Sustainable Action Guidelines can be found here.](#) 

*As of the end of February 2021, this document is available in 21 languages.

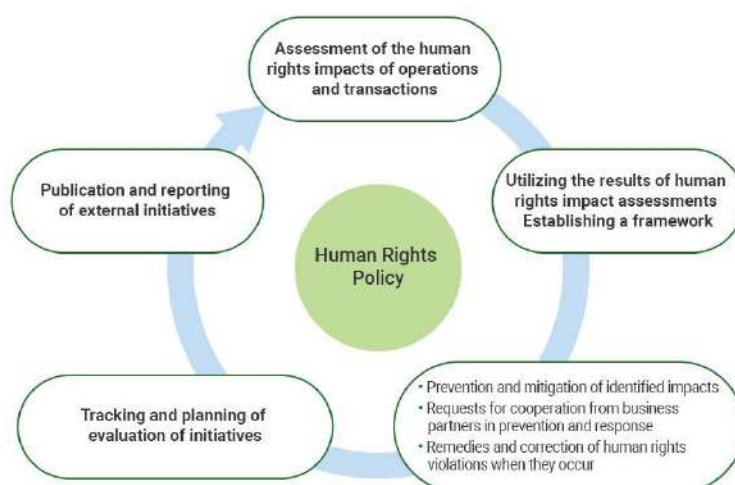
Establishment of a Human Rights Due Diligence System

Seven & i Group's management philosophy is to be a sincere company that is trusted by various stakeholders, as stated in its corporate creed. In particular, we recognize that "respect for human rights" is the most important factor in conducting sustainable business activities and remaining a trustworthy and honest company.

In order to respect and protect human rights in the supply chain, the Seven & i Group Business Partner Sustainable Action Guidelines express the Group's stance on respect for human rights and request that suppliers comply with the guidelines.

The Seven & i Group Business Partner Sustainable Action Guidelines have been formulated as action guidelines that focus on respect for human rights in accordance with international labour standards such as the United Nations Guiding Principles on Business and Human Rights, the ILO Basic Labour Conventions, and the OECD Guidelines for Multinational Enterprises. We are working to strengthen our human rights due diligence system by implementing a human rights due diligence process that includes the identification and assessment of human rights risks, the implementation of actions to mitigate human rights risks, the monitoring of corrective actions, and the disclosure of information, as well as developing a grievance mechanism and promoting dialogue with stakeholders.

Human Rights Due Diligence Diagram



Human Rights Due Diligence System for the Business Partner Sustainable Action Guidelines

Seven & i Group assesses the potential negative human rights impacts of its business activities on the supply chain, and based on the results of the assessment, prevents and mitigates the identified negative human rights impacts, requests cooperation from suppliers in preventing and addressing such impacts, and takes remedial and corrective actions in the event of human rights violations. We have an ongoing process of conducting follow-up evaluations and disclosing the results on our website.

Assess, Identify, and Analyze negative impacts on Human Rights:

Grasping the production factories of private-brand products, conducting self-checks by suppliers, and conducting CSR audits by a third-party auditing organization

Actions:

Education and awareness-raising activities aimed at reducing human rights risks, memorandum on CSR with suppliers commissioned to manufacture private-brand products, start of business transactions based on the premise of obtaining CSR audit certification at private-brand product manufacturing factories in China and Southeast Asia

Follow-up Evaluation:

Issue remediation and corrective action support

Information Disclosure:

Report the results to the Board of Directors and publish the results on the web

Relief Measures:

Establishment and operation of a dedicated supplier helpline as a grievance mechanism



Seven & i Group classifies supplier risks into five levels (R1 to R5) by region from the perspectives of human rights, labor environment, and global environmental conservation, and designates the region with the highest risk as R1, with "emerging regions in China and Southeast Asia" as R1 for priority response.

Operation of a Dedicated Helpline for Business Partners as a Grievance Mechanism

In order to provide safe and reliable products and services to our customers, Seven & i Holdings has established the Seven & i Holdings Business Partner Helpline. It is operated by IntegreX Inc. – a third-party organization – as a safe contact point, with consultation and reporting transaction service for early detection and prevention of problems in the supply chain. With the swift reporting from IntegreX Inc. to Seven & i Holdings and its Group companies, we strive to ensure fair transactions/problem-solving by promptly making improvements.

➤ [Click here for the Seven & i Holdings Business Partner Helpline](#)

E-mail : 7andi-helpline@integrex.jp

Mailing address: 7F, 5-8-14 Hiroo, Shibuya-ku, Tokyo 150-0012, Japan (IntegreX Inc.)

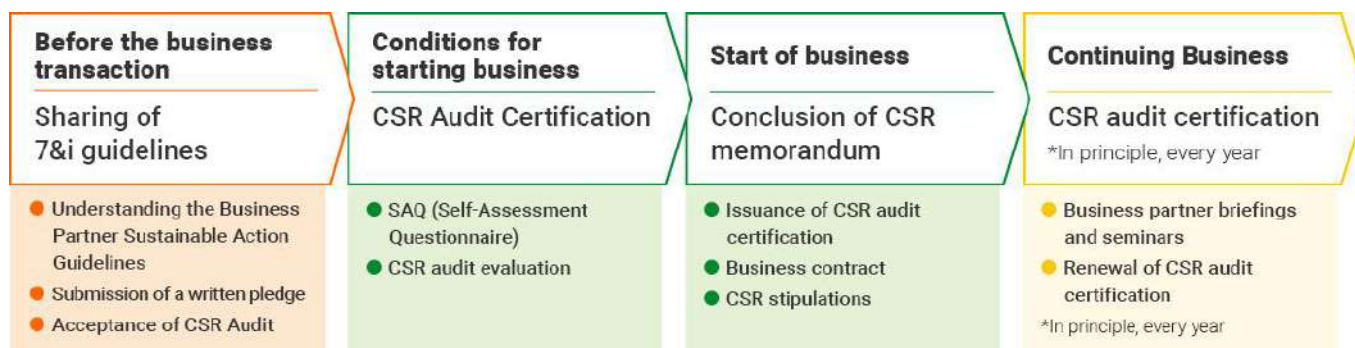
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Operation of the Seven & i Group Business Partner Sustainable Action Guidelines

Seven & i Holdings has asked factories that manufacture our private-brand products (Seven Premium) and private-brand products of the Group companies to cooperate in CSR audits if they are located in areas of high risk for human rights protection and legal compliance. In addition, Seven & i Group has been conducting CSR audits of factories that manufacture private-brand products in general. We also share the status of promotion of the Seven & i Group Business Partner Sustainable Action Guidelines with our suppliers and support corrective measures for problems.

We ask potential suppliers to understand and comply with the Seven & i Group Guidelines for Sustainable Business Conduct before starting business with us. If the supplier is found to be in compliance based on the results of the CSR audit and the status of corrective measures, a "Certificate of Compliance" is issued. The acquisition of a Certificate of Conformity is a prerequisite for continuing business with us.

Flow of CSR Audit and Certification System for PB Manufacturing Factories in China and Southeast Asia



Agree to the Memorandum on CSR

Seven & i Group, together with its suppliers, aims to realize the goals of Goal 8 of the SDGs, which are "human-oriented employment with job satisfaction," "eradication of forced labor," and "prohibition and elimination of child labor. In addition, we will actively work to maintain and improve the appropriate working environment of our suppliers, such as by "ensuring appropriate labor practices in the supply chain. We ask our suppliers to agree to a memorandum on CSR as a condition of starting/continuing business with us when we outsource the manufacturing of our private brands.

In order to fulfill our responsibility to respect corporate social responsibility (CSR) and human rights, and to contribute to the realization of a sustainable society, we confirm that we will comply with the Corporate Action Guidelines and that we will continue to work together to promote CSR and human rights considerations throughout the supply chain. The purpose of this report is to confirm that we will continue to work together to promote CSR and respect human rights throughout the supply chain in light of the demands of society.

Memorandum on CSR

- Article 1 (Purpose)
- Article 2 (Compliance with the Seven & i Group Business Partner Sustainable Action Guidelines)
- Article 3 (Implementation of Internal Control over the Business Partner Sustainable Action Guidelines)
- Article 4 (Explanation of the Business Partner Sustainable Action Guidelines, etc.)
- Article 5 (Obligation to Report the Status of Compliance with the Business Partner Sustainable Action Guidelines, etc.)
- Article 6 (Duty to report)
- Article 7 (Right of A to investigate and audit)
- Article 8 (Demand for correction in case of violation)
- Article 9 (Right of cancellation in case of non-compliance with demand for correction)
- Article 10 (Indemnification for damages)
- Article 11 (Revision of the Business Partner Sustainable Action Guidelines)
- Article 12 (Effective Period)
- Article 13 (Governing Law and Jurisdiction)
- Article 14 (Matters to be discussed)

*This document has been prepared with reference to the materials of the Japan Federation of Bar Associations.

Conducting Self-Checks

Seven & i Group provides a self-check sheet to allow suppliers to check the status of their promotion of the Business Partner Sustainable Action Guidelines and to support corrective actions as necessary. This checklist was created with reference to ISO 26000, the Keidanren Charter of Corporate Behavior, the OECD Guidelines for Multinational Enterprises, and the ILO International Labour Standards. Since November 2018, we have been implementing the program for 61 items, including human rights and labor environment, global environmental protection, and information management, for private brand product manufacturing contractors of Seven & i Group companies.

Items on the Self-Check Sheet (Excerpt)

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

State of Self-Check Replies

FY	No. of Suppliers Targeted	No. of Suppliers who Replied (No. of Factories who Replied) (No. of Overseas/Domestic Factories)	Reply Rate
FY2020	1,133 companies	854 companies (1,267 factories) (854 domestic /413 overseas factories)	75.4%
FY2019	1,437 companies	1,050 companies (1,902 factories) (1,468 domestic /434 overseas factories)	73.1%

In order to ensure the safety and security of products and to realize a sustainable society together with our suppliers, Seven & i Group has conducted third-party audits to the manufacturing factories of our suppliers in accordance with our own audit items (16 major categories and 117 check items). The audit items comply with international conventions such as the International Labour Organization (ILO) Convention, which is a global standard, and ISO 26000, and consist of the Seven & i Group Business Partner Sustainable Action Guidelines, protection of human rights, compliance with laws and regulations, occupational health and safety, and environmental protection.

16 Major Categories and 117 Items in the CSR Audit (Excerpt)

■ 1. Implementation of Management System and Rules

- Organizations must implement and maintain a system in compliance with all items of the Seven & i Group Business Partner Sustainable Action Guidelines
- To the extent feasible, organizations should extend the Guidelines to their own supply chains.
- Organizations must monitor and comply with relevant laws and regulations, as well as international treaties and so forth.

■ 2. Forced Labor

- There must be no forced, bonded or coerced prison labor.
- Employers must not force workers to make a financial deposit or submit their identification documents, such as a passport, and freedom of movement must be assured.
- Workers may resign freely as they wish, after giving adequate notice.
- National and regional laws pertaining to forced labor are recognized.

■ 3. Freedom of Association

- Workers have the right to establish or join labor unions of their own choosing without being subject to discrimination, and hold the right to collective bargaining.
- Local laws and workers' rights concerning freedom of association are recognized.

■ 4. Health and Safety

- Safety protection measures must be applied to equipment and machinery and preventive maintenance must be undertaken.
- Chemicals must be handled and stored appropriately.
- All necessary protective equipment must be purchased and regularly replaced.

■ 5. Child Labor and Young Underage Workers

- Children must not be put to work.
- Young workers under the age of 18 must not be made to work at night, or in a hazardous environment. This work includes tasks using chemical substances, work near such substances, or work where there is hazardous machinery or excessive noise. Heavy labor, night shifts, and work for long hours are also included.

■ 6. Living Wages

- Wages must be paid at or above the national/regional legal standards.
- Overtime allowances must be paid at the required statutory ratio.
- All allowances and benefits must be provided to workers as required by law.
- Documents detailing the labor conditions of workers, such as wage slips, information of labor recruiters, and contracts must be disclosed to workers.

*The living wage includes food, housing cost, clothing, and other additional expenses related to health, transportation, personal care, child care, and education.

*The base of the living wage calculation is based on the anchor calculation method of the Global Living Wage Coalition.

■ 7. Working Time

- Workers must not be habitually required to work over 48 hours per week. On average, workers must be given a rest period of one day every 7 days. Overtime must be voluntary and must not exceed 12 hours per week. Overtime must not be habitually requested and additional fees must always be paid.

■ 8. Discrimination

- Discrimination in the course of recruitment, remuneration, provision of training, pay raises, dismissal and retirement is prohibited with respect to race, class, nationality, religion, age, disability, gender, marital status, sexual orientation, union membership, or political party affiliation.

■ 9. Regular Employment

- To the extent possible, operations must be executed on the basis of generally accepted employment relationships based on national laws and regulations.
- Recruitment fees for workers to get a job must be borne by employers, not by the workers ("Employer Pays Principle") unless allowed by local labor law.

■ 10. Subcontracting Agreements, Domestic Industry, Outsourced Processing

- Subcontracting is not permitted without the prior consent of customers.

■ 11. Disciplinary Action

- Physical abuse or punishment, threats of physical abuse, sexual or other forms of harassment, or verbal abuse or threats, must be prohibited.
- Disciplinary methods must be fair and effective and must not be arbitrary.
- Employers must show respect for the mental, emotional and physical health of workers in connection with the necessary disciplinary action.

■ 12. Environment

- Organizations must pursue continuous improvement in their environmental performance and, at the very least, comply with local requirements and international laws and regulations.
- Chemical substances prohibited by international treaties, or laws and regulations, must not be used.

■ 13. Fair Business Practices

- Laws and regulations related to fair business practices must be understood and complied with.

■ 14. Ensuring Product Safety

- Products delivered to each Seven & i operating company must comply with the quality standards requested by each relevant operating company and comply with relevant legal standards established in Japan.

■ 15. Security Management

- Security systems must be in place to ensure protection from access with malicious intent.

■ 16. Interests of Local Communities

- Relationships with anti-social forces must be rejected.

Evaluation and Certification of CSR audits

The 16 major categories of the CSR audit are divided into three evaluation categories. The four most important categories are "forced labor," "child labor and young workers," "living wage (minimum wage)," and "disciplinary punishment. If any of these non-conformities is found, it will be classified as [Critical Non-conformity 1], and a recommendation will be made to the Group's operating companies that have contracts with the factory in question to discontinue business.

The next most important audit categories are categories of laws and regulations related to "health and safety," "working hours," "subcontracting," "environment," and "product safety." If a non-conformity is found, it is classified as a "Critical Non-conformity 2," and we notify the Group companies that have contracts with the factory in question to consider whether or not to continue doing business with them. If we decide to continue our business, we will conduct a follow-up audit to confirm that the problem has been corrected before continuing our business.

16 Audit Categories and Evaluation Categories (C1, C2)

		:Critical non-conformity(C1) :Critical non-conformity(C2)	
No.	Classification	No.	Classification
1	Management System and Action Guideline Implementation	9	Regular Employment
2	Forced Labour	10	Subcontracting, Cottage Industry, External Processing
3	Freedom of Association	11	Punishment
4	Health and Safety	12	Global Environment Conservation
5	Child Labour and Youth Workers	13	Anti-corruption and Fair Trade
6	Living Wages	14	Ensuring product safety
7	Working Hours	15	Security Management
8	Discrimination and Harassment	16	Community benefits and disaster response

Evaluation Standard

CSR audit results are evaluated on a five-point scale of A, B, C, D, and E.

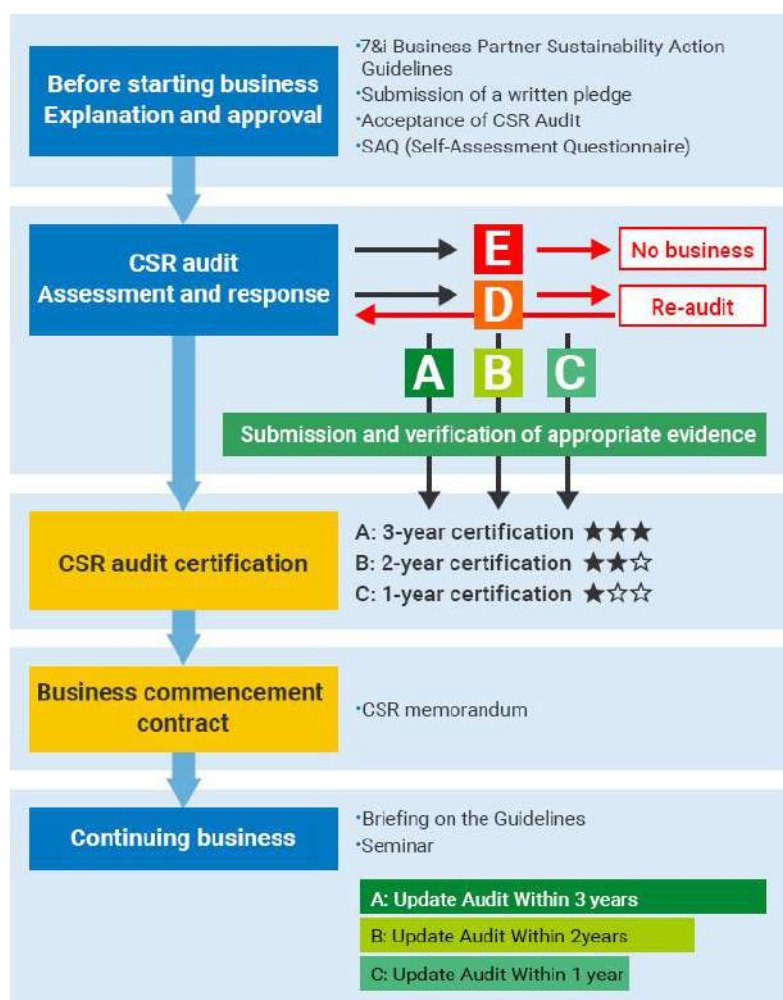
The "A" rating indicates that the CSR audit did not reveal any non-conformity with laws, regulations, or local ordinances, nor did it reveal any non-conformity with the Seven & i Group Business Partner Sustainable Action Guidelines.

"B" is for factories where no legal non-conformity was found but non-conformity to the Seven & i Group Business Partner Sustainable Action Guidelines was found, and "C" is for factories where no serious non-conformity was found but legal non-conformity was found.

"D" is the evaluation of a factory that has been confirmed to have Major Non-conformity Critical 2 or that has been confirmed to have 10 or more non-conformities with laws and regulations.

"E" is the rating for the most serious situation, where at least one [Critical 1 Major Non-conformity] corresponding to [Forced Labor], [Child Labor], [Living Wage (Minimum Wage)], or [Punishment] is identified, or where 10 or more [Critical 2 Major Non-conformities] or 20 or more non-conformities with laws and regulations are identified. All non-conformities are corrected within 90 days from the audit date, and if correction is confirmed, certification is given in accordance with the evaluation.

Certification Operational Rules (in China and Southeast Asia)



Audit Evaluation Standard

Evaluation	Unsuitable content	Conditions (not applicable)	Certification Criteria
A	No non-conformity with Action Guideline and laws	0	3-year certification
B	● Minor non-conformity with Action Guideline	1~9	appropriate certificate acceptance 2-year certification
	● Major non-conformity with laws	0	
C	● Minor non-conformity with Action Guideline	10 or more	appropriate certificate acceptance 1-year certification
	● Major non-conformity with laws	1~9	
D	● Major non-conformity with laws	10~19	Re-Audit Continued business with "C" or higher *Up to 1 year certification
	● Critical non-conformity (C2)	1~9	
E	● Major non-conformity with laws	20 or more	Recommendation to terminate business
	● Critical non-conformity (C2)	10 or more	
	● Critical non-conformity (C1)	1 or more	

*C1: 7&i Significant noncompliance regarding forced labor, child and juvenile labor, disciplinary actions, and living wage within audit requirements and reports.

*C2: Major nonconformities in health and safety, working hours, subcontracting environment, and product security.

Flow of the Day of the CSR Audit

Seven & i Holdings provides advance notice and visits the factories to be audited to confirm compliance with the CSR audit items by checking sites, documents, and data, and by interviewing managers and workers. Interviews with workers are conducted in a separate room, with only the auditors present, to prevent any instructions or retaliation from the employers. In principle, on-site audits are conducted in one day, from 9:00 a.m. to 6:00 p.m. Materials and images submitted by the factory during the audit will be properly managed and supplemented based on the confidentiality agreement, and will not be leaked to outside parties.

Opening Meeting	Site Check	Executive Interview	Employee Interview	Document Check	Closing Meeting
Target attendees: Factory manager Respective department manager of the HR, Facility & Equipment, and QA Agenda: •Briefing on the main point of the audit •Declaration of confidentiality •Schedule briefing	Scope of audit: Entire factory (production line, warehouse and chemical closet, lounge, ancillary facilities including cafeteria, dormitory, etc., sewage disposal system, scrap yard, power generation/feed facilities, other relevant areas) Accompanied by: Respective facility manager	Target attendees: Factory manager Relevant department's managing staff Questions: Organizational operation Implementation status of Business Partner Sustainable Action Guidelines, human rights/ethics, health and safety, labor, helpline, treatment of non-Japanese workers, etc.	Target attendees: Site workers Number of workers: About three people Selection method: Candidates selected by the auditor on the day Required time: 10 minutes/person	Scope of audit: •Project approval •Notifications/permission and approvals •Work regulations •Job contract •Labor management •Safety control •Chemical substance control •Waste control •Environment/sewage control •Information control etc.	Target attendees: Factory manager Respective department manager of the HR, Facility & Equipment, and QA Agenda: Comprehensive assessment of the audit and explanation of findings Request for preparing a corrective action plan

Confirmation of Correction after Audit

If any non-conformity (non-conformity) is found as a result of the audit, the third-party audit organization will point out the non-conformity to the supplier. Suppliers are requested to submit a Corrective Action Plan (CAP) based on the findings to the audit organization within 10 business days after the audit, and are required to take immediate action to improve the issues identified. After receiving a report from the supplier on the completion of improvement, we will confirm the completion of the improvement by receiving photos and collateral materials (evidence) showing the improvement. However, in cases where a certain standard is exceeded, such as when a large number of serious non-conforming items occur, we visit the factory again and conduct another audit to confirm that the problem has been corrected.

◆Process for submitting a Corrective Action Plan (CAP)

- (1) Report on the cause of non-conformity and corrective action plan: Submit to the auditor within 10 days
- (2) Implementation of corrective actions: Submit evidence to auditors within 90 days.*
- (3) Appropriate CAP: Accepted by auditor → Confirmed and approved by Seven & i Holdings → Certificate issued
- Inappropriate CAP: Return submitted documents and request for re-submission

*If evidence of correction is not submitted within 90 days of the completion of the audit, a re-audit (follow-up audit) will be conducted.

Response to Major Non-conformities

Seven & i Holdings does not tolerate any form of human rights violation in the Group's business or supply chain. Our response to the major non-conformities is stipulated in the "Seven & i Group Business Partner Sustainable Action Guidelines," which we disseminate to all our suppliers and explain at supplier briefings.

CSR Audit Compliance Certification System

Seven & i Holdings issues a Certificate of Conformity to suppliers when the results of CSR audits indicate conformity. If a nonconformity is found, a "Certificate of Conformity" is issued to the supplier when the nonconformity has been corrected or when the third-party auditing organization and Seven & i Holdings determine that the content of the plan described in the CAP is valid.



Results of CSR Audits of Suppliers

CSR audits of Overseas Factories

Since fiscal 2012, Seven & i Holdings has been conducting annual CSR audits to confirm compliance with the Seven & i Group Business Partner Sustainable Action Guidelines by defining critical suppliers as those factories that are judged to be particularly important from the perspective of risk management. We conduct annual CSR audits to confirm compliance with the Seven & i Group Business Partner Sustainable Action Guidelines.

Our Definition of "Critical Suppliers"

We define "critical suppliers" as factories contracted to manufacture Seven Premium (private-brand) products, and factories located in China and Southeast Asia (13 countries) contracted to manufacture private-brand products of the Group companies, that handle high volume, critical and non-substitutable for our private brand products.

Number of CSR Audits (Overseas Factories)

FY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Plan
No. of audited factories	17	28	328	226	245	215	274	304	413	approximately 500
Implementation rate*1 (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	89.8*2	-

*1 Ratio of the number of factories audited to the planned number of factories (excluding factories that no longer need to be audited due to completion of production, cessation of business)

*2 In FY2020, audits were suspended at 47 factories to prevent the spread of novel coronavirus infection.

Number of Re-audited Factories (Overseas)

FY	Total			Aparel			Household Goods			Foods		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
No. of re-audited factories	33	112*1	40*2	11	56	24	10	35	8	12	20	7

*1 Number of re-audited plants increased due to stricter re-audit standards from FY2019

*2 Introduce a certification system based on CSR audits as a condition for starting new transactions from FY2020

➤ [Number of Factories with Non-conformity Found by Country and Audit Category from FY 2018 to FY 2020\(Oversea Factories\)](#) 📄

➤ [Number of Factories Audited by Product Category from FY2018 to FY 2020\(Oversea Factories\)](#) 📄

Response to [Major Non-conformities Critical 1] that Occurred in FY2020 (Results)

As a result of the audit in FY2020, 11 factories were found to have "Critical 1" non-conformity, and corrective actions have been taken. Non-conformities related to living wages (minimum wage) (8 cases) and young labor (3 cases) were confirmed. Among the non-conformities related to living wages (minimum wage), inadequate wage payment records were also addressed as non-conformities. Three cases of non-conformity related to young labor were identified: failure to register young workers with the local government, failure to conduct health checkups, and overtime work for minor tasks, all of which were confirmed as clear with the corrective actions. As a result of the follow-up CSR audit, no non-conformities related to forced labor, child labor under the age of 15, or punishment were identified.

CSR Audits of Domestic Factories

Seven & i Holdings started conducting CSR audits of factories to which we outsource the manufacture of private- brand products (Seven Premium) in Japan since 2018 to appropriately address issues such as employee work style reform, employment of foreign workers, and global environmental conservation. The number of audits conducted was 50 factories on a trial basis in fiscal 2018, and full-scale audits are being conducted at 327 factories in fiscal 2019, 271 factories in fiscal 2020 (about 30% of the total). As a result of the audits in fiscal 2020, some form of non-conformity was confirmed at about 83% of the factories, and corrective measures are being taken. There were no non-conformities related to discrimination against foreign workers or forced labor.

Seven-Eleven Japan commissions a third-party organization to conduct CSR audits of some of its suppliers in Japan based on the same standards as the Seven & i Group CSR audits. Twenty-seven factories were audited in fiscal 2018, 87 factories were audited in fiscal 2019, and 52 factories (47 companies) were audited in fiscal 2020. We will continue to promote CSR by involving the supply chain.

➤ [Number of Factories with Non-conformity Found by Audit Category from FY 2018 to FY 2020 \(Japan\)](#) 📄

➤ [Number of Factories Audited by Product Category from FY2018 to FY 2020 \(Japan\)](#) 📄

Informing Suppliers of the Seven & i Group Sustainability Action Guidelines

Distribution and Delivery of the Seven & i Group Business Partner Sustainable Action Guidelines

From June to October 2018, Seven & i Holdings distributed the Seven & i Group Business Partner Action Guidelines to 18,484 companies with confirmed business relationships through the product development staff of each Group company. In December 2019, we revised the guidelines to the Seven & i Group Business Partner Sustainable Action Guidelines, and by June 2020, we had distributed the guidelines to 12,385 companies. In addition, we are holding web briefings to promote understanding of the guidelines. In addition, from fiscal 2020, new suppliers who outsource the manufacture of private brand products in China and Southeast Asia will be required to submit a written pledge to comply with the guidelines, sign a memorandum on CSR, and undergo a CSR audit before commencing business. We communicate these guidelines to all suppliers, including those outside Japan, and confirm their level of understanding in an effort to ensure compliance with the guidelines.

Holding a Briefing Session on the Seven & i Group's Business Partner Sustainable Action Guidelines and Quality Policy

Seven & i Holdings holds local briefings on the Seven & i Group Business Partner Sustainable Action Guidelines and related policies for suppliers in China and Southeast Asia, where CSR risks are considered to be high, among those to whom we outsource the manufacture of private brand products. At the briefing, a representative from the Sustainability Development Department of Seven & i Holdings provides explanations accompanied by a local language interpreter.

In April and October 2018, briefings were organized at three venues in China—Qingdao, Shanghai, and Shenzhen—as well as three venues in Southeast Asia—Thailand (Bangkok), Cambodia (Phnom Penh), and Vietnam (Ho Chi Minh City)—with 402 participants from a total of 260 factories (94.9% participation rate*1). In March and April 2019, briefings were organized at four venues in China—Dalian, Qingdao, Shanghai, and Shenzhen—as well as five venues in Southeast Asia—Myanmar (Yangon), Thailand (Bangkok), Cambodia (Phnom Penh), Vietnam (Ho Chi Minh City), and Indonesia (Jakarta)—with 482 participants from a total of 287 factories (94.4% participation rate*2).

In fiscal 2020, we had planned to hold briefing sessions on the Seven & i Group Business Partner Sustainable Action Guidelines and CSR Audits in Asia to familiarize domestic and overseas suppliers with the Guidelines, as the Guidelines were revised for the first time in three years and the number of the audit target suppliers significantly increased.

However, due to the global spread of the new coronavirus infection (COVID-19), it was postponed, and instead, on-demand video distribution of the report titled "Aiming for Sustainable Development with Suppliers" begun in June 2020 for suppliers who have its production bases overseas. In June 2020, we started to distribute the report (274 people from 178 companies have viewed the video*3).

Since August 2020, materials in Chinese and five other Asian languages have been available for viewing, and in October, a CSR audit information video with Chinese narration has been distributed to suppliers in China. (79 people from 66 companies have viewed the video)

At the briefing sessions, we explain the Seven & i Group's Business Partner Sustainable Action Guidelines and Quality Policy, and introduce examples of factories with excellent quality management and CSR audit item management, so that our suppliers can understand the specific evaluation details and promote their initiatives.

We have also introduced a commendation system to support the improvement and motivation of our suppliers, and we award certificates and trophies to excellent suppliers.

*1 Percentage of factories participating in briefings among factories subject to CSR audits in fiscal 2018 (overseas)

*2 Percentage of overseas factories subject to CSR audits in fiscal 2019 that participated in briefings

*3 FY2020 online briefings are for reference purposes only, as they were extracted from access logs.



March 2019 at Shanghai



April 2019 at Jakarta

Conducting Compliance Training for Suppliers

Seven & i Holdings holds compliance training for its suppliers who manufacture private brand products on consignment in China and Southeast Asia, where CSR risks are high, with the aim of raising awareness of human rights, labor environment, and global environmental conservation, as well as promoting understanding of and thorough compliance with relevant basic laws and regulations. In this training, we familiarize our suppliers with the Seven & i Business Partner Sustainable Action Guidelines, ILO International Labour Conventions, ISO 26000, occupational safety laws and regulations of various countries, equipment management, and chemical management, and hold consultations on corrective measures based on the results of CSR audits. In 2020, due to the impact of the novel coronavirus infection (COVID-19), we are holding online video training via on-demand delivery. For the management and preparation of the training, we ask TÜV Rheinland Japan Ltd., which handles CSR audits, to conduct the training.

Compliance Training for Suppliers in FY2021 (as of the end of June 2021)

*1 All events were held in a live online format with recording.

*2 The number of participants and companies are extracted from the access status of the online live webcast.

Month	Country	No. of Participants	No. of Participating Companies
April 2021	China (Twice)	204	71
April 2021	Japan	423	274
May 2021	Thailand	70	44
May 2021	China (Twice)	131	110
May 2021	Vietnam	35	32
June 2021	Japan (Twice)	1,120	830
June 2021	China	123	102
June 2021	Thailand	45	33
June 2021	Vietnam	28	24

Compliance Training for Suppliers in FY2020 (as of February 28, 2021)

*1 All events were held in a live online format with recording.

*2 The number of participants and companies are extracted from the access status of the online live webcast.

Month	Country	No. of Participants	No. of Participating Companies
June 2020	Japan	274	178
October 2020	China	79	66
January 2021	China (Twice)	304	215
February 2021	Japan	213	145

Compliance Training for Suppliers by FY

* All events in FY2021 and FY2020 were held in a live online format with recording.

* For FY2021 and FY2020 The number of participants and companies are extracted from the access status of the online live webcast.

	FY 2018	FY 2019	FY 2020*	FY 2021* (as of the end of June)
No. of times	7	20	5	12
No. of participating companies	171	485	604	1,520
No. of participants	244	768	870	2,179

In-House: Compliance Training

Seven & i Group holds meetings attended by the managers and staff of the departments in charge of product development and procurement at each Group company to report on the results of CSR audits and hold study sessions on the audits. At the study sessions, we invite the head of auditing at TÜV Rheinland Japan Ltd., which conducts CSR audits, to explain the latest information and laws and regulations in the countries and regions where our contract manufacturers' factories are located, using specific examples.

Compliance Training (In-House) in FY2021 (as of the end of June 2021)

Month	Contents	No. of Participants
April 2021	Seven & i Group Business Partner Sustainable Action Guidelines	305
May 2021	Operation of 7&i CSR Audit	118

Compliance Training (In-House) in FY2020 (as of February 28, 2021)

Month	Contents	No. of Participants
June 2020	Study Session for Seven & i Group Business Partner Sustainable Action Guidelines/7&i CSR Audit	138
July 2020	Study Session for Seven & i Group Business Partner Sustainable Action Guidelines/7&i CSR Audit	89
July 2020	Supply Chain Subcommittee (Executives of 28 Group operating companies) • Outline of the results of CSR audit for the first quarter of FY2020 • Response plan for FY2020	62
October 2020	Supply Chain Subcommittee (Executives of 28 Group operating companies) • Outline of the results of CSR audit for the second quarter of FY2020 • Response preparation for FY2020	69
January 2021	Supply Chain Subcommittee (Executives of 28 Group operating companies) • Outline of the results of CSR audit for the third quarter of FY2020 • Plans for FY2021	60

Compliance Training (in-House) by FY

	FY 2019	FY 2020	FY 2021* (as of the end of June)
No. of Times	7	5	2
No. of Participants	380	418	423

Collaboration with Human Rights and Economy-related Organizations

Seven & i Holdings is making efforts to collect and disseminate information on supply chain management in cooperation with human rights and economic related organizations. We are a member of the Global Compact Network Japan (GCNJ) and the Council for Better Corporate Citizenship (CBCC), both of which are external organizations. We also participate as an advisory group company in the "JAPAN PLATFORM FOR MIGRANT WORKERS TOWARDS RESPONSIBLE AND INCLUSIVE SOCIETY," a joint secretariat of the Japan International Cooperation Agency (JICA) and The Global Alliance for Sustainable Supply Chains (ASSC). We aim to achieve a multicultural society by protecting the human rights of foreign workers, in our operation, as well as those in the supply chain, promoting the development of appropriate working and living environments, and realizing decent work for foreign workers.

Main Activities:

- September 2019: Global Compact Network Japan

At GCNJ's Basic Seminar, we spoke about our Business Partner Action Guidelines and CSR audits.

- November 2019: OECD Advisory Board of Japan Business Federation and Corporate Behavior/ SDGs Committee, BIAC Japan representative


We participated in and gathered information from "Toward the Realization of a Sustainable Supply Chain in Asia: Promotion of International Cooperation for Responsible Corporate Behavior," which was jointly sponsored by the OECD, EU, Japanese government, and ILO.

- January 2020: Public interest incorporated association Council for Better Corporate Citizenship (CBCC)

We shared information at "Round-table Conference on Issues for Promoting CSR in the Supply Chain" held by CBCC.

- October 2020: Our Director and Managing Executive Officer participated in a panel discussion on "Corporate Management from the Perspective of Life and People" at the GCNJ Symposium 2020 as a panelist.

➤ [Click here for the "JAPAN PLATFORM FOR MIGRANT WORKERS TOWARDS RESPONSIBLE AND INCLUSIVE SOCIETY"](#) 

➤ [Click here for "Corporate Management from the Perspective of Life and People" at the GCNJ Symposium 2020 \(Japanese\)](#) 

Information Disclosure

Seven & i Holdings is committed to timely and appropriate information disclosure to all stakeholders, including customers, suppliers, and investors, in order to build a sound supply chain. By actively disclosing information on the results of CSR audits and issues in the supply chain, we are able to provide safer and more secure products to our customers.

Relief Measure/Remedies

Seven & i Holdings has established a reporting contact point (Helpline) for suppliers and stakeholders working in the supply chain. If human rights violations are found through CSR audits or reporting, remedial measures are taken after conducting an appropriate investigation.

Business Partner Helpline

The Business Partner Helpline is available to directors, employees, and former employees of our suppliers. The system is introduced at briefings for suppliers, and leaflets are distributed to promote awareness.

Material Issue 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

Sustainable Environment Conservation Activities

Seven & i Holdings collaborates with NPOs and other organizations to undertake measures that help prevent global warming and preserve biodiversity.



Working with Local Regions to Leave a Rich Natural Landscape to the Next Generation

Seven & i Holdings participates in Seven Forest creation activities run by Seven-Eleven Foundation at 16 locations across Japan to help prevent global warming and contribute to the maintenance and conservation of biodiversity. Seven Forest creation activities are carried out by employee volunteers from 7-Eleven franchised stores and locals under collaboration agreements with governments nationwide, NPOs, and others throughout Japan.

In addition, encouraging greater use of wood materials collected by forest thinning initiatives can lead to solving issues with Japan's forests. Based on this, wood material collected from Seven Forest is used within the Group for store materials and office supplies, as well as in commercialization to promote use of national resources.

> [For details about Seven Forest \(in Japanese\)](#)



Seven Forest Creation

Overview of Seven Forest Creation



Seven-Eleven Foundation

Seven-Eleven Foundation was established in 1993 for 7-Eleven stores and Seven-Eleven Japan to work together as one on environmentally-themed social contribution activities. Using money collected from in-store donation boxes and donations by Seven-Eleven Japan, the foundation engages in projects related to environmental citizenship activity support, nature conservation, public engagement, and disaster reconstruction assistance. In the fiscal year 2020, in-store donations totaled ¥420,596,964 and ¥111,063,824 were used to make grants to 269 environmental citizenship projects (including ongoing projects), which supports environmental activities led by local citizens.

Seven-Eleven Foundation, in cooperation with various organizations, and based on the theme of restoring a rich natural environment, has continued its Seven Forest Creation activities to protect the natural cycle of forests, riparian forests, and ocean, as well as to increase CO₂ absorption and oxygen production. For our Mountain Forest Creation initiative, we carry out nurturing activities from tree planting to weeding and thinning, which leads to the conservation and restoration of abundant forests. Furthermore, as for Seven Forest Creation in the Sea project, the foundation is working to increase the amount of eelgrass, which purifies seawater quality and helps preserve biodiversity by absorbing CO₂ in the sea and accumulating carbon. Seven-Eleven Foundation has concluded agreements with governments/municipals and NPO corporations, and is working with 7-Eleven franchised stores and citizens towards the goal of creating our natural environment where rich biodiversity can co-exist with the local people.

In March 2021, Seven-Eleven Foundation concluded the "Cooperation Agreement on Environmental Conservation and Collaborative Efforts" with the Ministry of the Environment, and the Environmental Partnership Council (EPC), which is an organization entrusted with the Global Environmental Outreach Centre (GEOC). The foundation also operates the Kuju Furusato Nature School and Takao Forest Nature School under the foundation's basic philosophy of "learning from nature on the coexistence and co-prosperity of people and nature, the natural environment and local communities." Both schools collaborate with government agencies, companies, and educational institutions through activities to protect and preserve the natural environment. The schools also contribute to human resource development by providing learning experiences such as the importance of biodiversity, local nature, history, the culture of the region, and pass them on to future generations. Not only educational activities but the schools also engage with research activities. The Kuju Furusato Nature School has been registered as a monitoring site to the "Monitoring Site 1000" project operated by the Biodiversity Center of the Ministry of the Environment and has been monitoring flora and fauna since 2007. The Takao Forest Nature School has also been registered since 2018. Kuju Furusato Nature School's "Decade of Rice Paddy Biodiversity Enhancement Project" is registered as an authorized collaborative project of the United Nations Decade of Biodiversity Japan Committee (UNDB-J).

> [Seven-Eleven Foundation website \(in Japanese\)](#)

Operation of learning facilities for the protection and preservation of the natural environment

Name	Web Link (Japanese)
Takao Forest Nature School	LINK
Kuju Furusato Nature School	LINK

Examples of partnerships to protect and preserve the natural environment

Name	Details	
The Ministry of Environment "Monitoring Site 1000"	Participation in continuous activities to collect and accumulate natural environment data since 2007	Link (Japanese)
	The Ministry of Environment	Link
"Cooperation Agreement on Environmental Conservation and Collaborative Efforts" (Link) (Japanese)	Environmental Partnership Council (EPC), which is entrusted with the Global Environment Outreach Centre (GEOC)	Link
Seven Forest Creation	Promoting healthy forest development through forest nurturing activities ranging from tree planting to clearing and thinning	Link (Japanese)
Seven Forest Creation in the Sea	In addition to beach cleanups, the project promotes restoring water quality, planting CO ₂ -absorbing plant - eelgrass to enhance the healthy ocean environment.	Link (Japanese)
Mt. Fuji Conservation Activities	Since 1994, with the cooperation of the Mt. Fuji Club (NPO), cleanup and removal of invasive species have been conducted on both the Yamanashi and Shizuoka sides of the mountain.	Link (Japanese)
Kiritappu Wetland National Trust	In order to pass on the rich ecosystem of Kiritappu wetland to the next generation, the foundation promotes the National Trust Movement together with the Kiritappu Wetland National Trust (NPO)	Link
The United Nations Decade of Biodiversity Japan Committee (UNDB-J)	"Decade of Rice Paddy Biodiversity Enhancement Project" is registered as an authorized collaborative project with UNDB-J	Link (Japanese)

UMIGOMI Zero WEEK (The Sea Waste Zero Week)

Seven-Eleven Japan supports the Umi-to-Nippon Project (The Ocean and Japan Project)—run by the Ministry of the Environment and the Nippon Foundation—and carries out the UMIGOMI Zero WEEK (Sea Waste Zero Week), among other regional cleanup projects. The company has also participated in events such as a cleanup project in the Shonan Enoshima area in May 2019, followed by another in September 2020 around Tokyo Tower, as well as implementing other local cleanup projects. Franchise store owners, employees, and Head Office employees participated, along with Ito-Yokado employees and others. We remain committed to creating a beautiful community, and to conserving the environment through environmental beautification projects all over the country.



the Sea Waste Zero Week

Green Wrapping

Sogo & Seibu is promoting the use of “green wrapping,” for customers when they order gifts, which sends the message of “keeping the earth’s environment in mind.” This involves the purchase of a wrapping ribbon with a leaf-shaped tag mascot for an additional price of ¥100 (including tax), of which ¥50 is donated to tree planting and growing activities. One tree is planted for every 80 ribbons sold. In addition, customers purchasing ochuugen and oseibo (summer and winter) gifts who agree to simple packaging also contribute to tree planting, with one tree planted for every 4,000 gifts that use the simple packaging option. (Between 2009 and the end of February 2021, a total of 15,980 trees were planted under this initiative.)



Green Wrapping



Employees carefully plant seedlings provided by the kindness of customers

Sale of Rice Cultivated while Protecting the Environment and Biodiversity

Ito-Yokado sells a rice series that is cultivated with measures designed to protect the environment and biodiversity in place. It not only uses fewer agrichemicals and chemical fertilizers, but also encourages agroecology, in which rice fields also serve as wildlife habitats. A portion of sales are donated for the purpose of making environmental improvements. In the fiscal year ended February 28, 2021, sales of Koshihikari Rice Nurturing White Storks provided approximately ¥30,000 for nurturing oriental white storks, while sales of Sado, Niigata Prefecture- Produced Koshihikari Rice Certified by the Creating Villages Coexisting with Crested Ibis Program provided approximately ¥50,000 to the Fund for the Improved Habitat for the Japanese Crested Ibis.



Rice cultivated while protecting the environment and biodiversity

Participating in the Green Down Project

Ito-Yokado has been participating in the Green Down Project, the objective of which is appropriate disposal and recycling of down products. As of March 2020, Ito-Yokado stores have perfected their systems for collecting down jackets, now enabling drop-off of down futons and down jackets at all times. Also, as of November 2020, approximately 70 store locations had begun selling products made of down collected and recycled through this project. Over the ten-month period of March through December 2020, a total of 723 down items were collected from customers through this project. The revenues garnered from selling these items, approximately ¥190,000 (excluding tax), were donated to the Kiritappu Wetland National Trust, an organization that works for the conservation of key habitats for water fowl.

Donation of Revenues from Paid Plastic Bags

The three companies of Ito-Yokado, York-Benimaru, and York, are working on tactics to reduce plastic bag use, with a view to resolving such global environmental issues as ocean plastics pollution and CO2 emission reduction. In order to further cut negative environmental impact, the companies have been selling only environmentally-friendly plastic bags to customers as of July 1, 2020. Revenues^{※1} from these bags totaled approximately ¥32,080,000^{※2} for the three companies together, the sum of which was gifted to approximately 20 organizations, including municipal governments, for broad use in environmental conservation initiatives.

※1 Amount after subtracting raw material costs from sales revenues

※2 Total for the period of July 1, 2020–December 31, 2020 (York: April 11, 2020–December 31, 2020)

Material Issue 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

Sustainable Procurement of Raw Materials

Seven & i Group has established the Sustainable Procurement Policy that includes traceability, conservation of biodiversity, response to climate change issues, and consideration of human rights, and we have promoted initiatives with the aim of co-existing with nature as set forth in the GREEN CHALLENGE 2050 Environmental Declaration. In addition, in the GREEN CHALLENGE 2050, it is stipulated that we make 50% of food ingredients used in our original products (including Seven Premium) sustainable by 2030, and 100% by 2050.



Approach to Marine Product Procurement

Seven & i Group is working to sell products for which sustainability is guaranteed, such as those certified by the MSC*, to pass on the rich blessings of the sea to future generations. Further, to fulfill our responsibility as a retail business that connects producers and customers, we are also focusing on conveying the value of these products and the producers' desires to customers through our stores and websites.

※MSC : Marine Stewardship Council

An organization that operates and manages a system for certifying sustainable and environmentally friendly fishing practices.

<https://www.msc.org/en-us/>

Sales of Products Certified by the MSC

Since October 2018, in the marine products under Seven & i Group's Seven Premium private brand, 8 cod roe products and 11 karashimentaike (salted cod roe with red pepper) products (as of the end of February 2021) certified by MSC※ have been sold at the stores of Seven & i Group. These are natural marine products obtained through fishing practices that are friendly to marine resources and the marine environment and have passed management system inspection even for processing and distribution. In the fiscal year ended February 28, 2021, MSC certified products accounted for 10% of Seven Premium marine products.



MSC-certified marine products



MSC label

Sales of Products Certified by the ASC

At Ito-Yokado, York-Benimaru, and York, 5 products with ASC※ certification are being sold as marine products of the Group's private Seven Premium brand (as of the end of February 2021). ASC certification is conferred upon aquaculture companies that have shown consideration of their responsibilities to the environment and society. In the fiscal year ended February 28, 2021, ASC certified products accounted for 1.4% of Seven Premium marine products.

※ASC: Aquaculture Stewardship Council

An organization that administers and maintains an international certification system related to aquaculture.

<https://www.asc-aqua.org/>



Marine products with ASC certification



ASC label

Sales of Products Certified by MEL

Ito-Yokado is the first major Japanese retailer to obtain MEL※ certification, a certification system for eco-friendly catching and cultivation of marine products. From April 2020, four original “Fresh Fish with Traceability” products—yellowtail, amberjack, red sea bream, and flatfish—were given the MEL mark. With the further certification given to wakame seaweed and ginzake salmon, certified products of a total of six varieties of fish are now being sold at 123 Ito-Yokado stores nationwide as of the end of February 2021. Further, to convey the value of these certified products to customers, some stores have installed point-of-purchase ads in fish sections that explain the certifications.

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※MEL: Marine Eco-Label Japan

This marine product eco-label certifies fisheries and aquaculture producers that are actively managing fishery resources with consideration for their sustainable use and conservation of the environment and ecosystems, as well as businesses that process and distribute marine products from such producers.

<https://www.melj.jp/>



Marine products with MEL certification



Marine products with MEL certification



Point-of-purchase ad that explains marine product certifications

Sales of Alaska Seafood Products

Seven & i Group stores actively sell and convey to customers the quality of Alaska Seafood products, which are sourced through environmentally friendly fishing practices. Alaska Seafood is all-natural marine products, and strictly manages resources and fisheries in the region of product origin of Alaska, to ensure that no damage results to the ecosystems which conserve the natural marine resource.

In the fiscal year ended February 28, 2021, Sogo & Seibu conducted in-store Alaska Seafood promotions at 8 stores to inform customers about the appeal of Alaska Seafood. Alaska Seafood products were also promoted as ochugen (summer gifts) and oseibo (winter gifts). At Ito-Yokado, sablefish, red salmon, and benisujiko (salted salmon roe) are sold at food sections.

➤ [Alaska Seafood \(Alaska Seafood Marketing Institute\) website](#) 

Approach to Agricultural Product Procurement

Seven & i Group is promoting the acquisition of GAP (Good Agricultural Practice) certification for safe farm and aptitude management to promote the procurement of sustainable agricultural products. We also procure certified ingredients, such as those produced with reduced use of pesticide and those made from organic and fair trade ingredients.

Promotion of GAP Certification Acquisition/Sales of Reduced-pesticide Products

At Ito-Yokado's Seven Farms, which are engaged in recycling-oriented agricultural operations, and under Ito-Yokado's original Fresh Vegetables with Traceability and Fresh Fruits with Traceability products, Ito-Yokado aims to ensure safe agricultural produce, correct farm management, and so forth. Therefore, Ito-Yokado has recommended the acquisition of Good Agricultural Practice (GAP) certification.

GAP is an agricultural production management method recommended by the Ministry of Agriculture, Forestry and Fisheries of Japan. It provides a set of standards to be followed in daily farm management to increase food safety and ensure environmental conservation. The minimum necessary levels of agricultural chemicals are used as GAP includes initiatives relating to food safety and environmental conservation.

Moreover, Ito-Yokado and York-Benimaru sell original products that use fewer agrichemicals than the values regulated by law. Examples include the original Fresh Vegetables with Traceability and Fresh Fruits with Traceability products sold at Ito-Yokado. They are grown with fewer agrichemicals and assure traceability of the growing region and growing history. Sales of these products in the fiscal year ended February 28, 2021 were approximately ¥24.6 billion.

The methods and frequency of use of agricultural chemicals vary by region and crop. The Fresh Vegetables with Traceability category and certain other products comprise foods grown with the goal of applying agrichemicals with half or lower of the usual frequency of each growing area (the average number of applications for each crop stipulated by local government organizations and other public bodies).

Number of GAP-certified※1 personnel and sales of Fresh Vegetables with Traceability and Fresh Fruits with Traceability

Ito-Yokado & York-Benimaru
Number of GAP-certified※1 personnel

	FY2019	FY2020
Ito-Yokado	200※2	200※2
York-Benimaru	—	87

※1 Including JGAP and other GAP certifications

※2 Approximate number

Ito-Yokado
Sales※ of Fresh Vegetables with Traceability and Fresh Fruits with Traceability (100 million yen)

FY2018	FY2019	FY2020
226	228	246

※Approximate number



Fresh Vegetables with Traceability (traceable fresh vegetables with a face of the producer)

Five Promises of Fresh Vegetables with Traceability and Fresh Fruits with Traceability

1. These lines deal with only domestically grown agricultural products.
2. Producers who properly grow vegetables on suitable land are carefully selected from all over Japan.
3. Products are delivered to customers under the name of each individual producer.
4. Discerning techniques and personalities are introduced on the website and on sales floors.
5. Agrichemical reduction targets are set and continuous checks are performed on agrichemicals and radioactive materials..

GAP Initiatives (Excerpt)

■ Food safety (create and implement rules to maintain food safety)

- Measures for preventing and reducing pollution caused by heavy metals and mycotoxins derived from the environment
- Proper storage and use of pesticides, personal health and hygiene management of workers
- Safe storage and handling of agricultural machinery, etc.
- Prevention of foreign matter intrusion, storage methods for harvested crops, etc.

■ Environmental conservation (create and implement rules to protect the safety of farms and surrounding environment)

- Prevention of environmental contamination due to pesticides
- Appropriate soil management
- Proper waste/wastewater treatment methods
- Cutting down on unnecessary and inefficient energy consumption
- Creation of measures to mitigate damage due to harmful birds and wildlife, etc.

Sale of Organic JAS-certified Foods

Under Seven & i Group's Seven Premium private brand, we sell organic JAS-certified products such as bamboo shoots and other agricultural products, as well as coffee and other processed foods. Ito-Yokado also sells organic JAS-certified products as original Fresh Vegetables with Traceability products.

Sale of Certified International Fair Trade Products

Under Seven & i Group's Seven Premium private brand, we sell coffee beans, cacao and other products that have acquired International Fair Trade Certification, a system that supports the sustainability and diets of producers in developing countries.

Palm Oil Procurement

Palm oil is widely used in various processed foods as well as in household goods such as detergents, but problems have been indicated, such as destruction of the environment in countries where it is produced and the use of child labor and forced labor on farms. Seven & i Group joined the Roundtable on Sustainable Palm Oil (RSPO) in January 2020 and is considering initiatives toward the use of sustainable palm oil.

Procurement of Organic Cotton

In response to growing interest in products that are safe, secure, and environmentally friendly, Seven & i Group has promoted the procurement of organic cotton for underwear and bedding as part of its sustainable procurement efforts. Starting February 2020, to convey the value of organic cotton to customers in an easy-to-understand manner, we started selling products with a common symbol displayed that satisfy certain conditions, such as being internationally certified through the American Organic Content Standard (OCS) or Global Organic Textile Standard (GOTS).



Organic cotton symbol 1



Organic cotton symbol 2

Sale of Organic Cotton Products

In December 2015, Seven & i Group started selling women's 100% Organic Cotton Innerwear products that have cleared strict organic production standards for the first time under the Seven Premium private brand. These products are sold at 118 Ito-Yokado stores throughout Japan (as of the end of February 2021) and the Group's integrated portal website, omni7. Only organic cotton that meets U.S. Organic Content Standards (OCS) is used as a raw material in these products.

We also sell bedding, such as quilt covers and pillowcases, and towels made of organic cotton.



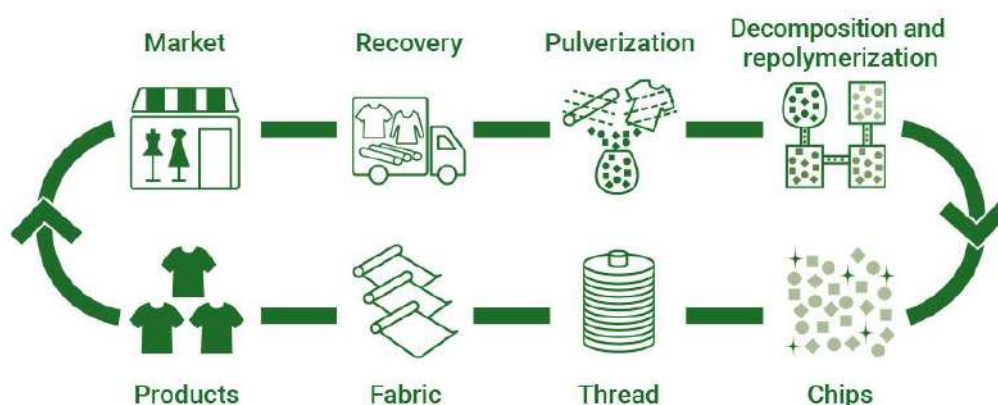
Seven Premium Lifestyle 100% Organic Cotton Innerwear

Sale of Products Using Recycled Fibers

Seven & i Group is making efforts to develop and sell products using recycled materials to facilitate procurement which is sustainable and conscious of the global environment.

Sale of Products Using Recycled Polyester

Ito-Yokado began to sell casual wear made with the recycled polyester "RENU®," created by recovering and recycling previously discarded garments and clothing fabrics. In the fiscal year ended February 28, 2021, we carried items, including women's and men's t-shirts, shirts, and lower body garments for purchase at 110 stores. Moving forward, we are aiming for sales for FY2021 of approximately ¥800 million and 370,000 units under a plan to further expand our range.



Sale of Eco-Friendly Umbrellas

"Eco-friendly Revolving Umbrellas (Men's)," a part of the Seven Premium range, the private brand of Seven & i Group, are sold at 106 Ito-Yokado store nationwide (as of the end of June 2021) as well as the Group's integrated portal website, omni7. This product is an eco-friendly umbrella with a water-repellent finish which does not use fluorine, made using recycled polyester in the umbrella fabric. It is designed to be wind-resistant to revolve and adjust to winds, giving it excellent durability.



Men's "Seven Premium Lifestyle"
Eco-friendly revolving umbrella



Women's "Seven Premium Lifestyle"
Eco-friendly all-weather umbrella

Animal Products Procurement

Ito-Yokado's original product "Fresh Meat with Traceability" is designed to deliver safe and reliable products to customers. In cooperation with the producers, Ito-Yokado is committed to providing quality rearing environments, environmentally-friendly feeding, minimizing the use of antibiotics, hormones, and other pharmaceuticals; keeping all the administration record is mandatory.

For the product, our procurement officers/merchandisers check with producers at the production sites to ensure that they are applying appropriate feeding and rearing management. Before the products are sold, various tests are conducted, including agricultural chemical residue tests, as well as soil, feed, and water quality tests, and third-party certification is obtained.

Ito-Yokado also promotes the acquisition of JGAP (livestock) certification in the production area of "Fresh Meat with Traceability." JGAP (Livestock) audit standard consists of 113 items that are important for sustainable farm management, including food safety, considerations for the health of animals (animal hygiene) and a comfortable environment for raising the animals (animal welfare), measures for ensuring the safety of workers, and environmental protection.

■ Five Promises of Fresh Meat with Traceability

- These lines deal with only domestically grown animal products.
- Producers who focus on quality feed and rearing environments are carefully selected from all over Japan.
- Products are delivered to customers under the name of each individual producer.
- Discerning techniques and personalities are introduced on the website and on sales floors.
- Antibiotics are used as little as possible, and substances and radioactive materials are checked continuously.

■ Seven initiatives for the Sustainability of Agriculture (GAP)

- Trustworthy Farm Management
- Securing Food Safety
- Ensuring Environmental Protection
- Securing Worker Safety
- Workers' Human Rights and Welfare
- Ensuring Animal Hygiene
- Animal Welfare considerations

> [JGAP \(Basic - Fruits and Vegetables\) can be seen here](#)

> [JGAP \(Livestock and Livestock Products\) can be seen here](#)

> [Japan GAP Foundation website can be seen here](#)

*Animal welfare: Rearing of an animal in consideration of its comfort

(Source: Control Points and Compliance Criteria (for Farms) Livestock and Livestock Products 2017)

One of the criteria for JGAP certification is to take measures based on the "Guidelines for Animal Feeding Management Based on the Concept of Animal Welfare."

The "Guidelines for Animal Feeding Management Based on the Concept of Animal Welfare" states that it is important to conduct livestock feeding management with consideration for comfort, comprehensively taking into account the "five freedoms" (i.e. (1) freedom from hunger, thirst and malnutrition, (2) freedom from fear and distress, (3) freedom from physical and thermal discomfort, (4) freedom from pain, injury and disease, and (5) freedom to express normal behavioral patterns) mentioned in the introduction of the OIE (The World Organisation for Animal Health).

Approach to Usage of Forest Resources

Seven & i Group is making efforts to use wood and paper products produced from properly managed forests.

Use of FSC®-Certified Paper

Seven & i Holdings is promoting use of paper with FSC® certification and PEFC certification, which leads to forest preservation. In March 2017, we started using FSC®-certified paper for paper board boxes in our Seven Premium private brand. As of February 28, 2021, FSC®-certified paper is used for 220 items including ice cream containers, and PEFC-certified paper is used 34 items.

At Seven-Eleven Japan, since the fiscal year ended February 28, 2017, we have been adopting FSC®-certified paper for the display stands for selling SEVEN CAFÉ bakery items. Meanwhile, at Seven Bank, cash envelopes at ATMs and the Bonolon, Warrior of the Forest magazine are made using FSC®-certified paper.

※FSC®N002571

※FSC® certification is an international certification system for certifying the proper processing and distribution of wood harvested from forests which are certified to be properly managed.