Risks and Opportunities Related to Sustainability

Various problems and issues related to the environment and society constitute risks that threaten a company's sustainability, but the act of endeavoring to solve such issues leads to new business opportunities. Seven & i Holdings identifies risks and opportunities related to seven material issues, and works to reduce risk levels while striving to realize a sustainable society alongside sustainable corporate growth by creating new business models for solving social issues.
We have therefore created the Corporate Action Guidelines and other policies, and established the cross-group CSR Management Committee and its subcommittees, the Compliance Subcommittee, Corporate Ethics and Culture Subcommittee, Supply Chain Subcommittee, Environment Subcommittee, and Social Value Creation Subcommittee. Specific measures are considered through these committees.

Material Issues, and Main Risks and Opportunities

Material Issue 1

Create a livable society with local communities through various customer touchpoints

Risks

- Decline in sales opportunities from decrease in the infrastructure of daily life, leading to population decrease, depopulation, aging population
- Failure to open new stores as planned because of insuffi cient coordination with local communities resulting in inability to provide new value, etc.

Opportunities

- Gain stakeholder trust through expanded social role as infrastructure for daily life
- Increase sales opportunities through community revitalization, etc.

Material Issue 2

Provide safe, reliable, and healthier merchandise and services

Risks

- Loss of customers because of merchandise issues or in-store accidents
- Decline in trust due to violations of laws such as quality control and labeling
- Loss of customers from delayed development of health-related merchandise, etc.

Opportunities

- Increase customer loyalty through rigorous safety and quality control
- Expand sales opportunities by offering healthoriented merchandise and other new merchandise that matches customers' needs, etc.

Material issue 3

Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts

Risks

- Physical damage to stores/distribution network due to increase in natural disasters caused by climate change
- Sharp increases in purchasing prices due to changes in demand and supply or changes in prices of crude oil and other raw materials caused by unusual weather
- Loss of customers due to corporate image with a large environmental footprint in areas including food waste and greenhouse gas emissions, etc.

Opportunities

- Cut costs by saving energy, reducing waste, recycling, changing energy sources
- Create brand value as a company at the forefront of environmental measures, etc.

Material Issue 4

Achieve a society in which diverse people can actively participate

Risks

- Damage to corporate image, loss of customers, decline in employee engagement from tolerance of discrimination and prejudice
- Difficulty in retaining human resources, outflow of human resources, etc.

Opportunities

- Acquire future customers and develop new services through dialogue with and development of the next generation, the young generation, and people with various values, etc.

Material Issue 5

Improve work engagement and environment for people working in Group businesses

Risks

- Decline in employee engagement from lack of improvement in work environments
- Difficulty in retaining human resources, outflow of human resources, etc.

Opportunities

- Promote diversity to enhance competitiveness
- Increase productivity by enhancing employees' skills and autonomy
- Develop new businesses and acquire talented personnel, etc.

Material Issue 6

Create an ethical society through dialogue and collaboration with customers

Risks

- Inability to offer new value through merchandise and services from delayed response to changes in consumer lifestyles and diversifi cation of values, etc.

Opportunities

- Expand sales opportunities by offering merchandise and services addressing ethical consumption
- Work with customers to increase customer loyalty, etc.

Material Issue 7

Achieve a sustainable society through partnerships

Risks

- Interruption of merchandise supply, deterioration of merchandise quality, or boycotts associated with labor environment or human rights problems or compliance violations in the supply chain, resulting in loss of social trust, etc.

Opportunities

- Increase resilience through sustainable raw material procurement
- Provide new merchandise and services in cooperation with business partners, other industries, same industry, etc.