Material Issue 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.

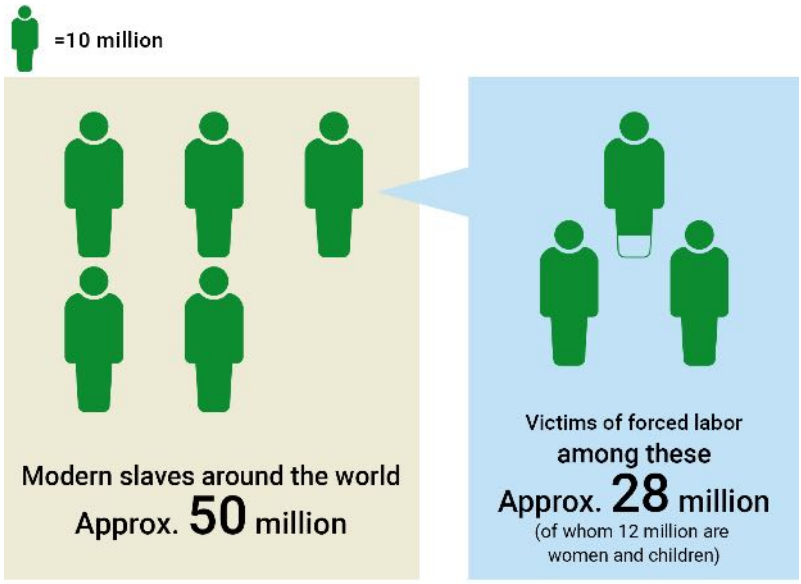
To this end, we promote initiatives throughout the value chain, including our franchisees and business partners.

Background to the Material Issue

Heightened Interest in the Social and Environmental Impact of Supply Chains

Modern slavery refers to people who are subjected to forced labor, human trafficking, sexual exploitation, forced marriage, and other forms of exploitation, and it is estimated that there are about 50 million such individuals worldwide. Additionally, 28 million people are engaged in forced labor, of which 12 million are women and girls. Amidst the existence of various social issues like these around the world, there is an increasing number of consumers who wish to purchase products produced through fair trade. In line with the growing awareness of ethical consumption, it has become important to build a sustainable business model throughout the entire supply chain.

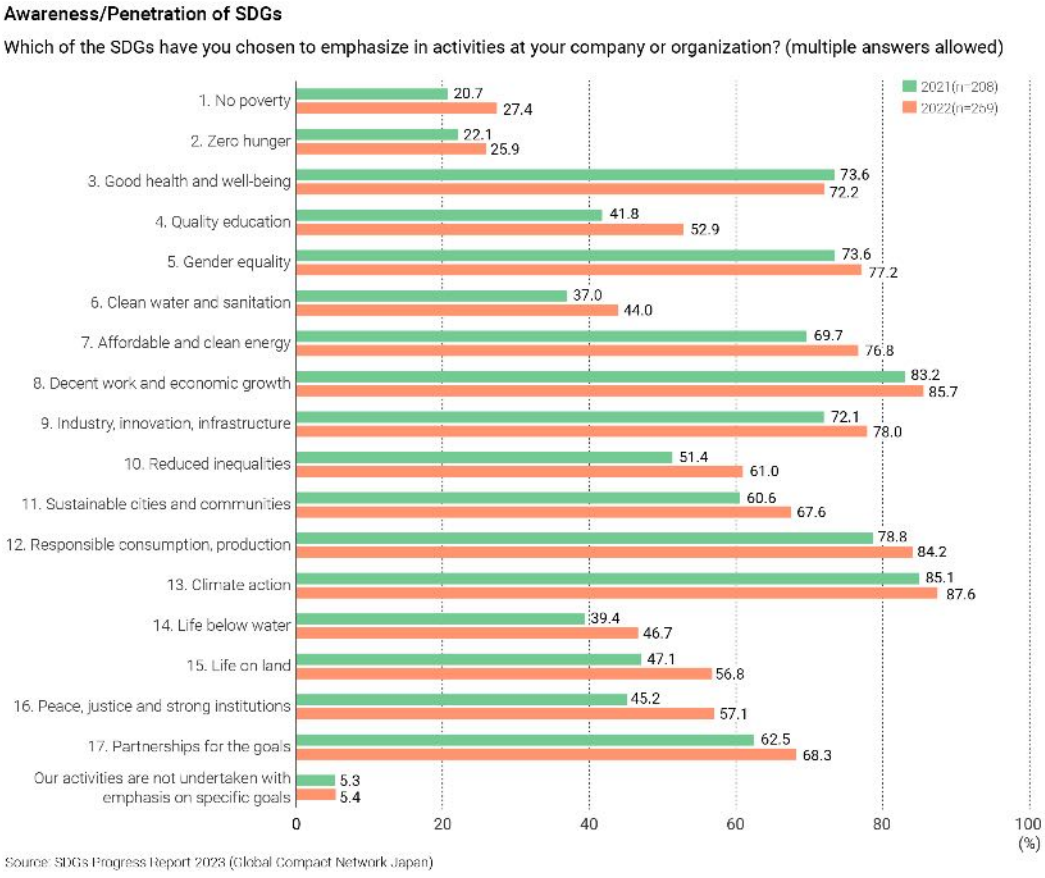
* Source: "Global Estimates of Modern Slavery," a report by the International Labour Organization (ILO)



Source: Global Estimates of Modern Slavery (International Labour Organization (ILO))

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.



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) 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 >

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 2024, this document is available in 21 languages.

Establishment of a Human Rights Due Diligence System

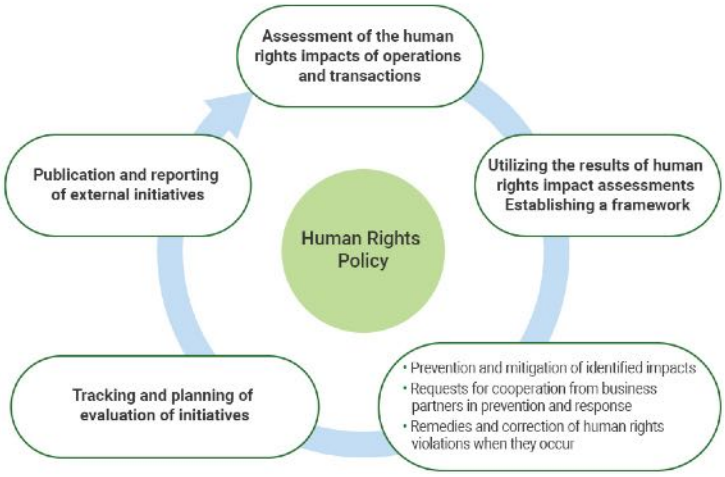
Seven & i Group's management philosophy is to be a sincere company that is trusted by various stakeholders, as stated in its corporate creed. In particular, we recognize that "respect for human rights" is the most important factor in conducting sustainable business activities and remaining a trustworthy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

In October 2021, the Seven & i Group established the Seven & i Group Human Rights Policy to understand the human rights of all stakeholders, including customers, business partners, shareholders, local communities, and employees, and to fulfill our responsibility to respect human rights.

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

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

Human Rights Due Diligence Diagram



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

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

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

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

Actions:

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

Follow-up Evaluation:

Issue remediation and corrective action support

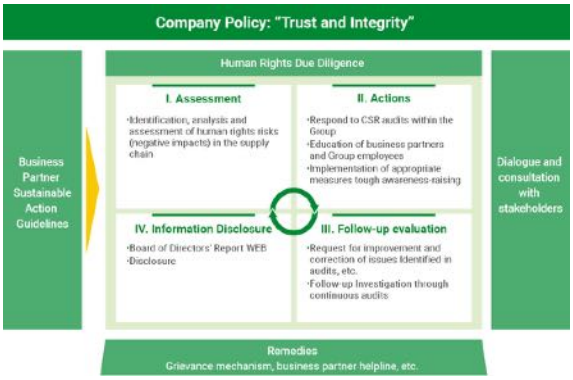
Information Disclosure:

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

Relief Measures:

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

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

Seven & i Holdings has established the Seven & i Holdings Business Partner Helpline at a third-party organization as a consultation and reporting contact for early detection and prevention of problems in order for us and the Group companies to continue to be an honest company trusted by society. We are striving to further ensure fair trade by receiving consultations and reports from suppliers, regarding violations of laws and regulations, social norms, contracts, and internal rules including the "Seven & i Group Corporate Action Guidelines" concerning officers and employees of us and the Group companies, and serious violations of the "Seven & i Group Business Partner Sustainable Action Guidelines" concerning suppliers, including those in the supply chain of us and the Group companies, and human rights violations, etc., as stipulated in the Seven & i Group Human Rights Policy.

› Click here for the Seven & i Holdings Business Partner Helpline

[Contact Information]

・Consultation and Report within Japan (Domestic Reporting)

(1)Contact: IntegreX Inc.

(2)WEB: > http://ws.formzu.net/fgen/S53103280 (in Japanese)

E-mail：7andi-helpline@integrex.jp

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

・Consultation and Report from oversea (Oversea Reporting)

(1)Contact: Dedicated website of TSUHO Support Center Co., Ltd. (Global Stakeholders Hotline)

(2)WEB: > https://7andi-helpline.kaigaitorihiki.com (Company code: 7andihelpline)

Languages supported: English, Thai, Portuguese, Japanese

*We do not accept reports from China, the U.S., Russia, or North Korea.

*We have adopted a method in which there are no fields for entering personal information such as e-mail addresses or names. Please note that there is no mutual communication between us and information providers.

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. In the fiscal year ended February 29, 2024, self-checks were collected from 1,151 factories to confirm their management status.

Items on the Self-Check Sheet (Excerpt)

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

Status of Self-Check Responses

FY	No. of Factories Targeted	No. of Factories who Replied (No. of Domestic/ Overseas Factories)	Response Rate
2023	1,210 factories	1,151 factories (825/326)	95.1%
2022	1,386 factories	1,287 factories (869/418)	92.9%
2021	1,593 factories	1,303 factories (894 / 409)	81.7%
2020	1,546 factories	1,267 factories (854 / 413)	81.9%

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.

16 Audit Categories and Evaluation Categories (C1, C2)

:Critical non-conformity(C1) :Critical non-conformity(C2)

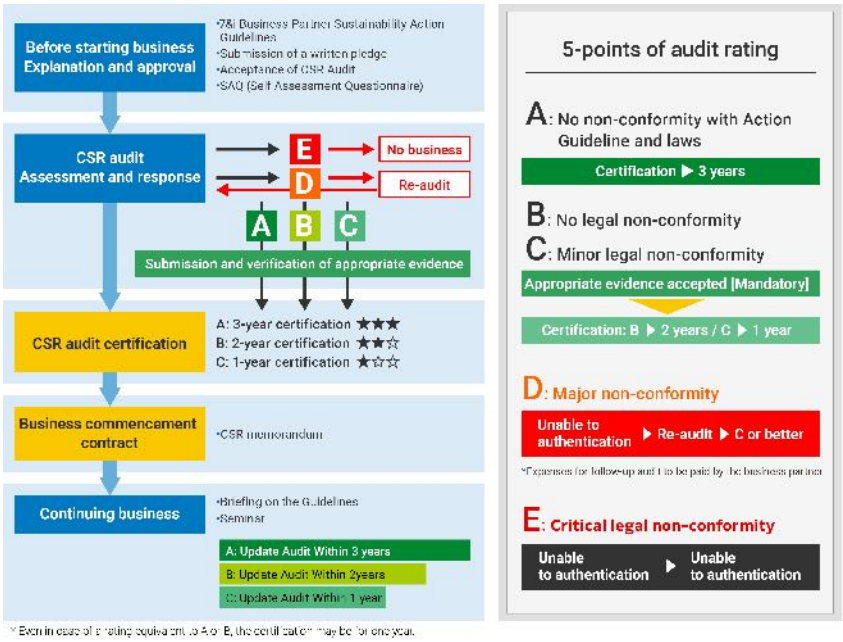
No.	Classification
1	Management System and Action Guideline Implementation
2	Forced Labour
3	Freedom of Association
4	Health and Safety
5	Child Labour and Youth Workers
6	Living Wages
7	Working Hours
8	Discrimination and Harassment

No.	Classification
9	Regular Employment
10	Subcontracting, Cottage Industry, External Processing
11	Punishment
12	Global Environment Conservation
13	Anti-corruption and Fair Trade
14	Ensuring product safety
15	Security Management
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.

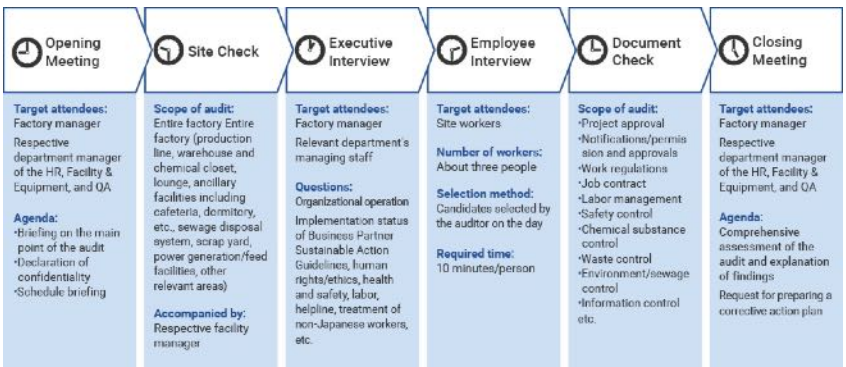
Audit Evaluation Standard

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 2-year certification
	●Major non-conformity with laws	0	
C	●Minor non-conformity with Action Guideline	10 or more	appropriate certificate acceptance 1-year certification
	●Major non conformity with laws	1~9	
D	●Major non-conformity with laws	10~19	Re-Audit Continued business with "C" or higher *Up to 1 year certification
	●Critical non-conformity (C2)	1~9	
E	●Major non-conformity with laws	20 or more	Recommendation to terminate business
	●Critical non-conformity (C2)	10 or more	
	●Critical non-conformity (C1)	1 or more	

・C1: Any significant non-compliance regarding forced labor, child and juvenile labor, disciplinary actions, and living wage within audit requirements and reports
・C2: Major nonconformities in health and safety, working hours, subcontracting environment, and product security
※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 (e.g., pay slips), 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.



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.

Certificate
適合認証書

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.
In order to ensure fairness, we outsource our audits to an external inspection organization, TÜV Rheinland Japan. Regular meetings are held with auditors every year to standardize the required items.

Our Definition of “Critical Suppliers”

Seven & i Holdings defines 1,210 factories as critical suppliers. They manufacture the Group's private brand products, Seven Premium, or private-brand products for Group companies in China and Southeast Asia (13 countries). They deal with high volume and we consider them critical for our products and non-substitutable. Approximately 260,000 people worked in the factories defined as critical suppliers, with a gender ratio of approximately 48% male and 52% female.

Number of CSR Audits (Overseas Factories)

FY	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Plan
No. of audited factories	17	28	328	226	245	215	274	304	413	357	322	254	240
Implementation rate*1 (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	89.8*2	79.9*2	74.2*2	77.7	-

*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 Suspended audits at some factories to prevent spread of new coronavirus

Number of Re-audited Factories (Overseas)

	Total					Aparel					Household Goods					Foods				
FY	**2019**	**2020**	**2021**	**2022**	**2023**	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
No. of re-audited factories	**112**	**40**	**37**	**28**	**12**	56	24	17	17	3	36	9	12	3	4	20	7	8	8	5

*Number of factories reaudited increased due to stricter reaudit criteria starting in FY 2019

*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 FY2019 to FY2023 (Oversea Factories)

› Number of Factories Audited by Product Category from FY2019 to FY2023 (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 29, 2024, overseas CSR audits were conducted at 254 factories. Serious non-conformities were identified at two factories and corrective actions were taken. Non-conformities related to living wage (minimum wage) (2 cases) were identified, and payment was made immediately for the shortfalls, including those that had occurred in the past. To prevent recurrence, systemic measures have been implemented, and periodic internal audits are conducted to confirm the continuity of the measures. In addition, corrective actions were confirmed for all major and minor nonconformities identified through CSR audits. As a result of the CSR audits, no nonconformities were found involving forced labor, child labor for those under 15 years of age, or disciplinary measures.
To prevent the occurrence of non-conformities, we conducted online compliance training for suppliers in the fiscal year ended February 29, 2024 on-demand. It explains examples of non-conformities that are likely to occur (e.g., human rights violations). A total of 14,637 people viewed the training and the total number of page views reached 28,768. We will continue to promote ongoing efforts to respect human rights and improve 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, 371 factories in fiscal 2021, 535 factories in fiscal 2022, 527 factories in fiscal 2023 (about 50% of the total). As a result of the audits in the fiscal year ended February 29, 2024, some form of non-conformity was identified at about 95% of the factories, and we confirmed corrective measures have been taken. Non-conformities related to child labor, forced labor, disciplinary actions, discrimination or forced labor regarding foreign workers were not identified in fiscal 2023.
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 29, 2024, 104 factories at 87 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 FY2019 to FY2023 (Japan)
- Number of Factories Audited by Product Category from FY2019 to FY2023 (Japan)

Informing Suppliers of the Seven & i Group Sustainability Action Guidelines

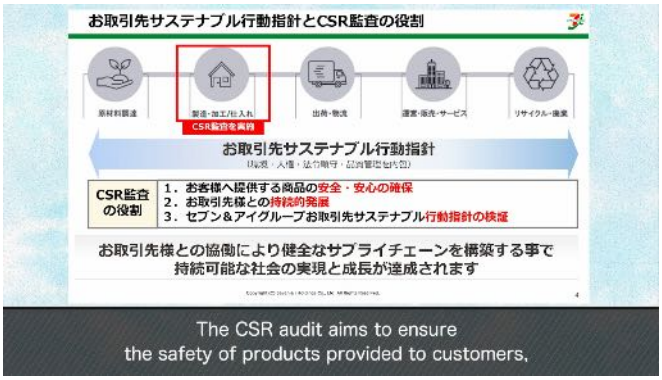
Distribution and Delivery of the Seven & i Group Business Partner Sustainable Action Guidelines

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

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 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. 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.
In the fiscal year ended February 29, 2024, briefings on the Seven & i Group Business Partner Sustainable Action Guidelines and CSR audits were distributed both live and on-demand, with 618 people from 416 companies viewing the briefings live. In addition, 1,181 people viewed recordings and 4,653 people viewed briefing materials.

*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 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. This training is based on the Seven & i Group Business Partner Sustainable Action Guidelines, CSR audit objectives, ILO International Labor Conventions, ISO 26000, occupational safety laws and regulations in each country, facility management, and chemical management. To deepen understanding of ESG benchmarks, case studies based on examples from peers and consultations on corrective actions based on CSR audit results are also offered.
Since FY2020, due to the impact of the novel coronavirus infection (COVID-19), we have held online video training via on-demand delivery. In the fiscal year ended February 29, 2024, multiple contents are available for viewing at any time, and a cumulative total of 5,882 people viewed the videos. 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 FY2023 (as of February 29, 2024)

* The number of viewers is extracted from the access status of the webpages.

No.	Contents	No. of Viewers*
1	Aims and Objectives of CSR Audits	753
2	Legal Compliance and Corporate Ethics	239
3	Business and Human Rights	141
4	Flow of CSR Audits (1)	738
5	Flow of CSR Audits (2)	247
6	Occupational Health and Safety	2,056
7	Forced Labor / Wages and Working Hours	734
8	Chemical Substance Management / Environment	974
Total		**5,882**

Compliance Training for Suppliers by Fiscal Year

*1 Training sessions were held lives or via video in FY2020 and FY2021.

*2 Training sessions were held on demand in FY2022 and FY2023

	FY2020*1	FY2021*1	FY2022*2	FY2023*2
Times (No. of Contents)	5 times	19 times	8 contents	8 contents
No. of Participating Companies	604	517	480	416
Total No. of Participants (including Viewers)	870	3,566	14,698	5,882

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 audit manager from TÜV Rheinland Japan Ltd., our CSR audit contractor, to provide explanations using specific examples about the latest information and regulations concerning the countries and regions where our manufacturing contractors' factories are located.

Compliance Training (in-House) by Fiscal Year

	FY2020	FY2021	FY2022	FY2023*
Times	5	6	3	1
No. of Participants	418	2,090	285	231

* E-learning training was conducted in FY2023

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.

・February 2023: Panelist at the “CSR (Corporate Social Responsibility) and Human Rights Seminar” held by the Center for the Promotion of Human Rights Education and Enlightenment, commissioned by the Small and Medium Enterprise Agency of the Ministry of Economy, Trade and Industry. Seven & i Group's CSR initiatives were presented.

> Click here for the "JAPAN PLATFORM FOR MIGRANT WORKERS TOWARDS RESPONSIBLE AND INCLUSIVE SOCIETY"

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. In the fiscal year ended February 29, 2024, 85 cases were reported to the Business Partner Helpline.

> Details for the Seven & i Holdings Business Partner Helpline

Expanding Services 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 Partnership with Municipalities

Seven & i Group is promoting regional revitalization by concluding comprehensive partnership 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 partnership agreements with local governments (by operating company)

	End of Feb. 28, 2021	End of Feb. 28, 2022	End of Feb. 28, 2023	End of Feb. 28, 2024
Seven-Eleven Japan	194	223	230	235
Ito-Yokado	56	77	78	80
York-Benimaru	10	11	14	16
Seven & i Food Systems	3	3	3	3
Total	**263**	**314**	**325**	**334**

› For information regarding support during disasters

Retail of Products which Contribute to Regional Revitalization

Seven & i Group makes use of comprehensive partnership 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, 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. Ito-Yokado has collaborated with elementary school students in Ota-ku, Tokyo, to commercialize the Ota-ku school lunch menu item “Takopettan,” which it sells at some stores in Tokyo. In addition, at two stores in Yachiyo City, Chiba Prefecture, 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.

“Takopettan,” a product commercialized in collaboration with elementary school students in Ota-ku, Tokyo (Ito-Yokado)

Bread conceived and realized by high school students from Yachio City, Chiba Prefecture “Yachipan” (Ito-Yokado)

Establishment of Polling Stations in Stores

Ito-Yokado provides 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 29, 2024, this initiative was implemented at 19 Ito-Yokado stores and, in addition to being publicized at stores via poster displays and in-store announcements, some stores provide offers such as discounts to customers who presented their voting certificates. This has also improved customer recognition at stores at which polling booths had previously been in place, and inspired feedback praising the initiative such as “It is extremely convenient to be able to vote at a store in front of the train station” and “I appreciate the ability to vote while also getting my shopping done.”

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)

Seven-Eleven Japan is expanding the scope of its service to enable customers to have copies of their residence certificate, as well as their seal registration certificate, family register certificate, copies of their supplementary certificate of family register, and various tax certificates issued at its stores*. These certificates can be obtained even on weekends and public holidays, with 1,256 municipalities participating in these services as of the end of February 2024.

* An Individual Number Card or Basic Resident Registration Card (Juki Card) is required to obtain certificates. Service content will vary by municipality.

Number of Municipalities Participating in Convenience Store Certificate Issuance Service

End of February 2022	End of February 2023	End of February 2024
917	1,052	1,256

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 an initiative to utilize bicycle parking spaces within store premises as hubs for renting and returning shared bicycles. Ito-Yokado started this initiative in June 2018, and Denny's began in September 2018. Bicycle sharing allows users to pick up a bicycle from any of the multiple stations within a designated area and return it to the nearest station, not necessarily the one where they rented it. In areas where public transportation is insufficient, bicycle sharing is expected to complement public transportation and serve as part of the infrastructure.

Number of shared bicycles (cumulative)

	End of February 2022	End of February 2023	End of February 2024
Seven-Eleven Japan	3,735 (562 stores)	4,427 (613 stores)	4,604 (640 stores)
Ito-Yokado	178	242	242
Seven & i Food Systems (Denny's)	42	42	42

A store with a bicycle sharing site