

Material Issues 7 Achieve a sustainable society through partnerships

Approach to the Material Issue

The Seven & i Group believes that its important role is to contribute to achieving a sustainable society by providing socially and environmentally friendly products and services. Cooperation with our partners, such as franchisees and business partners is indispensable to provide them.

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. Partnerships are also important to solve social issues such as the SDGs and to create new experiential value.

To this end, we promote initiatives throughout the value chain, including our franchisees and business partners.

Background to the Material Issue

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

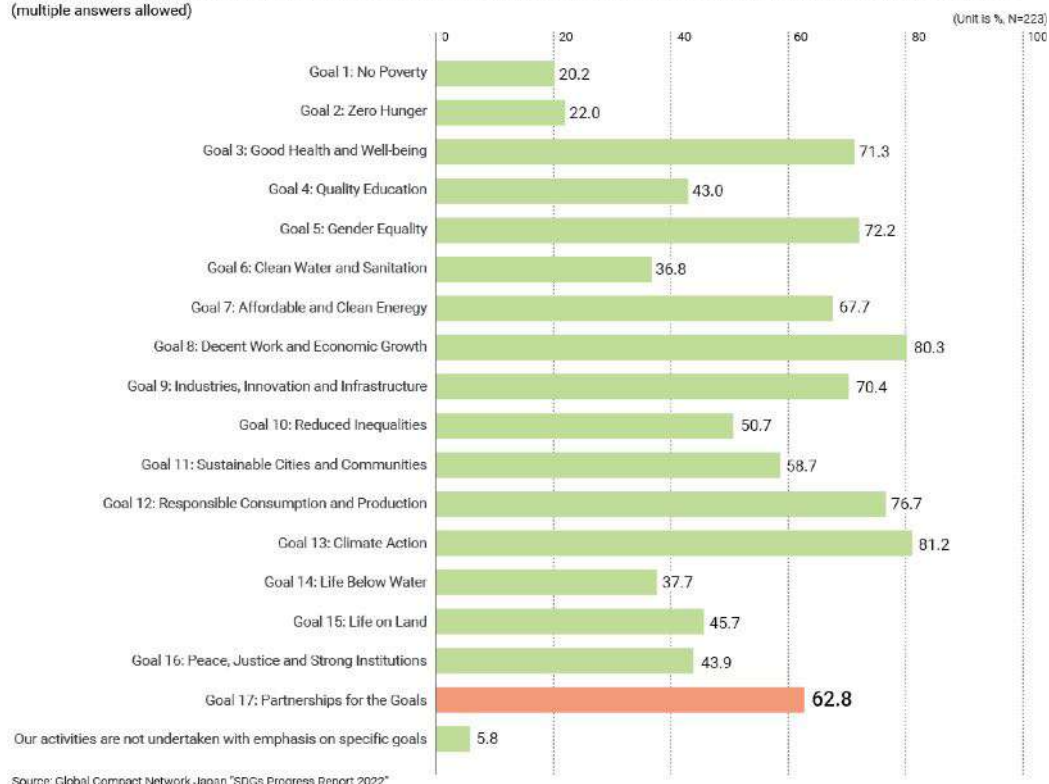


Growing need for partnerships

Recently, as the impact of social issues has grown, it has become increasingly difficult for a single organization to solve them. That is the reason why SDGs call for the importance of partnerships. In addition, in order to respond to impending issues as early as possible and provide greater value, it is necessary to combine the knowledge and technologies of a diverse range of partners, not just one's own company.

Organization chosen with emphasis on Goal 17 of the SDGs, "Partnership for the Goals"

Which of the SDGs (based also on the impact of the spread of COVID-19) have you chosen to emphasize in activities at your company or organization?
(multiple answers allowed)



Contribution to SDGs

By addressing this material issue, the Seven & i Group improves the resilience of its supply chain and contribute to the achievement of Sustainable Development Goals (SDGs) Goals 1 and 8, 10, 12, 16, and 17.



Seven & i Group's Initiatives

Building a Sustainable Supply Chain Together with our Business Partners >

Expanding Services as a Form of Social Infrastructure >

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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

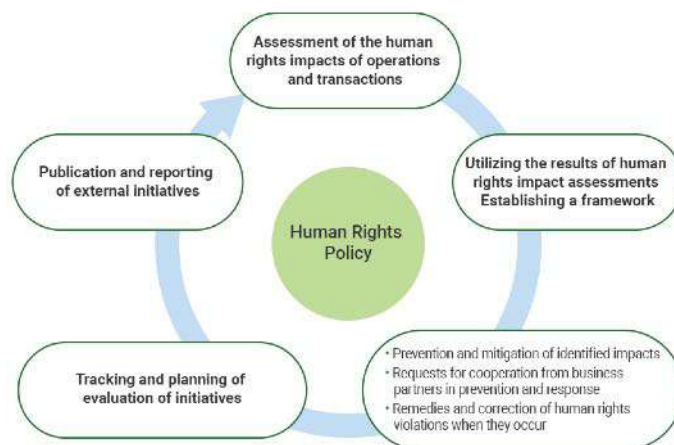
➤ [The Seven & i Group Business Partner Sustainable Action Guidelines can be found here.](#) 

*As of the end of February 2022, 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 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

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



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.)

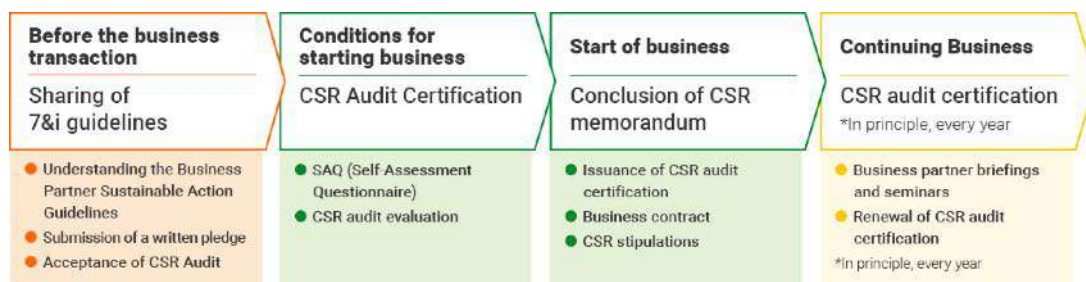
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Operation of the Seven & i Group Business Partner Sustainable Action Guidelines

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 Conformity" 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 checking similar content (124 items) as the CSR audits, including human rights and labor environment, global environmental preservation, and information management, for private brand product manufacturing contractors of the Seven & i Group companies.

Status of Self-Check Responses

FY	No. of Factories Targeted	No. of Factories who Replied (No. of Domestic/ Overseas Factories)	Response Rate
FY2021	1,593 factories	1,303 factories (894 / 409)	81.7%
FY2020	1,546 factories	1,267 factories (854 / 413)	81.9%
FY2019	1,871 factories	1,902 factories (1,468 / 434)	98.4%

Seven & i Group CSR Audit

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.

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.

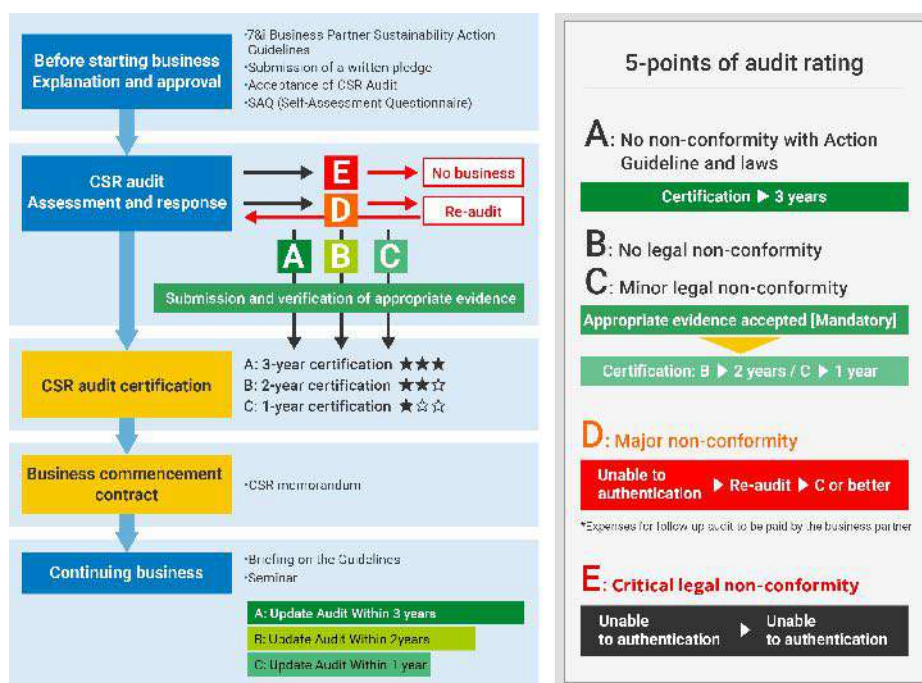
The "A" rating indicates that the CSR audit did not reveal any non-conformity with laws, regulations, or local ordinances, nor did it reveal any non-conformity with the Seven & i Group Business Partner Sustainable Action Guidelines.

"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)



* Even in case of a rating equivalent to A or B, the certification may be for one year.

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
	● Major non-conformity with laws	0	2-year certification
C	● Minor non-conformity with Action Guideline	10 or more	appropriate certificate acceptance
	● Major non-conformity with laws	1~9	1-year certification
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: 2A) Significant non-compliance regarding forced labor, child and juvenile labor, disciplinary actions, and living wage with a full requirements and beyond.

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

*Even in case of a rating equivalent to A or B, the certification may be for one year.

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 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 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 non-conformity 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.



CSR audit certification "Certificate of Conformity"

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	2022 Plan
No. of audited factories	17	28	328	226	245	215	274	304	413	357	434
Implementation rate*1 (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	89.8*2	79.9*3	-

*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.

*3 In FY2021, audits were suspended at 31 factories to prevent the spread of novel coronavirus infection.

Number of Re-audited Factories (Overseas)

FY	Total			Aparel			Household Goods			Foods		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
No. of re-audited factories	112*1	40*2	37	56	24	17	36	9	12	20	7	8

*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 FY2018 to FY 2020\(Oversea Factories\)](#) 

> [Number of Factories Audited by Product Category from FY2018 to FY2020\(Oversea Factories\)](#) 

> [Number of Factories with Non-conformity Found by Country and Audit Category from FY2019 to FY2021 \(Oversea Factories\)](#) 

> [Number of Factories Audited by Product Category from FY2019 to FY2021 \(Oversea Factories\)](#) 





Response to Non-conformities (CSR Audit Major Non-Conformity Cases and Remedial, Corrective, and Preventive Actions for Non-Conformity)

In the fiscal year ended February 28, 2022, CSR audits found doubts of non-conformity in 295 out of 357 factories. Five factories of them were identified to have [Major Non-conformity Critical 1]. Regarding living wage (minimum wage), one case of payment of wages below the minimum wage was found, and in two cases, payment of wages above the minimum wage to some employees could not be confirmed. Regarding young labor, two cases of mismanaging employee identification cards were identified. For all five of these major non-conformities, we have confirmed that remedial and corrective actions have been taken, including payment of the shortfall in wages. In addition, as the result of the CSR audits, there were no cases of non-conformities related to forced labor, child labor under the age of 15, or disciplinary actions. To prevent the occurrence of non-conformities, in the fiscal year ended February 28, 2022, we held supplier compliance training for 4,941 people from 3,245 companies to explain examples of non-conformities that are likely to occur (e.g., human rights violations) and to promote respect for human rights and improvement of the working environment.

CSR Audits of Domestic Factories

Seven & i Holdings has been conducting CSR audits of factories to which we outsource the manufacture of our “Seven Premium” private-brand products 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, and 371 factories in fiscal 2021 (about 30% of the total). As a result of the audits in the fiscal year ended February 28, 2022, some form of non-conformity was confirmed at about 92% of the factories, and corrective measures are being taken. There were no non-conformities related to forced labor, labor by children under the age of 15, discipline, or discrimination and forced labor of foreign workers.

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. This initiative began in fiscal 2016, and in the fiscal year ended February 28, 2022, 48 factories at 44 companies were audited. We will continue to promote CSR by involving the supply chain.

- [Number of Factories with Non-conformity Found by Audit Category from FY2018 to FY2020 \(Japan\)](#) 
- [Number of Factories Audited by Product Category from FY2018 to FY2020 \(Japan\)](#) 
- [Number of Factories with Non-conformity Found by Audit Category from FY2019 to FY2021 \(Japan\)](#) 
- [Number of Factories Audited by Product Category from FY2019 to FY2021 \(Japan\)](#) 

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 fiscal 2018, briefings were held in China, Thailand, Cambodia, and Vietnam at 260 factories in total, with 402 persons at our business partners taking part (94.9% participation rate*1).

In fiscal 2019, briefings were held in China, Myanmar, Thailand, Cambodia, Vietnam, and Indonesia at 287 factories with 482 persons at our business partners taking part (94.4% participation rate*1).

In the fiscal year ended February 28, 2021, with the global spread of COVID-19 infections, briefing sessions on the Seven & i Group Business Partner Sustainable Action Guidelines and CSR audits were suspended. Accordingly, starting in June 2020 for our business partners with production facilities overseas we used on-demand distribution to brief on the Guidelines and

encourage their implementation (viewed at 178 companies by 274 persons*2). Furthermore, along with starting in August 2020 to make materials available for viewing in Chinese and five other Asian languages, we began in October to distribute briefing videos on CSR audits with Chinese narration to business partners located in China (viewed at 66 companies by 79 persons).

In the fiscal year ended February 28, 2022, we conducted briefing sessions about the Seven & i Group Business Partner Sustainable Action Guidelines and CSR audits via live and on-demand internet broadcasts (viewed at 517 companies by 1,071 persons*2). We also presented particularly conscientious business partners with certificates of commendation and trophies to help their improvement efforts and stir interest.

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

*2 Reference values taken from access logs online briefings



Briefing Sessions on the Seven & i Group Business Partner Sustainable Action Guidelines and CSR Audits

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 February 28, 2022)

*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
July 2021	Japan (Twice)	474	363
July 2021	Thailand	33	25
August 2021	Japan	382	175
September 2021	Japan	121	88
October 2021	Japan (Twice)	377	252

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 Conducted by Fiscal Year

* 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*
No. of times	7	20	5	19
No. of participating companies	171	485	604	2,423
No. of participants	244	768	870	3,566

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 February 28, 2022)

Month	Contents	No. of Participants
April 2021	Seven & i Group Business Partner Sustainable Action Guidelines (1st)	305
May 2021	Operation of 7&i CSR Audit	118
July 2021	Seven & i Group Business Partner Sustainable Action Guidelines (e-learning)	1,498
August 2021	Seven & i Group Business Partner Sustainable Action Guidelines (2nd)	11
October 2021	Seven & i Group Business Partner Sustainable Action Guidelines (3rd)	125
November 2021	Seven & i Group Business Partner Sustainable Action Guidelines (4th)	35

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 FY2021 (as of the end of June)

	FY 2019	FY 2020	FY 2021
No. of Times	7	5	6
No. of Participants	380	418	2,090

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. Furthermore, as part of these efforts, we are participating in the Foreign Worker Consultation and Relief Pilot Project, which was launched in May 2022 by the Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP MIRAI).

Main Activities:

- September 2019: Global Compact Network Japan

At GCNJ's Basic Seminar, we explained 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 7 Achieve a sustainable society through partnerships

Expanding the Role as a Form of Social Infrastructure

Seven & i Group works in collaboration with local governments to provide public services to support persons experiencing inconvenience in daily life by reductions in local government offices, banking services, and retail stores.



Promoting Alliances with Municipalities

Seven & i Group is promoting regional revitalization by concluding comprehensive alliance agreements with local governments in a wide range of fields, including local production for local consumption, senior support, health promotion, and environmental protection. Moreover, we are also moving ahead on concluding “watch over agreements” with local governments to look out for elderly people and so on during regular store operating hours, or through delivery services and collaborating with local governments to respond if irregularities are detected, as well as to train Dementia Supporters, and take other measures. In other developments, we have also concluded “supply-support agreements” to prepare for rapid regional support in the event of disasters, and we are also promoting “agreements for supporting people who cannot return home after a disaster” where we provide tap water, access to restrooms, and local information wherever possible.

Number of comprehensive alliance agreements with local governments (by operating company)

	As of the end of February 29, 2020	As of the end of February 28, 2021	As of the end of February 28, 2022
Seven-Eleven Japan	140	184	223
Ito-Yokado	56	56	79
York-Benimaru	10	10	11
York Mart	4	4	4
Sogo & Seibu	13	12	12
Seven & i Food Systems	3	3	3
Total	270	279	332

> [For information regarding support during disasters](#)

Retail of Products which Contribute to Regional Revitalization

Seven & i Group makes use of comprehensive alliance agreements to promote various regional revitalization initiatives with respective local governments. For example, Seven-Eleven Japan recognizes the importance of local flavors and food cultures by developing products that use local ingredients. Ito-Yokado, Sogo & Seibu, York-Benimaru, and other Group companies are helping to promote the appeal of local areas by retailing regional products and proposals for menus using local products and ingredients. In addition, at two stores in Chiba Prefecture's Yachiyo City, York participated in the Yachipan Project—an event for producing and selling bread based on ideas from local high school students carried out as part of the initiatives with local governments—and sold two types of bread.



"Pescatore made with firefly squid from Toyama Bay"
(Seven-Eleven Japan)



"Celebrate! 10th Anniversary of Industry-Academia-Government
Collaboration Selected Well-Balanced Lunchbox"
supervised by Aomori Chuo Junior College (Ito-Yokado)



"Chiba University Jam"
made by students from fruits grown for agricultural research (Sogo
& Seibu)



Bread conceived and realized by high school students
from Yachio City, Chiba Prefecture "Yachipan Project"
(York)

Establishment of Polling Stations in Stores

Ito-Yokado and Sogo & Seibu provide facilities within stores to be used free of charge for use as polling booths in cooperation with local governments. Local governments seek to increase the voting rate due to the reduction in number of polling booths and decline in voting rate due to the merger of municipalities, in addition to the enactment of the revised Public Offices Election Act, which lowered the voting age to 18. The booths are used to provide easy access to voters while they are shopping. During the fiscal year ended February 28, 2022, this was rolled out at 21 Ito-Yokado stores and 4 Sogo & Seibu stores. It was publicized at stores via poster displays and in-store announcements, as well as printouts on receipts. In addition, considering the spread of COVID-19, we worked to prevent infection liaising with the secretariats of respective election administration commissions to provide thorough disinfection of pencils and voting podiums, as well as ensuring sufficient distances were maintained between lines.



A polling booth set up in an Ito-Yokado store

Services also Available on Public Holidays and Night-times

In recent years, households in which both spouses work for a living have increased, and an increasing number of people have difficulty completing payments of utility bills at financial institutions and procedures at government offices on weekdays. In 1987, Seven-Eleven Japan thus initiated a service for 24-hour payment of utility bills at store registers irrespective of the business hours of banks. Since then, in addition to utilities bills, we have expanded this service to processing NHK license fees, national pension scheme and all types of tax payments, as well as catering to administrative services and insurance enrollment using multifunctional copiers.

Government Services (Issuance of Various Certificates)

7-Eleven stores, in an agreement with 946 municipalities (as of the end of May 2022), offer a service for issuing copies of residence certificates and seal registration certificates using in-store multifunctional copiers. This service is currently being expanded, including support for the issuance of family register certificates for 611 municipalities as well as tax certificates for 676 (Individual Number Cards are required to use the service). In February 2022, Seven-Eleven Japan also launched a service that allows users to initialize and reset the signature password for their Individual Number Card. These services for Individual Number Card holders are easily operable and can be used even late at night and on holidays, simply by waving the Individual Number Card over a scanner. Private information is given high security protection by a sophisticated dedicated network and special printing prevents forgery and manipulation.

Insurance Enrollment and Premium Payment Service

7-Eleven became the first in the industry to offer motorcycle and bicycle insurance enrollment and insurance premium payment services where customers can enroll in insurance 24 hours a day by entering the necessary personal information on the multifunctional copier screen in store and paying their premium at the register. (The service is for motor scooters and motorcycles with an engine displacement of 250 cc or less, which do not require a motor vehicle inspection.) "1 DAY Insurance" providing automotive insurance coverage in one-day increments has been available at all 7-Eleven stores since September 2015, and "1 DAY Leisure Insurance" that provides necessary accident coverage when needed has been available since April 2018. In addition, starting from June 2020, cancer insurance is being sold at all 7-Eleven stores. Furthermore, with the exception of cancer insurance, from September 2021, after applying for insurance online, it is now possible to pay insurance premiums directly at the cash register without going through a multifunctional copier.



Multifunctional copiers can copy print, issue various types of certificates, and even issue insurance policies

Bicycle Sharing

Seven-Eleven Japan is promoting the use of bicycle parking spaces on store grounds as sites for renting and returning shared bicycles and will be expanding the areas in stages. As of the end of February 2022, Seven-Eleven Japan has installed a total of 3,735 units at 562 stores. This program was launched at Ito-Yokado from June 2018, and at Denny's restaurants from September 2018. The total number of shared bicycles installed at Ito-Yokado was 178 units as of the end of February 2022.

Bicycle sharing allows for bicycles to be rented from any of multiple stations within a certain region. After use, a bicycle need not be returned to the original location and can be returned to the station closest to the user's destination. Bicycle sharing is expected to supplement public transportation in areas that lack adequate transportation and can play an important role as infrastructure.



A store with a bicycle sharing site