

Overseas Initiatives

Business Operations in North America

Seven & i Holdings operates convenience stores in North America.



7-Eleven, Inc. >

Net sales: ¥3,407,130 million (Total store sales)
Number of stores: 9,884



SEVEN-ELEVEN HAWAII, INC. >

Net sales: ¥32,453 million
Number of stores: 65

* Exchange rate USD1 = ¥106.76

* Number of stores as of December 31, 2020

Initiatives in China

Seven & i Holdings operates convenience stores and superstores in China.

Convenience Store Business >



SEVEN-ELEVEN (BEIJING)

Net sales: ¥21,111 million
Number of stores: 283
Established: January 2004



SEVEN-ELEVEN (TIANJIN)

Net sales: ¥3,404 million
Number of stores: 179
Established: November 2012



SEVEN-ELEVEN (CHENGDU)

Net sales: ¥3,688 million
Number of stores: 73
Established: December 2010

Superstore Business >



Chengdu Ito-Yokado Co., Ltd.

Net sales: ¥64,305 million
Number of stores: 9
Established: December 1996



Hua Tang Yokado Commercial Co., Ltd.

Net sales: ¥5,096 million
Number of stores: 1
Established: September 1997

- * Exchange rate of CNY1 = ¥15.48
- * Net sales does not include value added tax
- * Number of stores as of December 31, 2020

Reducing Environmental Impact

7-Eleven, Inc. (SEI) is committed to doing its part to reduce the company's impact on the environment. We recognize the importance of strategically investing in energy initiatives and sustainability programs that increase efficiency and reduce resource consumption and waste. In FY2020, the company continued to make progress by implementing sustainability measures that focus on energy conservation and efficiency and setting a new CO2 goal.

[Environmental Goal]

Reduce CO2 emissions from stores by 50% by 2030 (FY2013 baseline)



Collaboration with External Organizations

To enhance SEI's role as positive stewards of the environment, the company is a member of the Retail Industry Leaders Association's (RILA) Retail Sustainability Committee. The RILA Sustainability Committee is an industry-wide educational forum for the largest U.S. retailers. It brings its members together to share leading practices, identify future trends, benchmark with peers, and collaborate on common industry sustainability challenges.

Promoting Energy Conservation and Reducing CO2e Emissions

SEI is committed to reducing energy consumption and improving efficiency and set a goal to reduce CO2e emissions from stores by 50% by 2030, compared with FY2013 levels. In FY2020, through its energy efficient measures, SEI reduced its CO2e emissions by 60,088 MTCO2e year over year from FY2019 and by 240,647 MTCO2e from FY2013. SEI reduced CO2e emissions by 24 % from FY2013 to FY2020. This is equivalent to greenhouse gas emissions from approximately 52,336 passenger vehicles for one year.

Use of Low Global Warming Potential Refrigerant

SEI has adopted Honeywell Solstice N40 (R-448A) refrigerant as SEI's standard for remote condensers supporting their refrigeration cases installed across the U.S. and Canada. Solstice N40 is the most widely accepted, lowest global warming potential (GWP), nonflammable replacement for R-404A in stores globally. Based on hydrofluoroolefin (HFO) technology, Solstice N40 offers GWP that is approximately 60% lower than legacy HFC refrigerants like R-404A. In addition, Solstice N40 also consumes less energy. In the U.S. and European supermarket trials, in comparison to R-404A, Solstice N40 demonstrated an average of 5% lower energy consumption in low-temperature applications.

LED Lighting

SEI's LED lighting program is part of the company's energy-efficient store design standard and is a significant contributor to the company's CO2 reduction goal. In FY2020, the company installed LED lighting in 463 stores. As of December 31, 2020, 7,465 stores feature LED lighting in the U.S. and Canada. Stores that changed from fluorescent to LED lighting can achieve an estimated annual energy saving effect of 38,756 kWh per store. In addition to their energy-efficient benefits, LED lights eliminate the use of hazardous materials, comply with local regulations to reduce light pollution, support store safety measures and enhance the customer shopping experience.

Heating Ventilation and Air Conditioning(HVAC)

Heating and cooling efficiency is another effective measure SEI implements to decrease its overall energy consumption. In FY2020, SEI installed 352 energy-efficient HVAC units contributing to its store energy saving efforts. Between FY2008 and FY2020, 10,352 HVAC units have been installed, enabling stores to achieve an estimated energy savings effect of 7,000 kWh per unit, per year.

Energy Management Systems(EMS)

SEI stores' energy management systems (EMS) enable remote control of heating, ventilation and air conditioning (HVAC) and refrigerant equipment, which yield significant energy consumption. The systems monitor, control and optimize the performance of energy-consuming equipment, and generate real-time data to perform diagnostics and optimization routines to reduce energy consumption and manage costs. In FY2020, the company installed EMS in 307 stores. Currently, 6,831 stores have EMS installed, enabling stores to achieve an estimated energy savings effect of 16,323 kWh per store, per year.

Expanding Renewable Energy

While maintaining the company's commitment to energy conservation projects, SEI is also focused on expanding its renewable energy initiative. 14% of electricity consumed by SEI is from renewable sources.

SEI has an agreement with TXU Energy to purchase 100 percent Texas wind energy for all its Texas stores located in competitive energy markets. With more than 10,000 wind turbines in the state, Texas ranks first in the United States for both installed and under-construction wind capacity and is home to four of the top 10 largest wind farms in the nation. In FY2020, SEI purchased 291,531 MWh renewable energy from TXU Energy and provided it to more than 860 stores in Texas. This wind energy program reduced SEI's carbon footprint by an estimated 14% while providing significant operating expense savings.

In FY2020 SEI also subscribed to a program to procure renewable energy for its Florida stores by utilizing large-sized solar power generation facilities developed, or currently under development, by two utility companies. (Florida Power and Light and Duke Energy) In SEI's plan, the amount of procured renewable energy can cover 90% of the total electric power needed in 652 stores once all solar sites are developed. Beginning in 2021, SEI will be able to procure about 88 GWh of renewable energy generated by solar panels, increasing to 175 GWh by 2024.



Wind turbines in Texas



Large-sized solar power generation facility in Florida

What is Community Solar?

Utility sponsored community solar is different from on-site solar where solar panels are installed directly on houses/buildings to generate power. It refers to local solar facilities developed and owned by the utility which are shared by multiple community subscribers who receive credit on their electricity bills for their share of the power produced.

Procuring Renewable Energy from a Pumped Hydro Storage Facility

In FY2020, SEI began procuring renewable energy from a pumped hydro storage facility for its stores in Virginia. The amount purchased was 23,836 MWh and powered the load for more than 140 stores.

Electric Vehicle Charging Stations

Electric vehicle fast chargers provide added convenience for electric-vehicle drivers and cleaner air for the surrounding community. In FY2020, SEI expanded its electric-vehicle (EV) charging station footprint in the United States that it owns and operates under the 7-Eleven brand by installing 13 fast-charging ports at four 7-Eleven California stores in Davis, Fresno, Tracy and West Sacramento. The ports can deliver up to an 80% charge in about 30 minutes.

SEI partnered with Pacific Gas & Electric (PG&E) and ChargePoint for the installations. Through its EV Fast Charge program, PG&E covers installation costs for the EV charging infrastructure, while the participant owns, operates and maintains the charging stations. The 7-Eleven site is a part of ChargePoint's network of more than 40,000 EV charging locations in the United States and will be featured on the ChargePoint app, which enables EV drivers to locate their nearest station, get directions to the site and start the charging process from their smartphone.

7-Eleven began its EV program in FY2011. Between FY2011 and FY2020, SEI has installed a total of 27 EV chargers at 16 locations in California, Illinois, New York and Oregon.



Electric-vehicle (EV) charging stations

Conserving a Natural Resource

SEI understands that efficient use of water helps reduce the demands on our water supply and preserve an essential natural resource. To reduce water consumption, SEI utilizes low-flow aerator faucets as part of our standard energy-efficient design plan for all new stores.

Environmental Data Associated with Store Operations

	FY2018	FY2019	FY2020
Number of stores within scope ^{*1}	9,389	9,149	9,387
GHG emissions ^{*2} (market-based) (1,000 t-CO _{2e})	961	819	759
CO ₂ emissions ^{*2,3} (market-based) (1,000 t-CO ₂)	959	817	755
Electricity consumption ^{*2} (GWh)	2,383	2,306	2,306
Water usage ^{*2} (1,000 m ³)	11,365	10,892	10,637

*1 Number of stores covered within scope of CO₂ verification (excluding stores operated by domestic licensees of 7-Eleven, Inc.)

*2 Calculations are based on estimated electricity consumption for stores where data was not available.

*3 Verified by a third party

Eco-friendly Packaging

Packaging protects the quality and safety of products, provides information about ingredients, and adds convenience. 7-Eleven is working to reduce the environmental impact of proprietary packaging by using eco-friendly materials and reducing packaging materials.



【Packaging Goal】

Shift to eco-friendly packaging for 50% of Private Brand products by 2030

Through its proprietary products, SEI seeks to offer premium products at a value while switching to environmentally-friendly packaging. SEI's eco-friendly packaging solutions include using materials that are made from renewable or recycled content or are compostable or recyclable. Materials include post-consumer or post-industrial recycled or plant-based content. Whenever possible, the company reduces packaging without compromising product quality or safety.

FY2020 Key Initiatives

Using Plant-based Materials for Straws

To reduce plastic use and appeal to eco-conscious consumers, in FY2020 SEI continued use of its plant-based plastic, eco-friendly fountain straw for cold dispensed beverages.

SEI's poly-lactic acid (PLA) straws are environmentally friendly, 100% compostable, and are the sustainable alternative to polypropylene plastic straws. The PLA material used to make the straws is made from corn and other related source materials and is certified compostable by the Biodegradable Products Institute (BPI). The straws are individually wrapped in paper, so the entire product is compostable and biodegradable. These fountain and Slurpee® drink straws meet state requirements for the replacement of plastic-polypropylene straws.

SEI is one of the largest and earliest retailers to transition completely PLA straws in the United States. In addition to providing an eco-friendly solution to plastic, PLA straws offer a better customer experience and a lower cost over paper straws. By switching to the PLA straw, SEI reduced 1 million lbs. of plastic straws per year. SEI is also assessing plant-based options to replace plastic stir sticks and utensils.



Poly-lactic acid (PLA) straws

Using Recycled Materials in Plastic Bags

After a successful test period in 2019, SEI's new eco-friendly plastic bag made from 40% post-consumer recycled plastic was approved for national rollout in 2020. Using 40% recycled plastic content helps reduce the company's environmental footprint by reducing the consumption of raw materials, energy consumption and carbon emissions in processing, and the amount of consumer waste and plastic going into landfills. By switching to the 40% recycled plastic bag, SEI eliminated 573 tons of virgin plastic in 2020.



A plastic bag using 40% recycled plastic

Increasing Post-Consumer Recycled Content

Furthering its efforts to use recycled material, in FY2020 SEI redesigned its fruit and salad containers to increase the use of Post-Consumer Recycled (PCR) plastic. Both packages now contain 15% PCR. Using PCR packaging materials reduces waste and carbon emissions as compared to using virgin plastics. SEI will continue to evaluate additional opportunities to increase PCR in packaging.

Eliminating Plastic

Seeking continuous improvements in packaging led to additional progress in eliminating or reducing plastic. SEI replaced its fresh food platter base with a lightweight paper corrugate alternative. In addition, the plastic lid for the platter was reduced in size.

Reducing Packaging Materials

In FY2020 SEI switched its hot dog box from kraft paperboard to thermo-mechanical pulp (TMP) board to reduce the volume of paper used. TMP-based paper can be produced using only 50% of the wood content of traditional kraft pulp paper.



TMP-based paper package

Removing Harmful Materials

Perfluoroalkyl and polyfluoroalkyl substances (PFAS) are fluorine coatings applied to packaging surfaces to prevent moisture or grease from leaking through and are now considered harmful to the environment. SEI proactively began replacing affected packaging with alternatives like molded fiber clamshells.

Sustainably-sourced Coffee

To provide high quality, environmentally-friendly products, in 2020 SEI continued to expand its sustainably-sourced coffee program by adding a new Rainforest Alliance™-Certified variety — Seven Reserve® Kenya. More than half of coffee beans are Rainforest alliance certified.

* The Rainforest Alliance is an international nonprofit organization that seeks to conserve biodiversity and ensure sustainable livelihoods. Carrying the Rainforest Alliance Certified seal with the little green frog means the 100% Arabica beans are sourced from coffee-growers whose farms must meet strict standards designed to protect the environment, conserve wildlife and promote the well-being of local communities.

Seven Reserve™ Kenya

Seven Reserve™ Kenya is a single-origin coffee cultivated on six independent family farms that have operated for generations in the foothills of Mount Kenya north of Nairobi. It is SEI's eighth brew to carry the Rainforest Alliance Certified™ seal. 7 Eleven continues to grow its portfolio of sustainable coffees, which now account for as much as half of its green coffee purchases. Since 2016, 7 Eleven has introduced Rainforest Alliance Certified™ coffees from El Salvador, Nicaragua, Mexico, Peru, Sumatra, Colombia, as well as an African blend from Ethiopia and Rwanda, all responsibly grown. Single-origin 100 percent Colombian Rainforest Alliance Certified™ coffee is now a permanent offering and top-seller on the hot beverage bar.



Seven Reserve™ Kenya

Supporting Local Communities (U.S. & Canada)

As the premier leader in convenience, 7 Eleven is uniquely positioned to make a meaningful difference in the communities it serves. In 2020, SEI continued its mission to strengthen communities through signature outreach programs and by stepping up support during the COVID-19 pandemic with vital supplies and aid. From COVID-19 relief and disaster assistance to ongoing grassroots outreach, Team 7-Eleven and Franchisees worked with a variety of national and community organizations to provide support where it's needed most, while also ensuring that 7-Eleven® stores continue to provide customers what they need when they need it.



Providing Vital Support, Supplies and Aid During COVID-19

During an unprecedented pandemic, 7-Eleven Donated more than 1 million masks to FEMA and donated 1.25 million masks and nearly 50,000 bottles of hand sanitizer to schools across Canada. In addition, to support frontline healthcare workers and patient families during the COVID-19 pandemic, 7-Eleven opened its first-ever hospital pop-up store at Children's Medical Center Dallas, the flagship hospital of Children's HealthSM. The store provided access to food and essential items for health care workers and patient families during the COVID-19 health crisis. The pop-up store features grocery and personal care products such as take-home dairy, paper towels, toilet paper, laundry detergent, and phone chargers as well as an assortment of fresh food options including salads, heat-and-eat entrees and take-and-heat pizza and wings. SEI also assisted 7-Eleven® stores near two other hospitals in the Children's Health system, Children's Medical Center Plano and Our Children's House in Dallas, to have the products needed to serve health care workers at each of these locations.



Fighting Hunger

With the average number of food bank visitors up an estimated 60 percent in 2020 due to the COVID-19 pandemic, 7-Eleven doubled down on its commitment to hunger relief through a variety of grants, product donations and fundraising programs in partnership with Feeding America® and Food Banks of Canada®. Highlights include:

- Donated \$100,000 to Feeding America in honor of 7-Eleven's 93rd birthday on July 11*
- Contributed \$1.2 million in 7-Select Go!Smart™ Organic Cold-Pressed Juices distributed to 21 food banks in 13 states
- Franchisees and store associates, 7-Eleven contributed an additional \$1 million to Feeding America through a number of in-store campaigns in 2020. This donation will help provide at least 10 million meals for families in need across the country.*
- Distributed 500,000+ bags of 7-Select Loco Roller snacks valued at nearly \$425,000 to member food banks.
- 7-Eleven Canada and its customers donated more than 350,000 meals in 2020 to Food Banks Canada.

*\$1 helps provide at least 10 meals secured by Feeding America on behalf of local member food banks



Supporting Communities During Disaster Relief

Each year, the Red Cross responds to more than 60,000 disasters — including home fires, hurricanes, floods, earthquakes, tornadoes and wildfires. In 2020, SEI continued its support of the American Red Cross by renewing its annual membership in the American Red Cross Disaster Responder Program. SEI contributed \$250,000 to help the Red Cross provide food, emergency shelter, relief supplies and comfort to people affected by disasters like hurricanes, tornadoes, wildfires and countless other crises. As a Disaster Responder Program member, SEI's year-round commitment in advance of disasters helped prepare communities for disasters big and small and ensure the Red Cross could mobilize and respond immediately following disasters throughout the year.



Developing Youth Through Education

The Project A-Game program is a community outreach program created to provide meaningful youth development opportunities through education and play, so children establish a strong foundation that supports their future success.

Franchisees and corporate store leaders contribute to youth development in their communities by applying for grants to support local schools, youth sports organizations, law enforcement agencies and community organizations. Grants, which are jointly funded by local franchisees and SEI, help provide critical funding for academic, fitness, safety or hunger relief programs for youth.

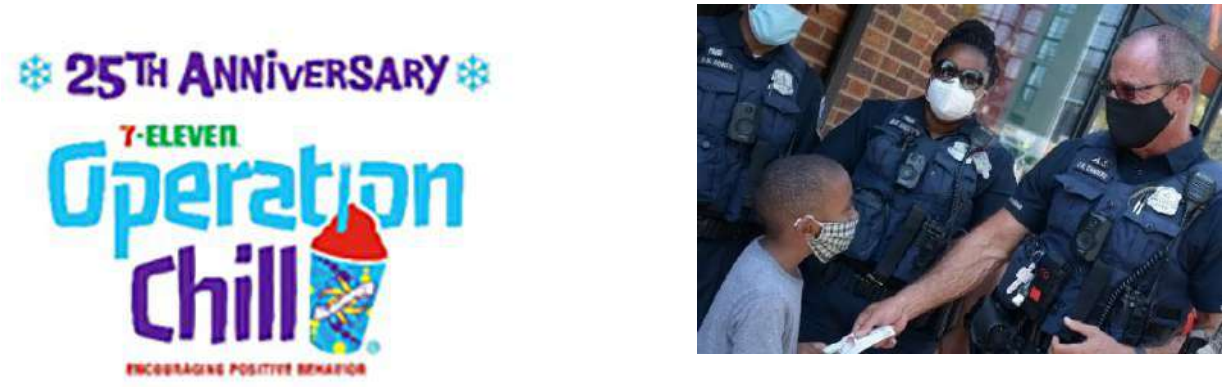
In FY2020, SEI and its franchisees gave more than \$170,000 in grants to community organizations through Project A-Game, impacting 72,500 youth. Since its inception, SEI and its franchisees have awarded more than 4,850 grants, a community investment of \$3.1 million. Grants have been used to underwrite initiatives including math and science projects, tutoring, school supplies and sporting equipment to ensure children have the resources and inspiration they need to stay in school.



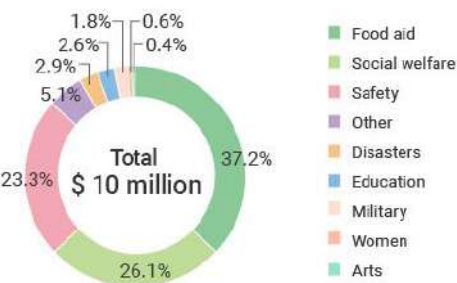
Encouraging Positive Behavior

For a quarter-century, Operation Chill®, 7 Eleven, Inc.’s longest-running community service program, gives local law enforcement an opportunity to make a positive connection with kids through free Slurpee® drink coupons. Each year, SEI donates thousands of free Slurpee drink coupons to local law enforcement departments across the United States and Canada to reward children for observing safety rules, participating in positive activities, performing good deeds or acts of kindness. In addition to encouraging positive behaviors, Operation Chill provides opportunities for officers to establish a connection with kids in a neighborhood.

Each Operation Chill® coupon is good for a free small Slurpee® drink redeemable at 7-Eleven stores. During 2020, SEI issued over 1.5 million Slurpee drink coupons to more than 1,150 law enforcement agencies. Coupons were distributed during the summer months and back-to-school season. Since the program’s inception in 1995, Operation Chill has grown to include more than 1,100 local law enforcement agencies in the United States and Canada. Over 23 million coupons have been distributed to officers on the beat in cities and towns where SEI operates stores.



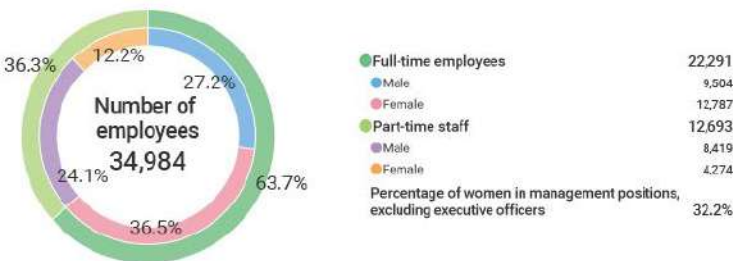
Social contribution activities cost in the U.S. and Canada (FY2020)



Our Commitment to a Diversity and Inclusion

7-Eleven is an integral part of the diverse neighborhoods we serve. Our business model is based on the empowerment and success of small business entrepreneurs regardless of race, gender or background. To ensure an inclusive customer experience and workplace, we encourage Franchisees and team members to bring their unique perspectives, talents and contributions to work every day. We strive for equality and are committed to doing even more — because we know it’s the only way we can continue to grow and innovate, both as a brand and as a society. In 2020, we created our Equality & Diversity Task Force and Roundtable. This dedicated team of leaders representing different areas within 7-Eleven is actively engaged in identifying ways to promote fairness across the organization so we can make an even greater impact in the communities we serve.

Personnel data in the U.S. and Canada (as of the end of December, 2020)



SEVEN-ELEVEN HAWAII, INC.

In March 2016, SEVEN-ELEVEN HAWAII, INC. (SEH) added "Our Promise" to its set of company values in order to support its direction as a chain of "close-by, convenient stores," to shape its corporate culture, and to further solidify its values. "Our Promise" is comprised of the following three specific values.

- (1) Bring a smile to the faces of customers, vendor partners, and employees
- (2) Work together as a team to achieve goals
- (3) Strive for greater heights

To promote "Our Promise," the company started a program for recognizing exceptional employees. First, all employees are encouraged to nominate people they think are practicing the three values. Then, the selected people are given a badge and a bonus and are introduced in the company newsletter and on an employee-only Facebook page.

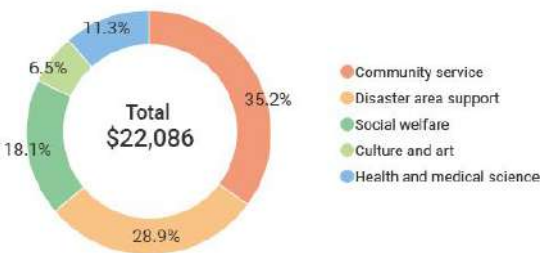
These values define SEH as a business for the community, for partners and for employees. The practice of Our Promise then becomes the cornerstone for the words and actions of employees.



Thriving with Local Communities

As a good corporate citizen, SEH supports activities and NPOs involved with children, education, public welfare, and health. In FY 2020, the equivalent of approximately \$49,000 in support was provided to 33 organizations through fundraising, material support, and volunteer activities on the part of SEH customers, stores, employees, and the company.

Amount of cash donations by SEVEN-ELEVEN HAWAII (FY2020)



Supporting NPOs through Storefront Donations

SEH has been collecting storefront donations to support various NPOs that contribute to the local community since it began operations. Organizations that wish to receive donations submit an application stating their mission and why they want to participate in the organization, and each month, one organization is selected as the recipient. The selected organizations are active in fields such as health, safety, and education, and the donated funds are used throughout Hawaii. In FY2020, approximately \$106,878 were donated.

Recognizing Hawaii's First Responders During the Pandemic

Healthcare workers, first responders and volunteers have been working tirelessly to preserve the health and safety of the community. In April of 2020, we at 7-Eleven Hawaii made several donations to convey our appreciation for their service and sacrifice.

Folks at Queen's Hospital and Straub Hospital received single serve snacks. We wanted to give them a boost of energy to help them get through their shifts. Both hospitals were very thankful for the donation. They were grateful that we thought of them.

Donations were also given to the Honolulu Police Department. Some of our private label snacks were delivered to the Kalihi neighborhood precinct. While the main headquarters received 1,450 N90 masks to protect them while they protect us.

Sponsoring Health Conscious Culinary Competition for Students

On December 4, 2020, 7-Eleven Hawaii along with the University of Hawai'i held its 3rd annual culinary competition.

Students had to create a better-for-you bento or entrée that is also a comfort dish. The criteria was slightly different from years past. This competition focused on fiber. Each recipe had to contain at least 5 grams of fiber – a requirement that turned out to be a bit of a challenge. There were more than one dozen entries with eight moving onto the final round. Recipes reflected Hawai'i's melting pot of cultures with dishes inspired by Japan, the Philippines, Mexico, China and more. Students infused their personal stories into their recipes. Owen Saito was inspired by his apprenticeship in Japan with his Ginger Miso Salmon Bento. Kaleb Molina is of many ethnicities, which were reflected in his entry, Kalua Pork Hash Patties with Kim Chee Fried Rice Bento.

The judges (from 7-Eleven Hawaii and Warabeya USA) had a tough time deciding the first-place winner. They ultimately decided to award first place to two students. Eri Abe won with her Wafu 'Ulu Stew Bento inspired by a Japanese dish called Nikujaga. Commonly made with potatoes, she used locally grown 'ulu (breadfruit) in her recipe. Tied for first was Jeongyeon Shim with her Tteokbokki – Spicy Rice Cake Stir Fry. Shim was inspired by a common comfort dish found in South Korea. Socorro Jiho was the runner-up. Jiho created Bistec A La Mexicana con Arroz Primavera. It was a childhood rice dish that her grandmother would prepare for the family.

In recent years, more and more females have been making their mark in the culinary world – a predominantly male industry. This trend was definitely present in this competition with women winning all three places. Our customers are able to try the first-place dishes in 2021. Shim's comfort dish was introduced on June 15th. And Abe's Wafu 'Ulu Stew bento was just introduced on August 3rd.

Hawaii's Community Coming Together for Fallen Officers

Sunday, January 20, 2020 is a day that all of Hawai'i will never forget. That day, Officers Tiffany Enriquez and Kaulike Kalama were fatally shot, after responding to a 911 call. The community came together for their families – both officers were parents to young children. Several local financial institutions alongside the State of Hawai'i Organization of Police Officers helped set up the Officers Enriquez & Kalama Memorial Fund. For the month of February, 7-Eleven Hawai'i dedicated the change collected from all store donation canisters to that memorial fund. The community responded strongly. On average collections totaled \$7,000 per month. Our customers contributed a total of \$30,000. 7-Eleven Hawai'i donated an additional \$2,000. In Hawai'i, we see our police officers as family.

Taking 7-Eleven Hawai'i into the Classroom

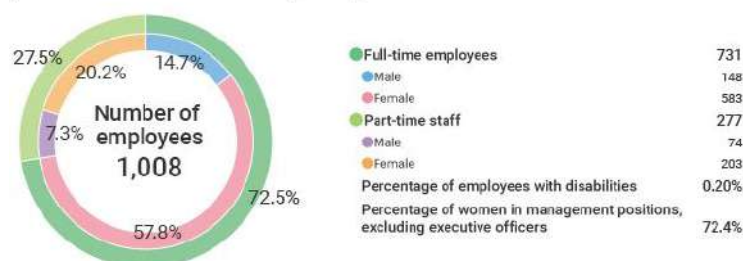
To help support culinary education, non-profit Hawaii Agriculture Foundation (HAF) connects local businesses with Hawaii's schools K - 12 through its Localicious campaign. This year, HAF paired 7-Eleven Hawaii with Ms. Anderson's 4th Grade class at Wahiawa Elementary. In February of 2020, Ms. Anderson contacted our Marketing Team to see if there was an opportunity for the Fresh Food Team to share how food goes from farm to store. We were excited about her request and quickly agreed to present to her students.

The presentation took place in one of the classrooms on Thursday, March 12. That day, Debbie Lee Soon switched her Senior Category Manager hat with a teacher's hat. She was greeted by six enthusiastic 4th grade students. They were ready to learn from Ms. Lee Soon! Lee Soon's presentation was two-fold. First, she took the students on a Boost Bowl salad journey. She shared how the Boost Bowl went from a concept to being made available at our stores. After the storytelling, Lee Soon had them make their own mini Boost Bowl. Prior to assembly, she asked that they wash their hands and suit up just like an employee from Warabeya USA. After being properly dressed and sanitized, they each made their own salad to take home. The group had lots of fun learning from Lee Soon and they were eager to share their salads with their parents.

Diversity & Inclusion

Hawaii is a region which is especially diverse in language, culture, education, age, and other factors. People across several generations have continued to accept mutual differences, appreciate each other, and share their stories. As a result, the culture of the Hawaii state was born with many unique things such as food, language, and festivals. Diversity and inclusion are established in SEH's culture and lives in all relationships whether in public spaces or at the workplace.

Personnel data of SEVEN-ELEVEN HAWAII, INC. (as of the end of December, 2020)



Reducing Environmental Impact

Aside from SEH's Energy Smart Program which is aimed at reducing energy consumption, they have also been focused on reducing plastic. In 2015, SEH replaced all plastic check out bags with paper bags. Moving into 2020, they converted their disposable plastic utensils, straws and coffee lids to PLA based alternatives. And plastic coffee stir sticks were changed to wood. Using 2013 as the base year, SEH's plastic reduction efforts resulted in a net CO2 emissions reduction of 238 metric tons. They will continue to focus on ways to further reduce plastic use.



Hot Beverage Island



Slurpee®

Number of SEH Stores and Environmental Data Associated with Store Operations

	FY2017	FY2018	FY2019	FY2020	FY2021 target
Number of stores	64	64	66	65	65
Electricity consumption (MWh)	18,334	18,425	18,849	18,099	18,500
Water consumption (thousand m ³)	47	51	50	51	50

Plastic Countermeasures

Concerning the problem of plastic, about which concern has increased throughout the world; SEH is working to reduce the usage of plastic, with a focus on containers and packaging materials.

[Examples of Initiatives]

- Not including spoons, forks, and other utensils with boxed lunches, but handing them to those who need them at the cash register
- Eliminating disposable plastic bags
- Introduce shrink wrapping* and minimize the wrapping of fresh produce
- Implement a "Bring your own cup" program to encourage customers to bring their own cups
- Hot Beverage plastic lids replaced with PLA based lids
- Hot Beverage plastic stir sticks are now made of wood

* Airtight packaging that uses plastic packaging film that is shrunk by heat

Major Awards and Recognition in FY2020

Recognition or Award Name	Award Sponsor	Reason
1st place: Best Spam® Musubi 1st place: Best Convenience Store Finalist: Best Bento	Star Advertiser	Voting by readers
1st place: Best Musubi	Honolulu Magazine	Voting by readers
Finalist: Best Musubi	KITV4	Voting by viewers

Chinese Convenience Store Business

Providing Safe and Reliable Products

In China, where concerns over food safety and reliability have been mounting, SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVENELEVEN (CHENGDU) work to provide safe and reliable products by leveraging quality management and product development capacities cultivated in Japan.



Product Quality Management

For the Group's private-brand products in China, strict standards are applied in selecting ingredients, and processing factories that maintain high quality levels are selected through a screening process based on whether they have experience exporting to Japan and other criteria.

We have strengthened quality management at factories producing only the Group's private-brand products by incorporating international food safety management systems and measures implemented at factories in Japan. Beijing Wang-Yang Foods and JEANAVICE factories, which are food manufacturing factories of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), obtained the "SC" food production license for chilled foods in January 2017, earlier than peer companies in the industry. "SC" is a regulatory requirement related to food production in China. Food manufacturers must acquire the "SC" license by switching from the existing "QS" food quality and safety license by October 2018. In addition, Q's Café factories acquired HACCP^{※1} certification in March 2017, while Beijing Wang-Yang Foods acquired it in March 2018. SEVEN-ELEVEN (CHENGDU) also requests its business partners to meet its own standards which are even more stringent than domestic laws and regulations. At the same time, it regularly conducts workshops regarding quality management for its store employees, striving to ensure safety and reliability.

The three companies are working on automating their manufacturing process to better stabilize product taste and quality. Chengdu Yonglida Food Limited Company, which supplies products to SEVEN-ELEVEN (CHENGDU), expanded its installation of rice ball molding and wrapping machines in July 2018, and it introduced noodle-making machines starting in 2019. In 2020, we enhanced our cooking facilities to improve quality and continue to provide new, never-seen-before products. Beijing Wang-Yang Foods has been introducing more machines at its factory dedicated to stuffed bread, which began full-scale operations in March 2019, with a focus on the bread production process and product wrapping. Chengdu Food Limited Company that supplies bread and sandwiches to SEVEN-ELEVEN (CHENGDU), mechanized the production process and product packaging for bread and sandwich bread in 2020, and is committed to continued improvements in quality.

SEVEN-ELEVEN (CHENGDU) also began cultivation management at its dedicated production sites starting February 2019, and it began sales of salads made using very fresh vegetables by using low-temperature transportation and processing (cold chains). Similarly, SEVEN-ELEVEN (TIANJIN) began selling salads using cold chains starting July 2019.

※ 1HACCP (Hazard Analysis and Critical Control Point) food sanitation management method

Giving Consideration to Health

Trans-fatty acids, which are said to increase the risk of heart disease, were successfully reduced to zero in the original room-temperature bread products of SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU). In addition, since January 2019, allergens have been displayed for rice balls and sushi, and this is gradually being expanded to boxed lunches, sandwiches, and other daily food products. SEVEN-ELEVEN (BEIJING) plans to start displaying calories on sandwiches and salads in the second half of FY2021. Further, we plan to release salads using plant meat.

Furthermore, SEVEN-ELEVEN (TIANJIN) sells products such as boxed lunches including cereal rice and salads using abundant amounts of vegetables under the theme of health from the second half of FY2020.

Improving Customer Satisfaction

SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU) are working to collect customer feedback in order to improve products and services from the standpoint of customers. Feedback obtained from customers is shared with departments and stores on a daily basis. In addition, in order to grasp changes in customer needs and reflect them in products, SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (CHENGDU) conduct periodic customer surveys. Further, SEVEN-ELEVEN (TIANJIN) held a product exhibition in September 2019. At the exhibition, food tasting of new products and questionnaire surveys on future needs and so on were conducted to use for product development.

The three companies have been conducting training to further improve the customer service provided by employees. In FY 2019, SEVEN-ELEVEN (BEIJING) conducted customer service education targeting night-time responsible person at all stores, with local managers as instructors. In the same fiscal year, SEVEN-ELEVEN (TIANJIN) conducted training 10 times, with 72 participants from 41 stores learning about the importance of customer service, dealing with customers at cash registers, and other issues based on actual cases studies. Employees who passed the test were also given "Customer Service Star" badges. Since FY2020, SEVEN-ELEVEN (CHENGDU) has adopted a training program to improve the level of customer service. Trainers visit stores and evaluate employees' customer service levels and FF(Fast Food) sales response levels (with scores from 0 to 100), among other things, and stores with issues undergo focused training. In addition, improvement is being sought through implementation of TTT (Training the Trainer) sessions and through the entire cycle of providing feedback on evaluation and information sharing. In particular by setting a training manager for each individual store and sharing examples of excellent stores and methods of in-store education through the TTT sessions held on a monthly basis, in FY2020, the level of customer service at the time of check out at all stores improved, and fast food sales increased. At the end of 2020, we presented awards to five individuals who demonstrated excellent customer service, and to three outstanding stores.

In addition, SEVEN-ELEVEN (BEIJING) created customer service awards to recognize employees who provide outstanding customer service. The awards are presented in a group ceremony every three months. We will strive to enhance motivation by presenting awards to recipients at meetings and other such forums in conjunction with striving to increase examples of best practices for employees to follow by making the award-winning activities widely known.



A TTT session at SEVEN-ELEVEN (CHENGDU)

Thriving with Local Communities

SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU) each conducts social contribution activities as members of their local communities.



Environmental Preservation Measures through Storefront Donations

SEVEN-ELEVEN (BEIJING) installed donation boxes in stores and has been collecting money from customers since November 2006. The funds are donated to the Beijing Green Fund, an officially-recognized environmental preservation organization. The Fund uses donations from the public to plant trees as countermeasures against sandstorm damage and desertification, creating tree fences that prevent sand movement in and around Beijing. Starting FY2018, as an activity in which customers could easily get involved, it began an initiative in which part of the proceeds from customers' coffee purchases were donated to the Beijing Green Fund. In FY2019, 50 employees conducted tree planting activities in the suburbs of Beijing, and a total of 100,996 yuan in FY2019 and 49,409.66 yuan in FY2020 was donated.

Donation amounts to Beijing Green Fund

FY2018	FY2019	FY2020
108,974 yuan	100,996 yuan	49,410 yuan

Support for Children

Since 2013, SEVEN-ELEVEN (CHENGDU) has continuously provided support for Benevolence House, a home for children with brain disorders. In the fiscal year ended February 29, 2020, volunteer employees visited the facility in December to participate in a fun event, putting on performances and playing games with the children. In addition, the employees provided daily essentials and other presents.

Value of Goods Donated to Benevolence House by SEVEN-ELEVEN (CHENGDU)

FY2018	FY2019	FY2020
1,992 yuan	2,000 yuan	1,990 yuan



A visit to Benevolence House

Creating Fulfilling Workplaces

In continuing to expand our network of stores in China, it is essential that we hire and train local employees. SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU) seek to raise the communication abilities of employees and develop them to be able to think and act by themselves. To this end, the three companies are working to provide various training seminars and create workplaces where employees are able to demonstrate their abilities to the fullest.



Employee-Related Data (FY2020)

	SEVEN-ELEVEN (BEIJING)	SEVEN-ELEVEN (TIANJIN)	SEVEN-ELEVEN (CHENGDU)
Full-time employees (Men/Women)	336(169/167)	158(51/107)	168(57/111)
Part-time staff	163	151	111
Percentage of employees with disabilities	3.02%	4.40%	1.43%

Employee-Related Data (FY2019)

	SEVEN-ELEVEN (BEIJING)	SEVEN-ELEVEN (TIANJIN)	SEVEN-ELEVEN (CHENGDU)
Full-time employees (Men/Women)	491(246/245)	208(76/132)	232(85/147)
Part-time staff	774	97	296
Percentage of employees with disabilities	2.40%	2.30%	1.32%

Support for Enhancing the Abilities of Employees

Operations Field Consultants (OFC) play an important role in connecting the Head Office with franchise store owners. They serve as store management consultants that provide multifaceted advice to franchise stores on overall management, including ordering, product lineups, and employee training. OFC candidates first gain store experience at training stores and learn the fundamentals of store management, which include the Four Basic Principles; unit control; employing, training, assigning and evaluating of staff; and management indicators. SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN) are focused on enhancing training of AFC (OFC assistant) candidates and AFCs.

SEVEN-ELEVEN (BEIJING) has enhanced OJT by having AFCs accompany OFCs around stores and deepen their knowledge of OFC tasks. It has also adopted training for learning about the product department and related divisions such as construction, human resources, and so on. SEVEN-ELEVEN (BEIJING) conducts training and tests for OFC-related knowledge at the level of store managers at training stores in order to shorten the training period for OFCs. In addition to acquisition of conventional knowledge, role-playing is also incorporated. In response to a management problem presented by the person playing the role of franchise store owner, the store manager in the role of an OFC provides on-site guidance. At the same time, the store manager goes around the store with experienced trainers and gains experience in existing OFC duties.

In FY2019, SEVEN-ELEVEN (TIANJIN) revised the AFC evaluation criteria and introduced a mechanism for quantitative evaluation. The existing qualitative evaluation was changed with clear standards for each evaluation item such as communication skill and evaluation is carried out using scores. Further, since March 2021, each department at the Head Office has been conducting intensive training every week. In order to enrich OFC's job knowledge, acquisition of knowledge about architecture, finance, products, and operations related to store guidance is ensured. In particular, it educates on how to solve problems and how to respond to franchise store owners who are in special situations. In addition, since the second half of 2020, it has been furthering presentation of issues at store manager meetings. SEVEN-ELEVEN (TIANJIN) aims to improve the ability to analyze, solve, and verify aspects of a problem through presentations on the main theme of unit control. It is promoting education in advance to nurture reliable OFCs who can provide smooth explanations to franchise store owners.

SEVEN-ELEVEN (CHENGDU) started a new training program for store managers in FY2018 to teach skills such as analysis of business figures and computer operations necessary for work. In FY2019, training such as numerical analysis, employment development, and store management was

conducted 12 times for 50 store managers. In FY2020, with the decrease in the number of directly managed stores, it shifted the focus of education to the selection of trainees and human resources, introduced the concept of “talent pool,” and focused on the development of talented employees with potential, with the aim of fostering highly skilled OFCs.

At weekly meetings of OFCs, company policies are shared and training is conducted to enhance work skills such as communicating effectively with franchise stores. SEVEN-ELEVEN (CHENGDU) conducts training of Head Office employees on corporate structures, laws and approaches regarding operations, business etiquette, PC operation, and other topics.



Training session

Programs to Raise Employee Motivation

Various initiatives are implemented to provide opportunities to raise employee motivation and resolve issues they may face in the workplace. In addition, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) have instituted internal hiring programs that allow employees to apply for desired positions. They are selected on the basis of interviews between the applicants and the relevant Head Office divisions, the Human Resources Department, and so forth. SEVEN-ELEVEN (BEIJING) gathers opinions from employees and has established structures for conducting interviews when renewing employment contracts and when employees separate from the company in order to make improvements. Various initiatives are implemented to provide opportunities to raise employee motivation and resolve issues they may face in the workplace. For example, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) have instituted internal hiring programs that allow employees to apply for desired positions. They are selected on the basis of interviews between the applicants and the relevant Head Office divisions, the Human Resources Department, and so forth. SEVEN-ELEVEN (BEIJING) gathers opinions from employees and has established structures for conducting interviews when renewing employment contracts and when employees separate from the company in order to make improvements. Apart from this, it holds gatherings for employees after mandatory retirement to express our gratitude for working for the company for many years, and to express our spirit of “valuing our employees.”

Examples of programs for raising employee motivation

- Operate a contact desk so that employees can consult with the company on issues
- Interviews with employees by human resources departments
- Interviews with new employees by supervisors
- Organize employee get-togethers to promote closer interaction and socializing among employees
- Conduct questionnaires on motivation
- Share information about role models among employees by conferring awards upon talented employees



Evaluation and Remuneration

SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN), and SEVEN-ELEVEN (CHENGDU) have adopted an employee evaluation system that combines monthly interview evaluations and yearly evaluations. Monthly interviews are conducted between employees and their direct supervisors to discuss the rate of progress toward their performance goals. In addition, once each year, after self-assessments are carried out by each employee, interviews and evaluations are then conducted by the direct supervisor and a secondary, higher-level supervisor. Monthly evaluations are based on company, divisional, and individual performance. For managers who conduct evaluation, education is carried out so that they can evaluate subordinates properly and

develop human resources.

In order to improve the evaluation system, SEVEN-ELEVEN (BEIJING) worked with external specialists to review the skill items necessary for each job. Moreover, the frequency of interviews was changed from once a year to quarterly, and progress is being periodically checked so that annual performance goals can be achieved. In FY2020, we implemented only annual evaluations and interviews due to the influence of COVID-19. We are conducting interviews focusing on key positions to gain an understanding of the problems faced by our employees, and implementing coordination of operations to meet the demands of the post-corona period.

In addition, at SEVEN-ELEVEN (TIANJIN), from the second half of FY2020, promotion criteria of directly managed stores were improved, written examinations + practical skills + comprehensive evaluation + interviews were conducted, and a system of fair and equal promotion based on score evaluation was realized.

SEVEN-ELEVEN (CHENGDU) changed its company structure and evaluation system in FY2019. Starting from FY2020, managers are evaluated and interviewed every quarter, while non-managers are evaluated monthly.

Promoting the Advancement of Women

In China, the labor contract laws have been designed to provide male and female employees with generous leave related to childbirth and childcare. Moreover, men and women are treated equally, and it is common for women to continue working after marriage. This legal system and practice of appointing managers based on ability work together to promote the appointment of women to managerial positions. In 2012, the first Chinese woman director was appointed at SEVEN-ELEVEN (TIANJIN). As of December 31, 2018, women currently occupy approximately half of the nonexecutive managerial positions at SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU). In March 2018, SEVEN-ELEVEN (BEIJING) appointed women in the roles of vice president and director, and SEVEN-ELEVEN (TIANJIN) appointed a woman as director.

Internships

With the aim of hiring outstanding human resources, hiring local personnel, and promoting the education of youth, SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) conduct internships and have been recognized by the government as Youth Employment Intern Bases that promote the employment of young people who have graduated from high school. In FY2019, SEVEN-ELEVEN (TIANJIN) accepted 63 interns, of which 22 gained employment with the company. SEVEN-ELEVEN (CHENGDU) accepted 138 interns, with 18 of them becoming employees at the company in July 2019.

Reducing Environmental Impact

The Chinese government has been putting great emphasis on climate change issues. In Beijing, companies with annual CO₂ emissions in excess of 5,000 tons are subject to upper limits on CO₂ emissions in each industry as major emitters and must purchase emissions credits for the excess portions. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (BEIJING), which is subject to this program, saw overall CO₂ emissions increased as a result of an increase in the number of stores and chilled cases, and consequently, the company purchased emissions credits for approximately 14,000 tons. SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) also reported higher electricity consumption due to an increase in the number of stores, new installations of refrigeration and freezer devices, and so on.



Environment-related Data SEVEN-ELEVEN (BEIJING)

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of stores	219	247	266	275	283
Electricity consumption (MWh)	24,856	25,702	26,537	29,773	24,251
Water Consumption (1,000m ³)	96	83	85	94	78

SEVEN-ELEVEN (TIANJIN)

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of stores	82	118	155	178	179
Electricity consumption (MWh)	7,027	10,077	14,814	20,051	17,552
Water Consumption (1,000 m ³)	24	34	42	57	49

SEVEN-ELEVEN (CHENGDU)

	FY2016	FY2017	FY2018	FY2019	FY2020
Number of stores	67	87	77	75	73
Electricity consumption (MWh)	6,031	7,892	11,137	9,720	7,631
Water Consumption (1,000 m ³)	18	24	25	24	24

Energy Conservation Measures at Stores

All three companies-SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU)-have installed LED illumination as interior lighting in all stores and are implementing other measures to reduce electricity consumption, such as installing curtains in walk-in refrigerators to prevent the outflow of cold air, and conducting education to raise employees' awareness. In the fiscal year ended February 29, 2020, SEVEN-ELEVEN (CHENGDU) installed LED illumination in Chinese steamed bun fixtures at 35 stores, and also ensures that lights and air conditioning are switched off when they are not needed. Through meetings and product exhibitions for Operations Field Consultants (OFCs), SEVEN-ELEVEN (BEIJING) shares information about being thorough in saving energy with OFCs and franchise store owners.



A curtain installed in a walk-in refrigerator

Environmental Measures at Food Manufacturing Factories

In order to avoid wasting resources, efforts are being made at Beijing Wang-Yang Foods, a food manufacturing factory of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), to utilize food loss generated by each factory as feedstock for a pig farm. Similarly, the JEANAVICE Factory has a contract with a fish farm to collect residual bread. Both factories use wastewater treatment facilities that clean water to the same or higher standard than government standards to ensure that polluted water is not discharged, collect waste oil, and conduct periodic investigations of smoke emissions from the perspective of preventing atmospheric pollution.

Furthermore, to save energy, JEANAVICE Factory works to reduce thermal loss from boilers and reduce the consumption of gas.

Chinese Superstore Business

Message from the Chairperson

Ito-Yokado's business in China began with the opening of the Chunxi Store in Chengdu City in November 1997, and in 2021, we marked 24 years of business in Chengdu and Beijing. This success is due to the patronage of customers, support of business partners, shareholders, and local communities, as well as backing from employees, and for this I am truly grateful. During this period, we have adapted to various changes in the business environment based on our Corporate Creed of "trust and sincerity" and "customer first." Over the past 24 years, the Chinese economy has undergone remarkable development, consumer incomes have increased, and the middle class has greatly expanded in size. For the middle class, an "abundant lifestyle" has come to mean a "healthy lifestyle true to oneself."

Due to the COVID-19 pandemic, interest in safety and reliability is no longer limited to products themselves, centered on foodstuffs. Consumers have come to look at noncontact and other sales methods and to stringently watch employees' customer response. Young Chinese in their twenties and thirties, the so-called digital generation, have become the main players in consumption and now demand high-quality service, including fashion enabling them to express themselves, highly convenient services allowing them to use time effectively and leisure time for engaging in sports and other interests. To meet these needs, we endeavor to sell "看得見的放心" (visibly safe) food products with particular attention to safety and taste, to establish hygiene management systems in factories and production sites, to implement inspection systems, and to regularly check compliance with laws and regulations. In addition, we provide employees with education on such topics as hygiene standards, quality control, and safety-related laws and regulations. We are also making continuous efforts to create comfortable shopping environments in stores by creating child play areas, expanding rest areas, and improving restroom environments; we have restaurants available for use as community areas too. To realize such amenities, in May 2018 we implemented a large-scale renovation of the Asia Village Store in Beijing, the first since it opened. In the external environment, new services making use of information technology are being created one after another. Therefore, we established an e-commerce company in Chengdu in 2017 to advance toward a retail business that integrates brick-and-mortar stores with the Internet. Furthermore, to fulfill our corporate social responsibilities, we will continue to implement measures to reduce CO2 emissions and curb environmental impact and to conduct volunteer activities targeting seniors and children.





Ito-Yokado (China)
Investment Co., Ltd.
Hua Tang Yokado
Commercial Co., Ltd.
Chengdu Ito-Yokado Co., Ltd.
Chairperson
Tsugumi Ko

China Business History

Year	Event
1996	Request to establish superstore received from government of China and Chengdu in Sichuan Province
December 1996	Chengdu Ito-Yokado Co., Ltd. established in Chengdu
September 1997	Hua Tang Yokado Commercial Co., Ltd. established in Beijing
November 1997	Chunxi Store opens in Chengdu
December 2001	Asian Games Village Store opens in Beijing
September 2003	Shuangnan Store opens in Chengdu
December 2007	Jinhua Store opens in Chengdu
November 2009	Jianshe Road Store opens in Chengdu
November 2011	High-tech Store opens in Chengdu

Year	Event
January 2014	Wenjiang Store opens in Chengdu
2014	Then-Chairman Tomohiro Saegusa named an Honorary Citizen of Chengdu, a first for a Japanese manager of a private company
January 2017	Meishan Store opens in Meishan
April 2017	Chengdu Ito-Yokado E-commerce Co., Ltd. established in Chengdu
November 2018	Huafu Avenue Store lifestyle grocery store opens in Chengdu
January 2019	Ito Plaza opens in Chengdu

Company Overview

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
		
Net Sales	approx. ¥64,300 million	approx. ¥5,100 million
Number of employees	2,795	191
Number of stores	9 stores (Chunxi, Shuangnan, Jinhua, Jianshe Road, High-tech, Wenjiang, Meishan, Huafu Avenue, Ito Plaza)	1 store (Asian Games Village)
Established	December 1996	September 1997
Chairman	Tsugumi Ko	Tsugumi Ko
President	Kazumi Kunimi	Satoshi Osada
CSR Promotion Structure	CSR Management Committee	Corporate Ethics and Culture Committee
	Corporate Ethics and Culture Subcommittee	Corporate Ethics and Culture Subcommittee
	Consumer Affairs and Fair Business Practices Subcommittee	Environmental Subcommittee
	Environmental Subcommittee	
	Information Management Committee	

* Fiscal year ending December 31 (number of stores as of December 31, 2020; number of employees as of February 28, 2021)

* Exchange rate of CNY1 = ¥15.48

* Net sales does not include value added tax

CSR Initiatives



CSR Promotion Structure

In recent years, public demand for companies to take a progressive stance on CSR has been rising sharply in China. Under the policies of the Chinese government, CSR implementation guidelines and assessment benchmarks have been formulated, and CSR assessment rankings have been published. Since the fiscal year ended February 28, 2014, Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been taking steps to create structures for promoting CSR more comprehensively and holding periodic CSR Management Committee meetings. The Corporate Culture and Ethics Subcommittee of Chengdu Ito-Yokado established curriculum for an online course that enables employees to acquire operational knowledge and technical awareness to ensure correct corporate behavior. Hua Tang Yokado Commercial's Corporate Culture and Ethics Subcommittee is returning to the origins of business, working to ensure that all employees are aware of the Corporate Creed and Corporate Action Guidelines. The Environmental Subcommittees at both Chengdu Ito-Yokado and Hua Tang Yokado Commercial seek to save electricity and water and have advanced discussions toward store operations that take energy conservation into consideration with specific targets for reduction. The Consumer Affairs and Fair Business Practices Subcommittee works to promote provision of safe and reliable products and services, which helps to make them even better.

Publication of CSR Reports

In July 2016, Chengdu Ito-Yokado published its first CSR Report, covering its social and environmental activities. In the course of preparing the report, the company referred to the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) developed by the Chinese Academy of Social Sciences and the international Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI). There is an index of the guidelines at the end of this report. The CSR report for FY2020 was published in June 2020, and it was distributed to attendees at the Sichuan Province CSR report presentation meeting and at meetings for the public, as well as being submitted to a CSR Report Conference held in Beijing by the China Federation of Industrial Economics.

Promise to Customers



Quality and Freshness Management

Amid a rise in public interest in the safety and reliability of food, we provide products using quality and freshness management expertise developed in Japan. Sales staff, product departments, and quality control departments receive education on safety laws and regulations, production and processing standards, hygiene standards, and other aspects. About 797 employees of Chengdu Ito-Yokado and 60 employees of Hua Tang Yokado Commercial have acquired knowledge of safety and quality management.

Chengdu Ito-Yokado employees each receive a copy of the "Standard Operation Manual" to establish a unified standard for production and processes. The aim is to improve quality, and a representative from Head Office regularly visits stores to check that they are providing products that meet its standards. Annual third-party audits are also conducted.

Hua Tang Yokado Commercial conducts quality control training for foodstuff employees four times annually to ensure strict compliance with quality control standards.

We also visit our business partners' farms and factories regularly to see that they are meeting our standards for facilities and equipment, hygiene and production management, inspection systems, individual hygiene, and legal and regulatory CSR. In FY2020, Chengdu Ito-Yokado audited 39 business partners, and Hua Tang Yokado Commercial implemented audits of business partners 8 times. (To prevent the spread of COVID-19, the number of audits was fewer than in normal years.)

Provision of Traceability Information

In 2013 Chengdu Ito-Yokado launched sales of “看得見的放心” food products, which are based on the same concept as the Traceable Fresh Foods with a Face of the Producer products dealt in Japan. Consumers can scan a QR code on these products to confirm on a dedicated website who the farmers are and where and how the products were grown. In FY2020 the company continued to handle “看得見的放心” products and newly developed 17 items in the series, including oranges (four types), watermelon, and pears for fruit, asparagus, carrots, and mushrooms for vegetables, and fresh eggs. These products are popular among customers, whose interest in food safety and reliability is rising.

As a management rule amid the COVID-19 pandemic, the city of Beijing made it obligatory to acquire proof of a negative PCR test when stocking imported frozen food products. In response to this tightening of quarantine inspection rules and sales rules, Hua Tang Yokado Commercial, as a model local enterprise, believes that the safety of customers comes first and thoroughly checks negative certificates. Furthermore, the company continues sales of “放心肉項目” meat products (reliable meat products), which enable customers to confirm the meat producer by using devices installed in sales areas.

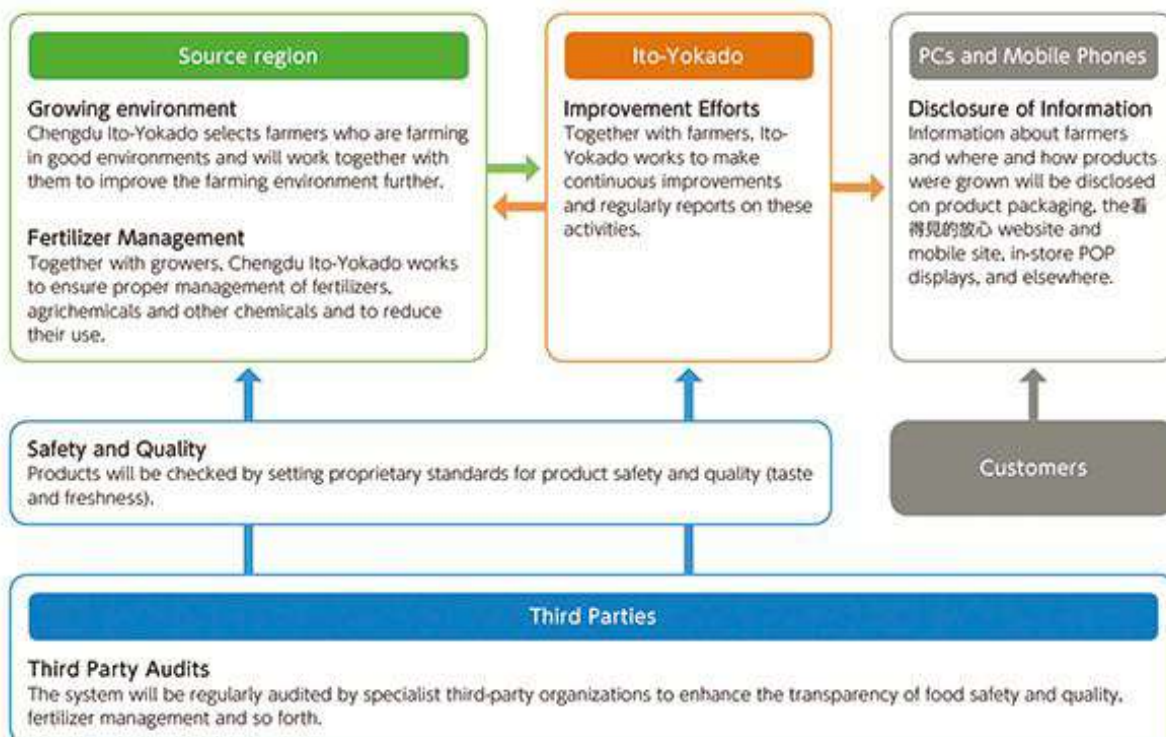


The “看得見的放心” brand logo



“看得見的放心” product display

看得見的放心 System



Quality Supervision System and Meetings with Customers

Since 2008, Chengdu Ito-Yokado has appointed 10 customers at each store (5 customers each at Meishan Store and Huaifu Avenue Store) to act as quality supervision monitors to help improve its products and stores with the customers’ standpoint. The quality supervision monitors meet at each store twice a quarter to give their opinions, and are encouraged to make proposals on matters that they have noticed at any time. Quality supervision monitors commented on the use of mobile phones by employees during work, and a new rule on the use of mobile phones during work was established, leading to improvement.

In addition to quality supervision monitors, Chengdu Ito-Yokado asked for cooperation from 95 customers and received 871 opinions. Based on these opinions, it reviewed product volumes and took other steps to provide even better products. Other efforts included making home visits to 1,000 customers living in its stores' neighborhoods to ask their opinions. In March, June, and September it conducted customer satisfaction surveys, asking for opinions from 7,435 customers.

Chengdu Ito-Yokado and Hua Tang Yokado Commercial also collect opinions via the Internet, telephones, opinion boxes, and instore conversations. In FY2020, Chengdu Ito-Yokado received 19,101 opinions and Hua Tang Yokado Commercial received 6,845. Based on the opinions received, a series of simple and reasonably-priced bedding products were created, and the products have been well-received by customers. We value customers' opinions and we are establishing systems to create stores that reflect their wishes.

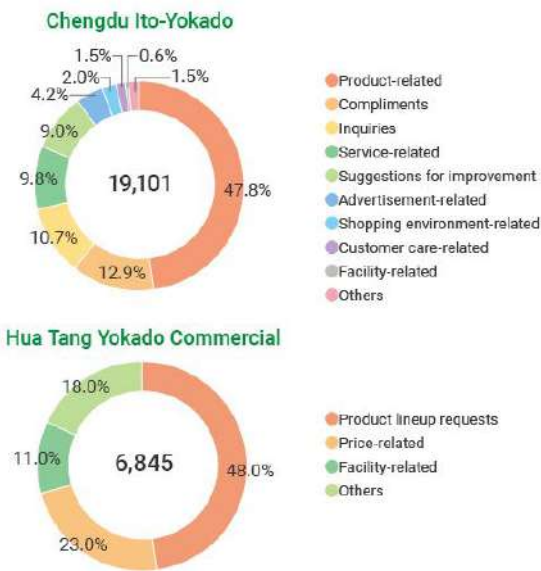


Sampling of seasonal food products



Cake-making event

Breakdown of Customer Feedback



Promise to the Local Community



Donations and Stakeholder Engagement

Chengdu Ito-Yokado is involved in providing educational support and in assisting households in poverty. The company makes annual donations to Sichuan University; in 2020 it made donations on 23 occasions, and so far it has supported an aggregate total of 646 students. In FY2020, students studying Japanese at Sichuan University who achieved excellent results were given 72,000 yuan in scholarship, and 20,000 yuan was donated to the Department of Japanese. In addition, since 2007 Chengdu Ito-Yokado has targeted elementary schools for support, selecting four schools and making donations to improve school facilities and equipment for the purpose of assisting less fortunate children. Company personnel visited the four schools and donated stationery and school supplies, physical education equipment, and other items based on the schools' requests. In other efforts, the stores make seasonal visits to local households experiencing poverty, people with disabilities, and elderly people living alone, giving them gifts of living essentials.

Amid the COVID-19 pandemic, the scheduled summer camp of Yu'ai Elementary School and school visits to make donations were cancelled in 2020. Instead, a donation of 50,000 yuan each to Chongzhou Dao Elementary School and Jintang San Elementary School was donated for improving reading room infrastructure, purchasing books, repairing doors and windows that posed a problem to safety, replacing curtains, and so on. In addition, 25,000 yuan was donated to Pengzhou Elementary School for the purchase of equipment for extracurricular activities. In December, uniforms were donated to educational personnel in the Pidu district of Chengdu to help improve their image. A total of 2,816,000 yuan was expended for social contribution activities in 2020.



Reading room at Chongzhou Dao Elementary School



New curtains at Jintang San Elementary School



Donation to Pengzhou Elementary School
(equipment for extracurricular activities)

Volunteer Activities

On the third Wednesday of every month, Chengdu Ito-Yokado employees at every store clean up the areas around the stores. The stores have also set up rest areas where external staff engaged in road cleaning can freely drink water.

Hua Tang Yokado Commercial conducts cleanup activities every day, with employees taking the lead to beautify the neighborhood.



Cleanup activities by employees



Rest area for the external staff engaged in road cleaning

Promise to Employees



Store Management by Local Employees

Since opening our first stores in China, we have been actively appointing local employees with the aim of developing stores that are deeply rooted in the local community. At Chengdu Ito-Yokado and Hua Tang Yokado Commercial, Chinese store managers have been appointed. For the most part, local employees operate stores: the ratio of Chinese employees in management positions, excluding executives, is 99.1% at Chengdu Ito-Yokado and 98.3% at Hua Tang Yokado Commercial.

In addition, we have been making progress on the appointment of women in China. The ratio of female managers, excluding executives, is 59.5% at Chengdu Ito-Yokado, with female store managers at four of its 10 stores, and 46.6% at Hua Tang Yokado Commercial.

Employee Data (As of the end of December 2020)

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
No. of employees	2,924	199
No. of part-time employees	85	23
Ratio of Chinese employees in management positions	97.8%	96.7%
No. and ratio of women in management positions (excluding executives)	360 (59.5%)	54 (46.6%)
No. of female team leaders (ratio of female team leaders)	213 (59.1%)	13 (44.8%)
No. of female section managers (ratio of female section managers)	107 (29.7%)	26 (41.9%)
No. of female division managers (ratio of female division managers)	23 (- %)	15 (60.0%)
No. of female corporate officers (ratio of female corporate officers)	4 (- %)	0 (0.0%)
No. of employees with disabilities	51	10

CSR Education

In FY2020, special attention was devoted to the reduction of plastics. In order to switch to degradable plastic shopping bags, responsible personnel from Chengdu Ito-Yokado attended the 21th IE Expo China, a trade fair for environmental technology, as well as a degradable forum organized by the China Chain Store & Franchise Association, to obtain information on such issues as the domestic production of degradable plastics and degradable standards. In addition, the company produced an educational video for internal use to deepen the understanding of employees and informed customers through posters displayed in stores and in-store broadcasts. Chengdu Ito-Yokado also actively publicized its use of degradable plastics outside the company.

In November 2020, Hua Tang Yokado Commercial and Chengdu Ito-Yokado jointly switched to shopping bags, called Super-Bags, made from degradable plastic. These degradable Super-Bags are provided at 2.0 yuan per bag, 6.7 times more than the previous shopping bags, which cost 0.3 yuan per bag for the largest size. At the same time, we are putting a lot of effort into the sale of eco-bags.

Self-Recommendation Program

In the fiscal year ended February 29, 2016, Chengdu Ito-Yokado began operating a Self-Recommendation Program as a show of respect for the autonomy of employees in order to provide an outlet for their motivation. The program is for employees who have worked for the company for at least one year and allows them to put themselves forward as candidates for the jobs they seek. Applicants who pass assessments are assigned to their desired workplace after a training period.

Human Resource Development Programs

Training programs have been enhanced to boost the motivation of local employees and enable them to demonstrate their abilities to the fullest. Chengdu Ito-Yokado conducted education on improving employees' primary qualification capabilities and workplace operational skills as well as other functional curricula (form production, packaging, beef products, register operation). It uses an online remote education system to facilitate training with enhanced content including at remote sites.

Furthermore, practical skills training sessions are open for all employees to observe if they wish, even if they are not undertaking the training, so they are able to learn directly from the instructor. It also holds in-store operational skills contests and operate a program where on-site customers score employees to select winners, encouraging employees to improve through friendly competition.

In FY2020 Hua Tang Yokado Commercial implemented special education programs on such themes as the Corporate Creed and management philosophy, store assistance, and customer service on three occasions. By having everyone read together the Corporate Action Guidelines at the president's general meetings held every Monday, the company endeavors to increase understanding of its stance. Training related to everyday customer service is implemented using the morning and afternoon assembly. Staff who receive words of praise (including not only full-time employees but also part-time workers, tenant store employees, cleaners, and security guards) are commended at weekly store morning assemblies for all staff, which serves to raise overall motivation.



Customer-greeting training at a store's morning assembly for all staff (Hua Tang Yokado Commercial)



Lecture on the Corporate Creed and management philosophy (Hua Tang Yokado Commercial)

Human Resource Development and Training

Classroom Training

To pass on the Ito-Yokado ethos and foster human resources befitting Ito-Yokada, in 2020 we held classes on 523 occasions. These classes were divided into 11 subjects in accordance with the three themes of passing on Ito-Yokado's corporate culture and ethos, training to improve skills, and the strengthening of customer service. An aggregate total of 8,881 employees attended the classes. (Of them, the number of executives totaled 1,065 persons, and the number of employees who were promoted after receiving the training was 186 persons.)

* Due to the need to prevent the spread of COVID-19, difficulties arose in the implementation of face-to-face education, job advertising for new employees, special knowledge training in collaboration with outside parties, and so on, and we had to revise frequency and number of classes.

e-Learning

To respond to the needs of young employees, share company policy more efficiently, and develop human resources capable of working autonomously, we strengthened e-learning in 2020, implementing it 57 times in total. Course content, frequency of implementation, number of viewers, and number of views were as follows: corporate culture and company policy—18 times, 13,897 viewers, 166,764 views; skill improvement—39 times, 5,578 viewers, 83,382 views. The aggregate number of employees receiving correspondence education, including both stores and head office, totaled 13,897 persons (company employees and tenant store employees), and the number of views was 250,146.

Promise Regarding the Environment



Energy-Saving Initiatives

In 2020, the Chengdu municipal government proposed the creation of low-carbon scenes as a priority, and in June government officials conducted surveys of the Shuangnan Store, Jianshe Road Store, Jinhua Store, and High-tech Store. The data collected at each store was used as base data in preparation for the building of low-carbon commercial facilities in Chengdu. In December, Ito-Yokado stores were selected as low-carbon models, and we concluded a contract with the Chengdu municipality, promising to continue to expand the use of energy-saving equipment and reduce our environmental load.

Hua Tang Yokado Commercial, meanwhile, controls store temperatures through the rationalized operation of air-conditioning systems. By adjusting the operating time and area covered by air conditioners as necessary in response to weather and temperature changes, it reduces the consumption of gas and electricity. Hua Tang Yokado Commercial requests a facility management business to keep track of store temperatures carefully, so it can constantly detect temperature changes and adjust the operating modes of air-conditioning equipment accordingly.

Chengdu Ito-Yokado

	FY2018	FY2019	FY2020
Number of stores	8	9	9
Energy consumption (standard coal tons)	13,516	13,150	13,553
Electricity consumption (MWh)	89,743	99,836	105,439
Gas usage (1,000 m ³)	670	667	540
Water usage (1,000m ³)	884	853	888

Hua Tang Yokado Commercial

	FY2018	FY2019	FY2020
Number of stores	1	1	1
Energy consumption (standard coal tons)	1,434	1,549	1,434
Electricity consumption (MWh)	7,241	8,106	7,924
Gas usage (1,000 m ³)	350	380	335
Water usage (1,000m ³)	41	60	55

Award History (FY2020)

Chengdu Ito-Yokado and Hua Tang Yokado Commercial received the following awards in FY2020 in recognition of their various initiatives.

Chengdu Ito-Yokado

Names of Award	Presenting Organization
Sichuan Province Excellent Service Company	Sichuan Provincial Government
2020 Chengdu City Excellent COVID-19 Response Company	Chengdu Retailers' Association
2020 Chengdu City Leading COVID-19 Response Company	Chengdu Municipal Government
Outstanding COVID-19 Response Company	COVID-19 Prevention and Control Command
Wuhou District 100 Highest Corporate Taxpayers 2020	Wuhou District Government
Wuhou District Best 10 Commerce and Trade Companies 2020	Wuhou District Government
FY2020 Wuhou District Outstanding Corporate Taxpayer	Wuhou District Government
Wuhou District Priority Company 2020	Wuhou District Government
Best 10 Leader Companies 2020	Chengdu Retailers' Association
Social Value Contribution Award 2020	Chengdu Retailers' Association
Top Seller in National Chain Store Business Contest	China Chain Store & Franchise Association
Chengdu Best in a Million Employees Business Contest Award 2020	Chengdu Retailers' Association
West Triangle Corporate Social Responsibility Best Practices Award 2020	Fengmian Newspaper and the Research Center for Corporate Social Responsibility of the Chinese Academy of Social Sciences
CCFA Chain Store Brand Green Practice and Green Supply Chain Award 2020	China Chain Store & Franchise Association
Chengdu-Chongqing-Shuangcheng Economic Circle Brand Contest 2020: Innovative Brand	Fengmian Newspaper
Popular Chengdu Commerce Overall Evaluation 2020: Business Leader Award	Chengdu Shangqing Newspaper Agency
Chengdu's Contribution to Eradicating Poverty 2020: Chengdu Social Responsibility Contribution Award	Chengdu Daily Newspaper

Hua Tang Yokado Commercial

Names of Award	Presenting Organization
FY2020 Class A Tax Payment Reliability Company	Chaoyang State Taxation Bureau
FY2020 Leading Companies with Safest Production Systems	Chaoyang District Xiaoguan Subdistrict
Certificate of Gratitude for COVID-19 Response from the Beijing Municipal Government	Commerce Bureau, Beijing Municipal Government