

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Identifying Material Issues

Seven & i Group has been working not only to ensure compliance, but also to provide safe, reliable products and services to customers, promote coexistence with local communities, reduce environmental impact, and create fulfilling workplaces.

In the fiscal year ended February 28, 2015, we reviewed our CSR activities to date in light of the expansion of our business domains and social changes such as the increasing diversity of social issues. We also set out to identify material issues that the Group should focus on through dialogue with stakeholders, and clarified the direction of the Group's CSR activities. By contributing to solutions for these material issues through our core businesses, we seek to create shared value for both society and companies and to achieve sustainable development.

For details, please refer to our website.



<http://www.7andi.com/en/csr/index.html>

Identification Process

Step 1: Selection of social issues that should be considered

We selected social issues that should be considered by referring to our Corporate Action Guidelines and to other guides such as the GRI G4 Guidelines, ISO 26000, Millennium Development Goals, and survey items of CSR rating agencies.

Step 2: Interviews with stakeholders

Stakeholders: Customers, business partners, shareholders, investors, and employees

Step 3: Dialogues between top management and CSR experts

Dialogue 1: Three CSR experts were invited to take part in a discussion with the top management at Seven & i Holdings.

Dialogue 2: Two CSR experts were invited to take part in a discussion with representatives of our main operating companies (Seven-Eleven Japan, Ito-Yokado, and Sogo & Seibu)

Step 4: Organization of material issues

The various issues were mapped along two axes according to their respective importance to the Group and its stakeholders. Five items that were of high importance to both stakeholders and the Group were selected as material issues.

Five Material Issues

- 1 >>> Supporting the active role of women, youth, and seniors across the Group and in society
- 2 >>> Providing social infrastructure for an aging society and declining population
- 3 >>> Providing safety and reliability through products and stores
- 4 >>> Non-wasteful usage of products, ingredients, and energy
- 5 >>> Building an ethical society and improving resource sustainability together with customers and business partners

1 Supporting the Active Role of Women, Youth, and Seniors Across the Group and in Society

Promoting the Active Role of Women

With the working-age population declining, the advancement of women in society and the workplace is essential. Because many of its store customers are women, the Group recognizes that developing its sales floors as well as products and services from the vantage point of women will help to enhance customer satisfaction and reinforce our competitiveness as a sustainable company. Seven & i Holdings established the Seven & i Group Diversity Promotion Project in June 2012. Its mission is to actively promote the creation of workplaces that empower a diversity of employees, including women.

Since the project was launched, it has been working to assist employees in balancing work with raising children, and to help female employees to develop an awareness of their careers. In the fiscal year ended February 28, 2015, we concentrated on reforming the awareness of male employees and management in particular. Initiatives included holding seminars for supervisors on how to manage diverse human resources such as subordinates involved in raising children or nursing care and preparation of a handbook.

Target ratio of female managers for end of fiscal 2016:

30%

End of fiscal 2014: 21.4%, End of fiscal 2015: 22.3%

* Totals for the following companies: Seven & i Holdings, Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems, Seven Bank, and Akachan Honpo.

In other initiatives, Sogo & Seibu and IY hold meetings for female store managers to exchange opinions so that these can be actively incorporated by management. These meetings produced new plans and proposals. SEJ also holds

conversation sessions where female employees at the Head Office and regional division offices are encouraged to express their opinions as consumers as part of a project launched in 2012 for considering the future shape of its stores. The opinions from these sessions were used to revise the sales methods and facilities at the experimental store, which went on to record strong sales activity. Example cases that resulted in sales growth will be shared with other stores to help boost sales overall.

Promoting Health Management

As Japan's society ages, the cost burden for individuals and companies is increasing as the finances of health insurance societies deteriorate. We believe that an active approach to employee physical and mental health management can contribute to reducing costs by improving the finances of our Health Insurance Society, as well as help to prevent productivity losses due to absences or reduced performance because of poor physical or mental condition.

In the fiscal year ended February 28, 2014, the Group-wide Organization Health Management Project was launched, and in July 2014, we launched the Health Management Committee, which is chaired by the President, with members including the Health Insurance Society, Health Management Center, and Labor Union, as well as the human resource officers of the Group's operating companies. We have also formulated targets for reducing lifestyle-related diseases and smoking rates to be achieved by 2018. Our initiatives to achieve these targets include establishing a health support portal website, providing healthy food at staff cafeterias, and conducting mental health training at Group companies.

Award Received in 1st Leading Companies Where Women Shine Awards by the Cabinet Office

Prime Minister's Award

In January 2015, the Company received the Prime Minister's Award in the Leading Companies Where Women Shine Awards. The Company received the award in recognition of having ratios of female directors and managers that exceed the industry average, setting numerical targets and actively striving to achieve them, and actively working to reform the awareness of both male and female employees through seminars and so forth.



2 Providing Social Infrastructure for an Aging Society and Declining Population

Shopping Support Services

The number of customers who find daily shopping inconvenient amid social changes in Japan is increasing, as the number of retail stores declines and the population ages, and women advance in society. The Group is working to create new shopping support services by utilizing the Group's store network as well as its distribution and information systems.

SEJ provides the *Seven-Meal* delivery service at some 13,000 of its stores. The service provides nutritionally balanced meal sets prepared by registered dieticians, as well as popular foods at 7-Eleven stores. Meals are ordered by customers such as seniors who feel inconvenienced by daily meal preparation and even office workers for lunch. Moreover, SEJ has concluded agreements with the governments of certain areas to check on the security of seniors and so forth when delivering their meals.

IY operates the *Net Supermarket*, where consumers can order products on their PCs or mobile phones and have their

orders delivered from their closest store in as little as four hours. In the fiscal year ended February 28, 2015, sales from *Net Supermarket* were ¥50.0 billion, and the number of members stood at 2 million as of the end of the fiscal year. In March 2015, we established our first dedicated *Net Supermarket* store, introducing special equipment and systems for the first time in the industry. We are currently strengthening our business in the 23 wards of Tokyo, where demand for *Net Supermarket* is considered to be strong.



A staff member responsible for the sales area arranges products

3 Providing Safety and Reliability through Products and Stores

Providing Reconstruction Assistance for the Great East Japan Earthquake through Sales

The Group has been assisting reconstruction of the areas affected by the Great East Japan Earthquake of March 2011 through procurements and sales of goods there.

In particular, we have been implementing the Tohoku Kakehashi Project since November 2011 in collaboration with the prefectures of the Tohoku area, Tohoku-based companies and production areas, and major manufacturers. Through the project, we hold major campaigns about three times a year to support the recovery of the agricultural, fishing, and other industries in Tohoku.



"Masaki Wakame" produced in the Iwate Prefecture town of Tarou is sold as original IY merchandise

Sales of Products that Take Health into Consideration

Irregular or unbalanced meals are considered a cause of adult diseases, driving a growing public interest in healthy diets.

In response to this heightened public awareness, the Group has been developing and selling items such as zero-calorie soda and fish-meat sausages designated as *FOSHU* (Food for Specified Health Uses) under its *Seven Premium* private brand.

Meanwhile, IY has launched a project with euglena Co., Ltd. to jointly develop food products containing euglena made in Ishigaki, Okinawa Prefecture, to be sold by euglena Co., Ltd. with the collaboration of food product manufacturers. As of February 28, 2015, the project has produced 21 items that are sold in stores throughout Japan. Euglena has the natural characteristic of both a plant and an animal, and contains 59 nutrients. It provides an easy way for modern people to supplement nutrients that they tend to need.



Seven Premium fish-meat sausages have been designated as *FOSHU*

Sponsors/Participating companies: **250**
 Number of Products Launched in the Project:
Approx. 1,850 items

* As of the 11th fair in the Tohoku Kakehashi Project, held in March 2015.
 * At the time of the project launch in November 2011, there were 22 companies and about 200 items.

4 Non-Wasteful Usage of Products, Ingredients, and Energy

Promoting Energy Conservation Measures at Stores

The Group has set a CO₂ emission reduction target that represents a 10% reduction from the projected CO₂ emissions in the fiscal year ending February 28, 2018 under the same level of environmental measures set for the nine Japanese operating companies* in the fiscal year ended February 29, 2012, and is working to reduce energy usage.

In particular, about 90% of CO₂ emitted by the Group is attributable to the use of energy for in-store operations. We are therefore promoting the introduction of energy-saving equipment. Furthermore, the Group's energy saving initiatives will also help to reduce energy usage costs.

◆Envisaged Cost and CO₂ Emission Reduction (FY2015) against Energy Conservation Equipment Investment and Cost*

Energy conservation investment		Envisaged cost reduction amount (¥ Billion)	Envisaged CO ₂ emission reduction (1,000 t-CO ₂)
Investment (¥ Billion)	Cost (¥ Billion)		
7.4	0.6	1.3	35.0

* Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems, York Mart, Akachan Honpo, THE LOFT, and SHELL GARDEN

For example, we have been introducing LED lighting. From the fiscal year ended February 28, 2015, SEJ started introducing new specification LED lighting that can cut the amount of electricity used for in-store lighting by 50%. SEJ has also been installing solar power generation panels to effectively use renewable energy, and use the electric power they generate.

The "Closed-Loop Recycling" System of PET Bottles

Automatic PET bottle collection machines have been installed at 142 IY stores, 67 York-Benimaru stores, and 67 York Mart stores (as of February 28, 2015) as an initiative for recycling together with customers. Because PET bottles inserted into the machines undergo an automatic process of foreign-matter removal and volume reduction (either by compression or crushing), the collection frequency and storage space required at stores have been reduced. In terms of logistics, the volume reduction process enables a greater number of PET bottles to be transported each time, thereby reducing the volume of CO₂ emissions related to transport.

In the fiscal year ended February 28, 2015, approximately 3,746 tons of PET bottles were collected through this system, and recycled as PET bottles and other items. We plan to set up the system in a further 60 stores in the fiscal year ending February 29, 2016.



Automatic PET bottle collection machine

5 Building an Ethical Society and Improving Resource Sustainability together with Customers and Business Partners

Sustainable Forest Conservation Activities

The Group, working together with the Seven-Eleven Foundation, helps to curb global warming and contribute to the maintenance and conservation of biodiversity through the Seven & i Forest Conservation Project at 15 locations across Japan. The project aims to contribute to solutions for the structural problems affecting Japan's forestry industry by carrying out not only planting activities, but also forest thinning, undergrowth clearing, alternation of plant species, and other work needed to create a healthy forest. Wood material from such activities is being used within the Group for store materials, office supplies, and commercialization to promote use of national resources. In addition, Group employees and franchisees of SEJ also conduct volunteer activities to help maintain the forest.



Volunteer activities in the Seven & i Forest by employees and franchisees of SEJ

In August 2014, the Group launched two beverage products under its private brand *Seven Premium* using paper cans incorporating thinned timber from the Seven & i Forest. In October, as a second step in the initiative, the Group launched four more items, including a yogurt drink with a *cartocan* made using material collected from thinning the Seven & i Forest.



Paper cans made using material collected from thinning the Seven & i Forest