

Ensuring Sustainability and Growth

[CGC Principle 3.1 (i)]

Sustainable Development Goals (SDGs) are international goals adopted at a UN summit in September 2015. By 2030, the agenda aims to achieve 17 goals and 169 targets that are common to society worldwide, such as eradicating poverty, correcting inequality, and countering climate change.

SUSTAINABLE DEVELOPMENT GOALS

Environment

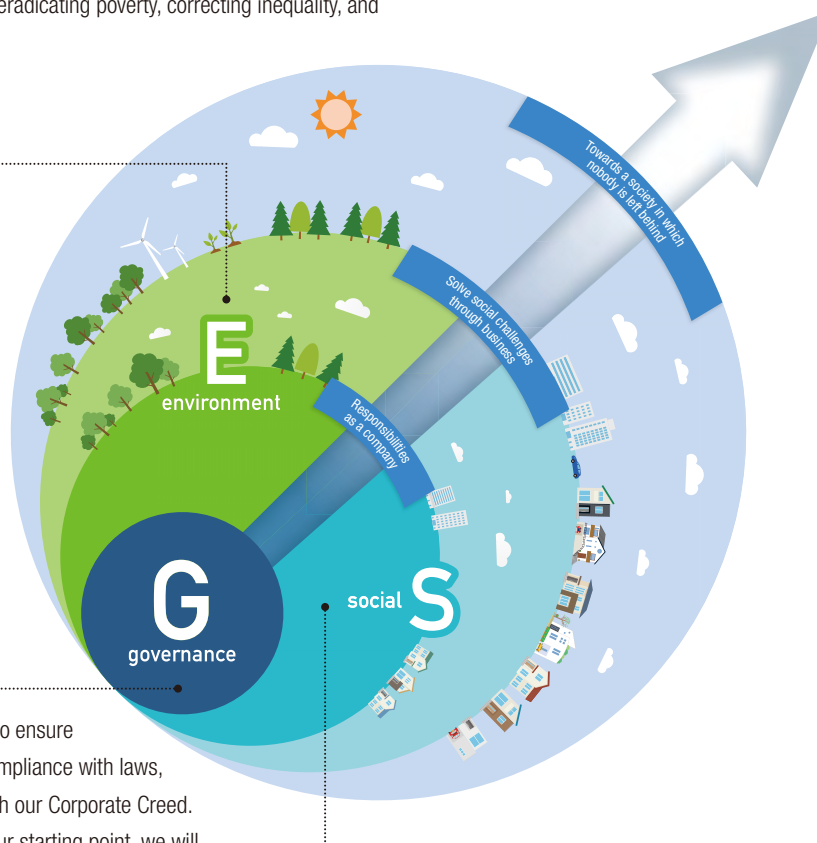
We use products, raw materials, and energy efficiently to combat challenges such as climate change and resource depletion, and we are working with customers and business partners to reduce the environmental impact throughout the supply chain.

Governance

We are working to create a framework to ensure highly transparent management and compliance with laws, regulations, and social norms in line with our Corporate Creed. With sincere governance practices as our starting point, we will contribute to realizing a society that leaves no one behind—the goal of SDGs—by fulfilling our corporate responsibilities for various environmental and social issues and by solving social issues through our business activities.

Social

As a member of society, through our products, stores, and other business activities, we are working to resolve issues, such as global poverty, human rights problems, Japan's falling birthrate, aging population and population decline, and the drop in the number of retail stores and social bases.



Basic approach and governance system supporting sustainability

The Company considers that being “a sincere company that all our stakeholders trust” as embodied in its Corporate Creed is the “heart” of corporate governance and at the same time is the “foundation” for securing the Company’s sustainability and growth.

With a “sincere” corporate governance structure that is highly transparent and compliant with laws, regulations, and social norms, we will accurately grasp society’s expectations and demands through dialogue with our stakeholders and earnestly undertake initiatives to contribute to solving social issues through our business, while reducing the negative social

impact in environmental (E) and social (S) issues. We believe this approach will earn the long-term “trust” of our stakeholders and result in the “sustainable development of society” and the “sustainable growth of the Company.”

Recently, the role of companies in solving global issues is emphasized in initiatives such as the Sustainable Development Goals (SDGs). In order to respond to these demands and uphold its responsibilities as a company, the Group will promote global ESG initiatives in collaboration with our stakeholders focusing not only on the Company but on the entire supply chain.

At present, as our governance system to support the above

initiatives, the Company stipulated various policies, such as the Corporate Action Guidelines, and established the CSR Management Committee and thereunder subcommittees, thereby setting up a system able to properly execute the policies to ensure sustainability and growth by accurately grasping the external environment and situation. Details of its

activities are monitored by the Company's Board of Directors from an objective standpoint.

Going forward, the Group will fulfill its social responsibilities. As a cohesive unit, we will strive for a sustainable society and sustainable corporate growth by addressing the expectations and demands of society through stakeholder dialogue.

Identification of material issues (Materiality) related to sustainability and risks/opportunities

In order to fully grasp the issues related to sustainability and respond as a group to the expectations and demands of our stakeholders, the Company engaged in dialogue with stakeholders to identify Five Material Issues (Materiality) for the Group to address.

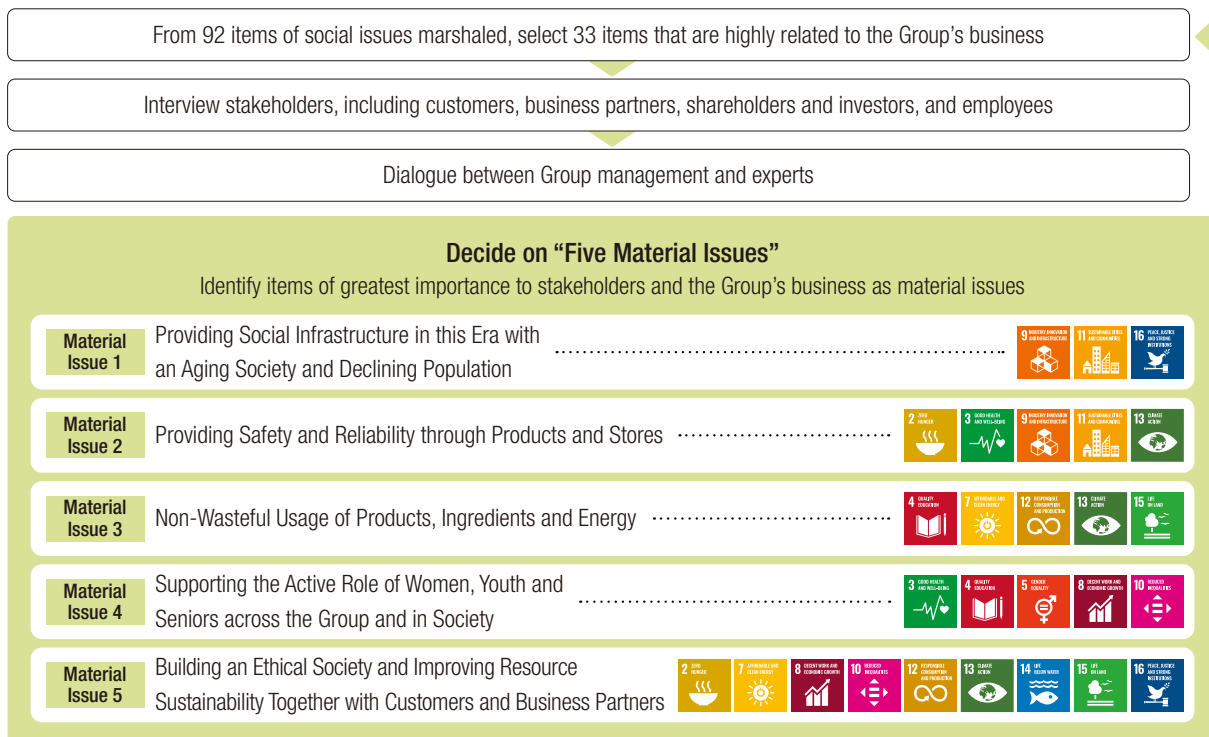
For each of the material issues, we are promoting CSV* initiatives to solve these issues through our businesses, including our products, services, and stores, as well as creating new business models, while promoting initiatives to reduce the Company's negative impacts and risks, aiming at a sustainable society and sustainable corporate growth.

In 2015, the UN adopted the SDGs as common goals for the international community to pursue until 2030. To contribute to achieving these goals through business activities, the Company studied the relationship between the goals and Five Material Issues and incorporated them into sustainability initiatives.

Going forward, the material issues will be updated as necessary in accordance with the changing times and changes in society, as well as new requests from stakeholders.

*Creating Shared Value: The creation of shared value that generates both social and economic value

Material issues determination process



Material Issue 1

Providing Social Infrastructure in this Era with an Aging Society and Declining Population



Risks

Decline in people's motivation to visit stores if we are late in responding to changing needs due to the aging of society, etc.

Opportunities

Expansion of sales opportunities by offering products that meet the needs of an aging population as well as creating helpful and convenient shopping environments and services, such as online initiatives, etc.



Related information on risks and opportunities

<https://www.7andi.com/en/csr/sustainability/sustainability.html>

Approach to the material issue

The Group recognizes that it has a social role to enhance the convenience of shopping for a diverse range of customers while leveraging the unique aspects of our business and a nationwide network of around 22,500 stores as a form of social infrastructure. In response to changes in the social environment, including the increase in the employment rate of

women and the elderly due to the declining birthrate and aging population; the diversification of purchasing methods due to the development of a digital society; and the decrease in the number of living bases due to a shrinking population, we are working to create new "shopping support" services and enhance the convenience of shopping.

Shopping support

Online supermarket, Ito-Yokado Tokushimaru, and *Seven Anshin Delivery*

The Group is working to create services for shopping support by utilizing the Group's store networks as well as logistics and information systems. Ito-Yokado operates online supermarket at 122 stores* to provide scheduled deliveries of products ordered by customers via the Internet. In April 2020, Ito-Yokado also began operating a mobile store service in cooperation with TOKUSHIMARU Inc. using trucks equipped with store facilities

to sell a variety of foods and beverages. 7-Eleven also offers the *Seven Anshin Delivery* mobile store service at 102 stores* in 37 prefectures, and the *Seven RakuRaku Delivery* service, which provides home delivery of products from stores using 757* "COMS" ultrasmall electric vehicles and 1,180* power-assisted bicycles.

*Numbers as of February 29, 2020



Online supermarket



Ito-Yokado Tokushimaru



Seven Anshin Delivery

Regional development

For regional development, the Group is promoting the conclusion of comprehensive alliance agreements with local governments to cooperate in a wide range of fields, including local production for local consumption, support for the elderly, health promotion, and environmental conservation. 7-Eleven has launched the "Let's Use Local Ingredients Project" to

commercialize oversupplied ingredients for which demand has decreased due to the impact of COVID-19, and has commercialized 11 items (as of July 31, 2020). Ito-Yokado is also promoting initiatives for regional development by, for example, starting to handle specialty products that have lost opportunities to be sold due to COVID-19.

Reducing food loss and waste with local product sales

Hokuriku/Niigata region

Ingredients: Firefly squid, Japanese glass shrimp
Products: Rice balls, pasta, etc.



"Pescatore with firefly squid from Toyama Bay"

Toyama Prefecture Firefly squid, Japanese glass shrimp

As an initiative to support local food products, with the cooperation of Toyama Prefecture and Japan Fisheries Cooperatives, we developed two products using firefly squid and Japanese glass shrimp, which are both representative ingredients of Toyama Prefecture, and sold them at 7-Eleven stores in the three Hokuriku prefectures and Niigata Prefecture.

Chugoku region

Ingredients: Hiruzen Jersey Milk
Products: Sweets, etc.



Kyushu region

Ingredients: Kyushu Kuroge Wagyu beef
Products: Boxed lunches, etc.



Hokkaido region

Ingredients: Scallops
Products: Rice balls, prepared dishes, etc.



"Support consumption! Hokkaido scallops grilled with butter and soy sauce"

Tohoku region

Ingredients: Hinai chicken, Sendai beef
Products: Rice balls, boxed lunches



Kanto region

Ingredients: Akagi beef, Kirifuri Kogen beef, Sainokuni Kurobuta pork, Okukuji Shamo chicken

Products: Fresh foods, rice balls, boxed lunches, cup noodles, etc.

Chiba Prefecture Tomisato watermelon

Tomisato City is the largest producer of watermelons in Chiba Prefecture, which is the second largest watermelon producer in Japan. In response to the cancellation of an event held every year due to the COVID-19 pandemic, the watermelons were sold not only in stores but also for pre-order through Ito-Yokado's online shopping site within the *omni7*.



"Tomisato watermelon"

Tokai region

Ingredients: Green shiso, Hida beef, sea bream
Products: Rice balls, cooked noodles, etc.



Shikoku region

Ingredients: Shodoshima tenobe somen noodles (Shimanohikari)
Products: Cooked noodles



Material Issue 2

Providing Safety and Reliability through Products and Stores



Risks

Decline in trust due to product issues, in-store accidents, or violations of laws, etc.

Opportunities

Increase in sales opportunities through rigorous safety and quality control and by offering health products and other new products that match customers' needs, etc.



Related information on risks and opportunities

<https://www.7andi.com/en/csr/sustainability/sustainability.html>

Approach to the material issue

In addition to handling a wide variety of products that support the daily lives of our customers in our stores, the Group develops a variety of products as private brands, and believes that ensuring the quality of its products, including their safety

and reliability, is of the utmost importance. We also recognize that playing a role as a part of social infrastructure that can be used with peace of mind even in emergency situations such as disasters is an important issue.

Health and nutrition considerations

With increasing attention being paid to health and nutrition in the face of obesity, diabetes, metabolic syndrome, and nutritional deficiencies, the Group is striving to provide foods that are nutritionally balanced, as well as labeling nutritional components such as sugars (available carbohydrates) and dietary fiber, in consideration of the greater health consciousness of our customers.

In May 2020, in order to create new value for the Group's private brand *Seven Premium* products, we formulated the "*Seven Premium Connect Declaration*," which consists of four pillars: eco-friendliness, health-consciousness, high-quality products, and global compatibility. As part of our health support initiatives, we have added sugars (available carbohydrates) and dietary fiber to nutritional components labelling (from September 2019) and are developing products with less salt and sugars (available carbohydrates) content. In addition, considering seniors, children, and working women as our main customers, we are developing products to meet the needs of each of these segments to maintain and improve their health, based on the concepts of "add," "reduce," and "remove." We

have adopted a "Team Merchandising" method for development, incorporating the knowledge and technologies of our business partners in nutrition and health, and are promoting the reduction of additives.

► Team Merchandising information Page 43

Seven Premium Connect Declaration information Page 44

Main measures for each customer segment

	Working women	Seniors	Children
Add	Dietary fiber/vegetables		
	Iron	Calcium	Calcium
	High-quality protein	High-quality protein	
Reduce	Salt		
	Sugars (available carbohydrates)		
	Excessive fat intake		
Remove	Unnecessary additives reduced/eliminated as much as possible		



Labeling of sugars (available carbohydrates) and dietary fiber, which is frequently requested by customers



Products with less salt content



Products with increased calcium and dietary fiber



Products with less sugars (available carbohydrates) content

Pursuit of safety, reliability, and taste

Since 7-Eleven is a store that is indispensable to daily lives, we aim to provide fresh food such as rice balls, boxed lunches, and prepared dishes that have the taste of having been freshly prepared at home. Since 2001, we have ensured the safety of our products by improving hygiene management in the manufacturing process. In addition, when we use food additives, we use only the minimum necessary types and amounts, and our efforts are based on the idea of minimizing the use of food additives that are of a particular concern to our customers.

With regard to trans-fatty acids, we have been working to reduce the amount of the oils and fats ingredients used in our

breads and pastries since 2007, and the oils used for cooking in our stores since 2009.

Food additives of particular concern to customers whose use we are minimizing (examples)

- Preservatives
- Designated additives among coloring agents
- Yeast food, emulsifiers (used in bread dough)
- Phosphates (used in sausages and ham in sandwiches, bread, and pastries)

Health-conscious products (Good Health Starts with this Hand)

In response to the growing need for health-conscious diets, 7-Eleven is reinforcing its appeal to customers by attaching the “Good Health Starts with this Hand” logo to products that use ingredients which provide an amount of dietary fiber equivalent to about one lettuce or that contain at least half of the required daily intake of vegetables*.

*In the “Healthy Japan 21 (Secondary)” guideline established by the Ministry of Health, Labour and Welfare, the standard value for vegetable intake is an average daily intake of 350 g.

*215 g of edible lettuce is equivalent to about one day’s supply.



Quality control for safety and reliability

Acquisition of certification of food safety management standards in line with international standards

To respond to the institutionalization of the HACCP, 7-Eleven has acquired certification and conformance to the JFS standard, a Japanese food safety management standard developed by the Japan Food Safety Management Association (JFSM) that is consistent with international standards, including Codex HACCP, at all dedicated production facilities that manufacture original products (165 facilities as of October 31, 2020).

Similarly, all production facilities that manufacture the Group's private-brand products, *Seven Premium*, are in the process of acquiring certification and conformance to ISO 22000, FSSC 22000, JFS standards, and other standards (as of October 31, 2020, 85% of production facilities have completed acquisition).

Food traceability initiative: "Fresh Foods with Traceability"

Ito-Yokado's "Fresh Foods with Traceability" initiative is a product sticker with the food producer's likeness, ID number, and two-dimensional barcode attached to it. These are private-brand products that allow customers to check the food producer, production area, production methods, and other information via

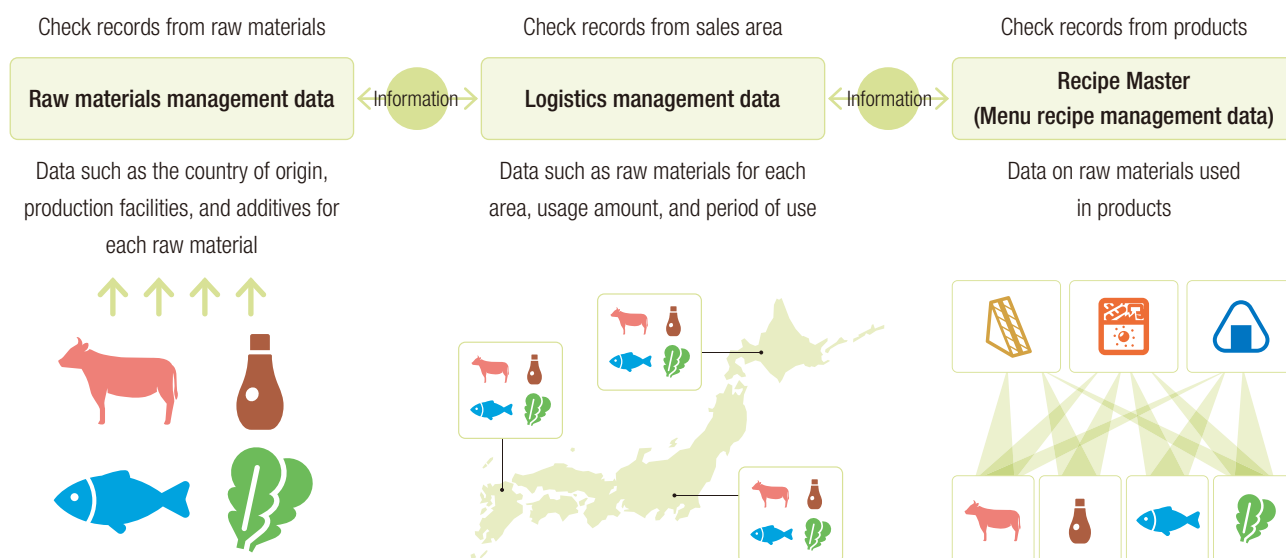
their smartphones and computers. As of February 29, 2020, this initiative has handled 251 items of domestic agricultural, livestock, and marine products, with sales expanding to approximately ¥22.8 billion in fiscal 2020.

"Recipe Master System" to control dedicated production facilities for 7-Eleven stores and production/distribution history

7-Eleven maintains a database of the production history of all the ingredients used in its original products, from the place of production to the time of harvest. 7-Eleven also controls which ingredients are used in which menu items, which production facilities use them, and which stores sell them through its Recipe Master System, which allows it to track history from any location: production facilities, logistics, or stores (POS data). This history control was made possible by 7-Eleven's

commitment to producing safe, high-quality products and its efforts to build a system of dedicated production facilities. This will allow 7-Eleven to respond immediately in the event of the occurrence of issues regarding raw materials, and respond according to the state of damage in the unlikely event of a disaster, such as by changing menus or substituting raw materials for menu items that cannot be produced when the supply of some raw materials has been cut off.

7-Eleven's Recipe Master System



Disaster assistance and sites

In order to fulfill its function as social infrastructure even in the event of a disaster, the Group strives to resume and continue operations as soon as possible with the mission of protecting the lifelines of the local community.

Disaster preparedness

Each of the Group's stores strives to resume and continue operations as soon as possible in the event of a disaster, and provides prompt community relief, tap water, toilets, and disaster information. In addition, SEVEN-ELEVEN JAPAN has established 7VIEW*, a system for providing and sharing internal and external disaster information. The system displays the status of stores and distribution bases in disaster areas on a cloud map, allowing related departments to monitor the situation. In addition to existing functions such as hazard maps,

disaster-related SNS displays, and weather forecasts, we have continued to evolve the system since fiscal 2020 to further contribute to early recoveries from disasters by strengthening cooperation with the government and research institutions. In addition, the results of a simulation exercise (graphical exercise) conducted by SEVEN-ELEVEN JAPAN in September 2020 were also utilized in its response to Typhoon No. 10 (Haishen) in 2020.

*Visual Information Emergency Web



Situation at the time of the Hokkaido Eastern Iburu Earthquake



Simulation exercise (graphical exercise)

“On-site-first” approach to disasters

To support our stores in times of disaster, we must understand the situation at the ground level. Moreover, every situation will differ significantly according to disaster type (such as earthquake or heavy rain), scale, and time, and on-site needs will change from moment to moment. In the event of a disaster, therefore, under the direction of the manager responsible for the area, the site and head office cooperate to understand the situation at the disaster site. This system is established to expedite the dispatch of support personnel, product supply, and decisions on optimal distribution routes.



Restoration of a store inundated by the heavy rain event of July 2018

Material Issue 3

Non-Wasteful Usage of Products, Ingredients and Energy

Risks

Physical damage to stores/distribution network due to climate change, etc.

Opportunities

Cost reductions by saving energy, reducing waste, recycling, changing energy sources, etc.



Related information on risks and opportunities

<https://www.7andi.com/en/csr/sustainability/sustainability.html>

Approach to the material issue

The Group believes that it is a pressing need to promote the reduction of the environmental impact of its business activities throughout its nationwide store network and supply chain. The Group must also pass on a rich natural environment to future generations. To ensure that the development of our business

does not lead to an increase in environmental impact, we are working with various stakeholders in the value chain to reduce CO₂ emissions from energy consumption, reduce waste, and promote recycling.

Seven & i Group's environmental declaration: 『GREEN CHALLENGE 2050』



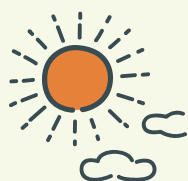
GREEN
CHALLENGE
2050

In order to respond to various changes in the social environment, the Group has established the 『GREEN CHALLENGE 2050』, its environmental declaration, to promote

further reduction of environmental impact and pass on a plentiful earth to future generations. We are working together with our customers, business partners, and all other stakeholders to realize a rich and sustainable society. In order to achieve the goals set forth in the environmental declaration, we have identified four themes and are promoting initiatives across the Group.

Themes addressed by the Group

Reduction of CO₂ emissions



Introduction of energy-saving equipment and use of renewable energy

Measures against plastic



Reduction of plastic shopping bags and use of environmentally friendly materials in containers

Measures against food loss/waste and for organic waste recycling



Reduction of food loss/waste and further promotion of organic waste recycling

Sustainable procurement



Making sure our products use responsibly sourced ingredients/materials

Reduction of CO₂ emissions



Emissions from the Group store operations

Targets for 2030

30% reduction

(compared with FY2014)

2050 Vision

Net zero

We will aim to reduce emissions across our entire supply chain (scope 3 emissions) in addition to our own emissions (scope 1 + 2 emissions).

Measures against plastic



Use of plastic shopping bags

Targets for 2030

Zero

We will aim to use sustainable and natural materials such as paper for the shopping bags we use.

Containers used for original products (including *Seven Premium* products)

Targets for 2030

Biomass, biodegradable materials, recycled materials, paper, etc.

50%

2050 Vision

Biomass, biodegradable materials, recycled materials, paper, etc.

100%

Measures against food loss/waste and for organic waste recycling



Food loss/waste Basic unit of generation (waste generated per million yen in sales)

Targets for 2030

50% reduction (compared with FY2014)

2050 Vision

75% reduction (compared with FY2014)

Organic waste recycling rate

Targets for 2030

70%

2050 Vision

100%

Sustainable procurement



Raw food ingredients used in original products (including *Seven Premium* products)

Targets for 2030

Raw food ingredients with guaranteed sustainability

50%

2050 Vision

Raw food ingredients with guaranteed sustainability

100%

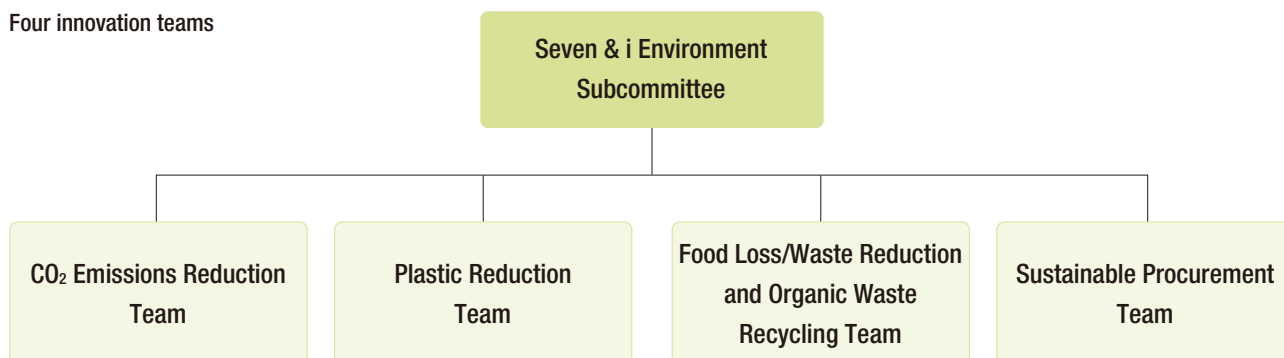
*We will review our targets in response to changes in the social environment.

Groupwide innovation teams launched based on four core themes

In order to achieve the targets of 『GREEN CHALLENGE 2050』, leaders (executive officers and above) will be selected from the departments in charge of each of the operating companies to work on innovation for each of the four themes. In addition to

promoting initiatives across the Group, we will work together with our stakeholders to take on the challenge of innovating to build a sustainable society by articulating our mission and responsibilities for the next-generation society of 2050.

Four innovation teams



Reduction of CO₂ emissions



Participation in RE100

We have set a target of net zero CO₂ emissions from the Group store operations by 2050. To achieve this target, we have been participating in RE100, an international initiative that aims to use 100% renewable energy for the electricity used in business activities, since December 15, 2020.

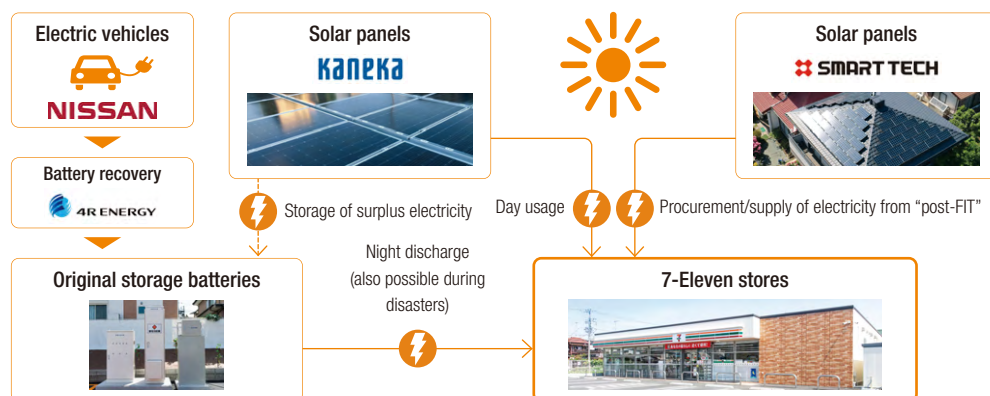
RE100

CLIMATE GROUP



Commencement of trial test on 100% renewable energy store operation

In September 2019, SEVEN-ELEVEN JAPAN launched a trial test to procure 100% of electricity used in store operations from renewable energy sources at 10 stores in Kanagawa Prefecture, based on an "Agreement on Cooperation and Collaboration in Promoting SDGs" with Kanagawa Prefecture.



Large-scale solar power generation system at Ario Ichihara store

In July 2020, a power generation system using large-scale solar panels was introduced at Ario Ichihara store operated by Ito-Yokado as part of efforts to reduce CO₂ emissions associated with store operations.



Measures against plastic



Expanding sales of 100% recycled plastic bottle products

In June 2019, the Group began selling *Seven Premium Hajime Ryokucha Ichinichi Ippon*. This tea beverage comes in a bottle made completely from plastic bottles collected at store by plastic bottle collection machines. In April 2020, the Group launched three more products in the series using the same plastic bottles.



Adoption of paper containers to reduce amount of plastic used

In June 2020, SEVEN-ELEVEN JAPAN switched from conventional plastic to paper containers for chilled boxed lunches. By gradually expanding this initiative nationwide, SEVEN-ELEVEN JAPAN expects to reduce the use of plastic by approximately 800 tons in fiscal 2021.



Measures against food loss/waste and for organic waste recycling



Ethical project

In May 2020, SEVEN-ELEVEN JAPAN launched the “ethical project” at its stores nationwide. This is an initiative to curb the generation of food waste by giving *nanaco* points worth 5% of the retail price excluding tax on eligible products that are approaching their sales deadline.



Longer-lasting freshness of original daily products

SEVEN-ELEVEN JAPAN has been able to extend the expiration date of its products without the use of preservatives (longer-lasting freshness product development) through technological innovation at its dedicated production facilities. As of May 31, 2020, products with a sales deadline not less than 24 hours accounted for about 84% of original daily products.



Sustainable procurement



Seven Premium Lifestyle brand launches products that consider the environment and society of their production areas

In November 2020, the Group launched a series of laundry detergents and fabric softeners in a joint project with Saraya Co., Ltd., which is promoting the development of RSPO* certified products using sustainable palm oil. In order to build a scheme that allows customers to participate in social contribution activities through the purchase of the products, a portion of the sales of the series products will be used to support social contribution activities.



*An international non-profit organization that aims to promote the production and use of sustainable palm oil

First major retailer to obtain the Marine Eco-Label Japan (MEL) certification

Ito-Yokado became the first major retailer in Japan to acquire MEL certification, a certification system for marine products caught and cultivated in an environmentally friendly manner. In April 2020, it began selling four species of fish with the MEL label at 155 Ito-Yokado stores nationwide.



Sale of organic cotton products

We sell women's 100% Organic Cotton Innerwear products which have cleared strict organic production standards under the *Seven Premium* private brand at 127 Ito-Yokado stores (as of February 29, 2020) and on the Group's general mail-order website. Only cotton certified under the U.S. Organic Content Standards (OCS) is used for these products. We also sell bedding and towels made of organic cotton.

Response to TCFD recommendations



Response to TCFD Recommendations

<https://www.7andi.com/en/csr/tcf.html>

Increasing severity of climate change issues and response to TCFD recommendations

Climate change issues are becoming increasingly serious year by year and have a major impact on people's lives on a global scale. In Japan as well, in fiscal 2020, damages of Typhoon No. 15 and No. 19 and heavy rain disasters in Chiba Prefecture affected the lives of citizens and caused serious damage to economic activities.

The Group recognizes that climate change will undermine the stable society that is essential to the sustainable development of companies, and intends to contribute to the achievement of the Paris Agreement's greenhouse gas reduction targets. 『GREEN CHALLENGE 2050』, formulated in May 2019, identifies the reduction of CO₂ emissions as one of the priorities and the Group is examining and implementing measures to reduce CO₂ emissions. In addition, the Group

believes that enhanced disclosure of information related to climate change is essential to building a relationship of trust with stakeholders. In August 2019, we expressed our support for the TCFD recommendations and joined the TCFD Consortium, which was established to promote joint efforts by Japanese companies and financial institutions that support the TCFD recommendations.

Going forward, we will make use of TCFD recommendations to actively communicate our initiatives, ensure that we are trusted with our stakeholders, and strive to increase our corporate value.



Governance and risk management for climate change

The issue of climate change is a risk factor in all of our business activities, from product development and production to logistics, store operations, and the products and product lineups we handle. For this reason, the Group considers the issue of climate change to be one of the most important issues to be tackled across the Group companies, and the CSR Management Committee, chaired by the Representative Director and President of the Company, is in charge of

managing these efforts.

In addition, in order to properly analyze and evaluate the risks faced by the Company and its Group companies, and to respond appropriately, we have established, developed, and are operating comprehensive risk management systems with the Risk Management Committee at its core, based on the basic rules for risk management. Climate change-related risks are also managed under this comprehensive risk management systems.



Overview of Corporate Governance "Systems"

<https://www.7andi.com/en/ir/management/governance/structure.html>

Governance structure related to climate change



Launch of scenario analysis

The Group is undertaking scenario analysis to clarify risks and opportunities created by future climate change and develop strategies to reduce the risks and to expand the opportunities. In October 2019, at the beginning of scenario analysis, we participated in the “Project to Support Climate Risk/Opportunity Scenario Analysis in Accordance with TCFD” of the Ministry of the Environment.

We recognize that scenario analysis should cover the entire Group, including the supply chain. However, in this analysis, we have limited scenarios and scope and conducted

trial analysis. The 2°C and 4°C scenarios were adopted as the scenarios. The analysis covered the store management of SEVEN-ELEVEN JAPAN, which accounts for about 60% of the Group’s operating income.

Scenario	2°C and 4°C scenarios
Relevant project	Operation of SEVEN-ELEVEN JAPAN stores in Japan
Period covered	2030

Scenario definitions and impact assessment of significant risks/opportunities

1

Analysis of the environment surrounding SEVEN-ELEVEN JAPAN’s store operations under the 2°C and 4°C scenarios in 2030

2

Identification of risks and opportunities that are closely related to the operation of 7-Eleven stores
[Significant risks]

Carbon prices, carbon emission targets/policies in each country, changes in consumer reputation, extreme weather, and changes in precipitation and weather patterns

3

Evaluation of the impact from both quantitative and qualitative perspectives by selecting specific cases related to the identified significant risks and opportunities, for which forecast data that is as objective as possible is available

Countermeasures and indicators/targets

The Group’s environmental declaration, 『GREEN CHALLENGE 2050』, sets a target of reducing CO₂ emissions from the Group’s store operations by 30% by 2030 compared to fiscal 2014, and to achieve net zero emissions by 2050. In this scenario analysis, we limited our business impact assessment to a few specific cases, so it is not possible to determine the overall impact of climate change. However, we believe that the risks covered in the analysis can be reduced and opportunities expanded by promoting our current disaster response and 『GREEN CHALLENGE 2050』 initiatives.

For example, to cope with the risk of rising carbon prices and electricity costs, one possible response is to expand the use of energy conservation measures and renewable energy,

which leads to reduced CO₂ emissions. Regarding to the risk of procuring raw materials, we believed that promoting the sharing of information on producing areas and the joint development of producing areas within the Group will lead to a reduction in the risk of procuring as we are promoting our measures of 『GREEN CHALLENGE 2050』 for sustainable procurement.

Furthermore, in response to the increase in disasters such as extreme weather conditions, we will expand our role as an infrastructure for disasters through ongoing collaboration with local governments.

Material Issue 4

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



Risks

Lack of human resources and spike in labor costs due to a decline in the working population, etc.

Opportunities

Promote diversity to enhance competitiveness, develop new businesses, and acquire talented personnel, etc.



Related information on risks and opportunities

<https://www.7andi.com/en/csr/sustainability/sustainability.html>

Approach to the material issue

The Group has a diverse workforce, including part-time employees, non-Japanese employees, and employees who work while raising children or providing nursing care. We recognize that supporting the active roles of a diverse workforce and improving the workplace environment so that

employees can work with fulfillment will not only lead to increased productivity and the securing of human resources, but will also lead to increased customer satisfaction and the creation of innovation, which will become a source of competitiveness.

Efforts to resolve issues

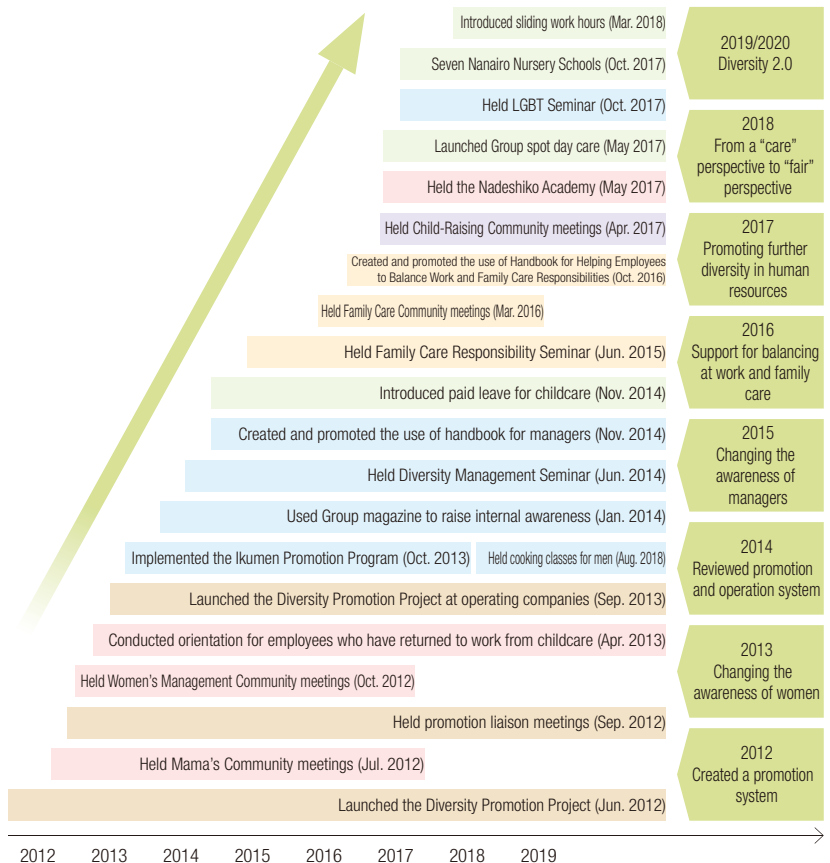
Diversity and inclusion targets and systems

With the aim of increasing sustainable corporate value, the Group has set five targets and is promoting diversity and inclusion initiatives. The Group's stores are visited by a diverse range of customers, and we believe that the development of products and services and the creation of sales spaces that take advantage of the perspectives and sensibilities of consumers will lead to increased customer satisfaction, and we are particularly active in promoting the advancement of women.

Diversity promotion targets

1. Raise the percentage of female managers to 30% by the fiscal year ending February 28, 2023
2. Encourage male employees to participate in housework and childcare
3. Eliminate retirements resulting from need to provide family care
4. Promote normalization
5. Encourage understanding of LGBT issues

Initiatives to promote diversity and inclusion



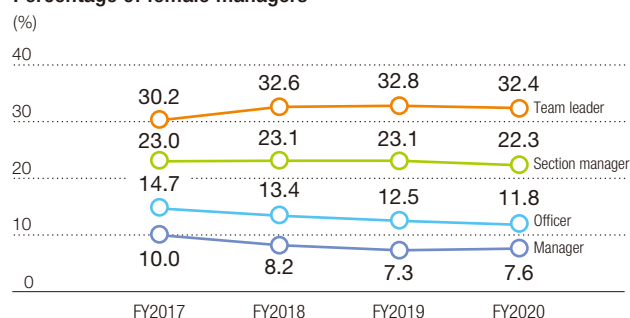
As a system for promoting diversity and inclusion, we established the Seven & i Group Diversity & Inclusion Promotion Project (the Diversity Promotion Project at the time of its inception) in 2012, which is responsible for formulating policies for the Group's diversity and inclusion promotion activities and for planning and implementing Groupwide measures. In addition, we hold regularly the Diversity Promotion Liaison Council where personnel in charge of

promoting diversity at major Group companies gather to share information on the progress of promotion activities and issues at each Group company, and to facilitate the horizontal deployment of good practices to other Group companies. The details of these activities are regularly reported to the Corporate Ethics and Culture Subcommittee, which gathers the personnel managers of the 28 Group companies, and to the CSR Management Committee.

Changes in the percentage of female managers

In order to achieve a 30% ratio of female managers by the fiscal year ending February 28, 2023, we are working to strengthen human resources development and promote women to management positions. We are making progress in changing the mindset of women and managers, and many managers are now working shorter hours due to child-raising and other reasons. We are promoting the development and promotion of women by conducting selective training for manager and executive candidates at each Group company, and sharing career plans with supervisors during interviews.

Percentage of female managers*



*Total for eight Group companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., York-Benimaru Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd., Akachan Honpo Co., Ltd.)

Fostering a culture in which diverse human resources can play an active role

Support for employees raising children

In 2012, the Group started holding the "Mama's Community," which aims to relieve the anxiety of employees raising children and help them build networks. In 2017, we renamed it the "Child-Raising Community," in which fathers also participate. Information sharing and discussions on balancing work and child rearing are held on selected themes, leading to a review of working styles. A total of 36 sessions have been held so far, with approximately 1,300 participants from Group companies.

In addition, in a first for a franchise chain headquarters, SEVEN-ELEVEN JAPAN launched the Seven Nanairo Nursery School in October 2017 for employees of franchised stores,

owners, and local citizens. As of December 31, 2020, the schools have spread to Ota-ku in Tokyo, Hiroshima City, Sendai City, Machida City in Tokyo, and Kyoto City.



Child-Raising Community



Seven Nanairo Nursery School

Support for women's career development

As an initiative to support the career development of women, the Group has been holding the Nadeshiko Academy since 2017, in which female employees learn the knowledge and skills required

for management positions. In addition, from 2021, we plan to implement selective training for women who are candidates for management positions across all Group companies.

Promotion of participation in housework and child-raising by men

In order to further promote the advancement of women, we believe it is necessary to increase men's motivation to participate in housework and child-raising, and in 2014, we introduced a childcare leave program at all Group companies. The program provides five paid special vacation days per year that can be used by employees with pre-school aged children, which many of our employees are taking. In addition, as a Groupwide initiative, we have been implementing the Ikumen (child-raising

men) Promotion Program for male employees since 2013. In 2019, the program held time-saving cooking classes using 7-Eleven cooking kits.



Cooking class for male employees

Training and awareness-raising for management

Diversity Management Seminars have been held since 2014 as a Groupwide initiative to emphasize the importance of diversity and inclusion and to change the awareness of managers on the management of diverse human resources. The seminars have been held 20 times so far, and approximately 5,500 people from all Group companies have participated. Led by outside lecturers,

the seminars cover such issues as management of diverse staff members, reforming work styles, and leadership. They provide the opportunity for managers to think about diversity from a number of different perspectives. In 2020, we started a training program to eliminate unconscious biases.

Support for balancing work with family care responsibilities

The Group also works to help employees balance their work with family care responsibilities. A survey of the family care situation surrounding employees revealed that in the near future, approximately 70% of employees might have to balance work with family care, making this likely to become a major issue for the future. To this end, we have been regularly holding Family Care Responsibility Seminars on preparation for handling such responsibilities by external experts, with 225 people from Group companies participating in these seminars in 2019.

We have produced the Handbook for Helping Employees to Balance Work and Family Care Responsibilities and use it in training at all Group companies. In addition, we are endeavoring to create environments that make it easy for employees to balance their work with family care responsibilities through efforts including actively informing employees about a consultation desk and writing about case examples of balancing such responsibilities with work in the company newsletter.

Support for active participation of seniors and non-Japanese employees

The Group has a system for rehiring employees after mandatory retirement, providing an opportunity for veteran employees to use their skills and abilities.

At Ito-Yokado, for example, a re-employment system that allows people to continue working until the age of 65 was introduced in 1995 in response to employees who said they wanted to continue working after the mandatory retirement age. Moreover, in April 2006, the Senior Partner System was introduced to allow part-time employees to also work until the age of 65, seeing 7,471 senior partners (as of February 29, 2020) now playing active roles. The system was also expanded

in May 2017 to enable people to continue working up to the age of 70.

In addition, many non-Japanese employees are working at SEVEN-ELEVEN JAPAN's franchised stores. As part of our support for franchisees, we provide backup through training not only for senior employees, but also for international students and non-Japanese employees.



Promoting employment of people with disabilities

The Group aims to create workplaces in which anyone can play an active role, and is working to create environments where people with disabilities can also demonstrate their abilities. Each Group company consults with employees with disabilities to determine the workplaces, jobs, and working hours that are suitable in consideration of the level and details of their disability and their own preferences. As a result, people with disabilities are working at various departments, and their employment rate* is 2.96% (as of June 1, 2020).

In addition, in order to create work environments in which people with disabilities can play active roles, we believe it is important to mutually confirm and understand their motivations and aptitudes, and to create a system in which they can receive

support from and consult with those around them. Ito-Yokado has employees certified as “Employment Counselor for People with Disabilities” in each store, and SEVEN-ELEVEN JAPAN has employees certified as “Job Coaches (in-house workplace adjustment supporters)” in its Human Resources Department. We also incorporate normalization experiential learning to better understand people with disabilities.

*The employment rate of people with disabilities is for the five Group companies: Seven & i Holdings Co., Ltd., Terube Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., and Seven & i Food Systems Co., Ltd.



Experiential learning about normalization

Initiatives at Terube Ltd.

Terube is a special subsidiary established in 1994 as a joint venture between four of our Group companies (Ito-Yokado Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., York-Benimaru Co., Ltd., and Seven & i Food Systems Co., Ltd.) and Kitami City with the aim of expanding opportunities for people with disabilities and the elderly. The company has been promoting the creation of workplaces that are comfortable for employees in all positions, regardless of their disabilities, and in 2017 acquired certification as an Employer of Persons with Disabilities, given by the Japan Association of Employers of Persons with Severe Disabilities (Zenkukyo). In

2020, the company was certified by the Minister of Health, Labour and Welfare as a “Youth Yell Company” for proactively hiring and training young people.

Terube has two main businesses: shiitake mushroom cultivation and printing. The shiitake mushroom business has acquired JGAP (Japan Good Agricultural Practice) certification and is engaged in the cultivation of safe and secure shiitake mushrooms, shipping 100 or more tons annually and selling them at Ito-Yokado and Daiichi stores in Hokkaido. In its printing business, Terube produces and prints printed materials for our Group companies.



Awareness-raising of LGBT rights

The Group revised its Corporate Action Guidelines in 2016 and began implementing measures referred to as “Forbidding Discrimination Due to Sexual Orientation or Sexual Identity.” Since 2017 we have been conducting annual seminars for promoting understanding of LGBT issues led by an outside

speaker. In 2018, e-learning was conducted for domestic Group employees, with approximately 17,000 employees studying the course. SEVEN-ELEVEN JAPAN has been certified as “Gold” in 2018 and “Silver” in 2019 in the PRIDE Index (an index that measures the progress of LGBT-related initiatives).

Support for the active roles of part-time employees

The Group employs a large number of part-time employees, and is striving to develop the skills and careers of each part-time employee by preparing training and personnel systems that match the characteristics of our businesses. For example, Ito-Yokado has a Step Up Elective System, which enables part-time employees to choose their own working styles. Under this system, part-time employees may elect to step up a rank

after acquiring a certain level of evaluation and sales skills. There is also a program in place where part-time employees designated as at the highest level can be hired as a monthly salaried permanent employee or contract employee. Many part-time employees have been promoted to positions such as sales floor manager and January 2020 saw the emergence of the first store manager from a part-time employee background.

Achieving a work-life balance

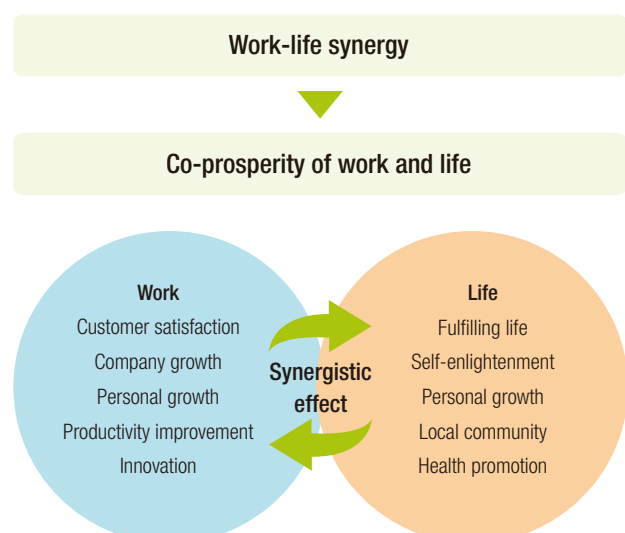
Work-from-home and staggered hours arrangements

The Group is promoting the concept of “work-life synergy,” which aims to create synergies by utilizing the perspectives of consumers in work while simultaneously leveraging the lessons of work in life. We have a range of assistance systems that exceed minimum legal requirements to enable diverse employees to work with peace of mind. To make it even easier for employees to work, we are also taking steps to correct long working hours and encourage the use of paid leave.

As one of the initiatives, in 2018, the Company and SEVEN-ELEVEN JAPAN established a system of staggered commuting times, called “sliding work hours,” in which employees can choose their working hours. Employees can choose their starting time from a number of options between 7 a.m. and 11 a.m. The purpose of this system is to promote active and efficient work styles by allowing employees to decide their own starting times.

In addition, the Company and its Group companies have established and are promoting the use of telework systems, in order to improve productivity, achieve a better work-life balance, and prevent infections.

Relationship between “work” and “life” at the Group



Ensuring employee health

The Group believes that the good health of its employees not only improves the quality of their lives, but also increases the vitality of the company and enhances management efficiency. In cooperation with the Seven & i Holdings Health Insurance Union, we formulated the Seven & i Health Declaration 2018 in 2014 and the Seven & i Health Declaration NEXT in October 2019. In order to achieve our targets, the promotion of health and productivity management was incorporated as a theme into the Corporate Ethics and Culture Subcommittee under the CSR Management Committee and various Groupwide measures are being promoted in collaboration with human resources supervisors at each Group company, led by Seven & i Holdings and its Health Insurance Union.

The Seven & i Health Declaration NEXT establishes targets in such areas as reducing the risk of lifestyle diseases, reducing the smoking rate, improving the percentage of annual paid leave taken, and reducing long working hours, and we

also hold health-related events. Through these efforts, we help employees maintain and manage their own health.

These efforts have been recognized, and, in March 2020, the Ministry of Economy, Trade and Industry (METI) announced that some of the Group companies have been certified as “2020 Certified Health & Productivity Management Outstanding Organizations (White 500).”*



*Certified companies: Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., York-Benimaru Co., Ltd., York Mart Co., Ltd. (trade name changed to York Co., Ltd. on June 1, 2020), Sogo & Seibu Co., Ltd., and Seven & i Food Systems Co., Ltd.

Seven & i Health Declaration NEXT



► Initiatives for individuals

Theme 1: Initiatives for maintaining health, preventing illness, and returning to health

Theme 2: Initiatives for promoting health that also utilize IT

► Initiatives for workplaces

Theme 1: Comfortable working conditions where people can work with healthy minds and bodies

Theme 2: Establishment of healthy and comfortable working environments

Engagement survey

The Group is conducting an employee engagement survey with the aim of creating fulfilling working environments.

The employee engagement survey is an indexing of employees' feelings about doing one's best and not giving up until delivering results above expectations, with having the “feeling that each and every employee is always playing a leading role” as well as “pride and passion in everyone's own work.” Since 2018, we have conducted surveys biennially, and,

in November 2020, we conducted a second survey of 30 domestic companies and approximately 61,000 respondents.

The results of the employee engagement survey will be used by each Group company to analyze the survey results, identify issues, and formulate measures. By sequentially implementing these measures, we will work to create fulfilling working environments.

Material Issue 5

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



Risks

Human rights problems in the supply chain leading to interruption of product supply, deterioration of product quality and/or loss of social trust (spread of rumors), etc.

Opportunities

Enhancement of competitiveness through sustainable raw material procurement, and expansion of sales opportunities by offering products and services addressing ethical consumption, etc.



Related information on risks and opportunities

<https://www.7andi.com/en/csr/sustainability/sustainability.html>

Approach to the material issue

We believe that the Group has an important role to play in providing socially and environmentally responsible products and services to customers, thereby helping build an ethical* society.

In every process from procurement of raw materials to sales, we believe that the Group must not only comply with laws and regulations, but it must also take into consideration 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.

Moreover, as an awareness of ethical consumption has been increasing among customers in recent years, addressing this awareness will also help us strengthen our competitiveness. For these reasons, we will advance initiatives targeting the entire supply chain, including our business partners.

*The word "ethical," in addition to its conventional meaning, has been increasingly associated with environmental preservation and contribution to realization of a sustainable society in recent years.

Supply chain management

Revisions to the Business Partner Sustainable Action Guidelines

In order to contribute to the 10 principles of the United Nations Global Compact, the Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the SDGs, we revised our Business Partner Action Guidelines into the Business Partner Sustainable Action Guidelines in December 2019. Throughout our supply chains, we not only ensure the safety and quality of our products and services, but also promote the protection and respect of human rights, compliance with

laws and regulations, global environmental conservation, and consideration for the working environment, thereby aiming to realize a prosperous and sustainable society together with our business partners.

In order to revise the guidelines, we held a briefing session for the executives and the managers and staff of the departments in charge of product development and procurement at each Group company.

Main revisions

- Clarification of Corporate Creed and SDGs initiatives
- Encouraging business partners to formulate CSR policies and conduct human rights and environmental due diligence
- Addition of section on human rights
- Clarification of Group policies (environmental declaration, information security policy, quality policy)

- Individualization of priority items (anti-corruption, internal whistleblowing system, import/export management)
- Addition of information on material issues (expansion of relief system, natural disaster/business continuity planning, etc.)



Business Partner Sustainable Action Guidelines

<https://www.7andi.com/en/csr/suppliers/guide.html>

Holding of compliance training and briefing sessions on the Business Partner Sustainable Action Guidelines

We hold briefing sessions on the Business Partner Sustainable Action Guidelines and compliance training for companies to which we outsource the manufacture of our private-brand products in regions where human rights risks are considered to be high. In

fiscal 2020, briefings were held in China and Southeast Asia with 287 factories (94.4% participation rate*) participating and 20 local compliance training sessions being conducted.

*Percentage of factories subject to CSR audits in fiscal 2020 (overseas) that participated in the briefings



Jakarta



Bangkok

Conducting CSR audits

We have a third-party organization conduct CSR audits to confirm compliance with the Group's Business Partner Sustainable Action Guidelines with respect to factories overseas*, which we have determined to be particularly important from the perspective of risk management, as well as factories in Japan where we outsource the manufacture of our private-brand products, based on our own audit items (114 items in 16 categories). The audit items are

based on international conventions such as the International Labour Organization (ILO) Conventions, 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 safety and health, and environmental conservation.

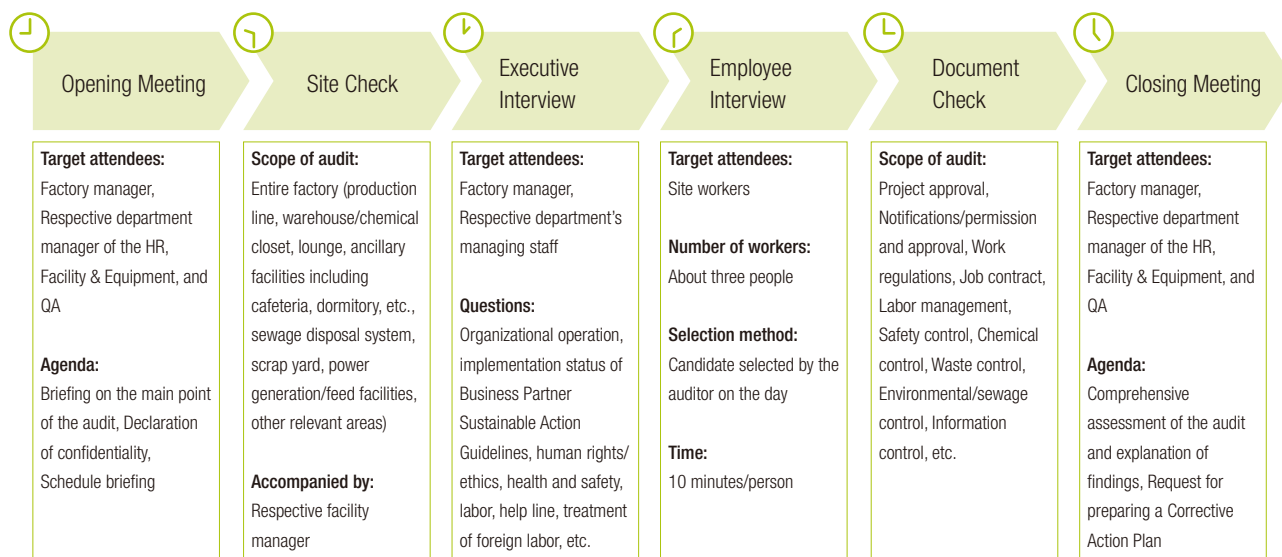
*China and Southeast Asia (13 countries in total)

CSR audit process

The auditors visit the factories to be audited upon prior notice and confirm compliance with the audit items through checking sites, documents, and data, as well as by interviewing managers and

workers. The interviews with workers are conducted in a separate room with only the auditors present to prevent any instructions or retaliation from their employers.

CSR Audit process



If, as a result of the audit, any non-conforming items are found, the third-party audit organization will point out such non-conformities to the business partner. Business partners 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 to take immediate action to improve the findings. After receiving a report from the business partner on the completion of the improvement of the indicated items, the

auditors will confirm the completion of such improvement through receiving photographs and guarantee materials (evidence) that show the improvement. However, if a certain standard is exceeded, such as when a large number of serious non-conforming items occur, the factory will be visited again, and another audit will be conducted to confirm that the issues have been corrected.

Overseas factories

Results of CSR audits of overseas factories

Audit results for fiscal 2020 showed that 80% of factories had some form of non-conformity, and corrective actions have been implemented. The following non-conformities were identified: environmental response (80 cases), working hours (76 cases), equipment safety and maintenance (44 cases), overtime pay (42

cases), legal benefits (36 cases), and chemical handling (33 cases), for all of which corrective actions were taken. In addition, no cases of forced labor were identified. Re-audits (follow-up audits) were conducted for the 75 factories that were found to have major or multiple non-conformities.

Number of CSR audits of overseas factories*¹

Fiscal year	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 Plan
Number of cases (number of factories)	17	28	328	226	245	215	274	304	Approx. 600* ²

*¹ Factories to which we outsource the manufacture of private-brand products (*Seven Premium*), which we judge to be particularly important from the viewpoint of risk management, and factories to which we outsource the manufacture of private-brand products of Group companies in China and Southeast Asia (13 countries in total)

*² In fiscal 2021, there is a possibility of a reduction due to the impact of COVID-19.

Japanese factories










Results of CSR audits of Japanese factories

In 2018, the Company began the implementation of CSR audits of factories to which we outsource the manufacture of our private-brand products (*Seven Premium*) in Japan, in order to appropriately address issues such as reforming the way employees work, employing non-Japanese workers, and protecting the global environment. In terms of the number of audits, tests were

conducted at 50 factories in fiscal 2019, and 327 factories (about 30% of the total) were audited in fiscal 2020. The audit results for fiscal 2020 identified some form of non-conformity at approximately 90% of factories, for which corrective actions were taken. Moreover, there was no discrimination against non-Japanese workers or non-compliance regarding forced labor.

External Recognitions and Response to/Participation in External Frameworks

External recognitions (As of December 31, 2020; items without footnotes refer to recognitions to Seven & i Holdings)

 <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p> <p>Dow Jones Sustainability Asia Pacific Index</p>	 <p>FTSE4Good</p> <p>FTSE4Good Index</p>	 <p>FTSE Blossom Japan</p> <p>FTSE Blossom Japan Index</p>
 <p>MSCI ESG RATINGS BBB</p> <p>2020 MSCI ESG Leaders Indexes Constituent</p> <p>MSCI ESG Leaders Indexes</p>	 <p>Product Safety</p> <p>製品安全対策優良企業 経済産業省</p> <p>Gold Product Safety Company*¹</p>	 <p>2020 健康経営優良法人 Health and productivity ホワイト500</p> <p>2020 Certified Health & Productivity Management Outstanding Organizations (White 500)*²</p>
 <p>企業 活躍 障害者</p> <p>The first company certified as an Employer of Persons with Disabilities*³</p>	 <p>Third rank Second rank</p> <p>"L-Boshi" certification mark*⁴</p>	 <p>プラチナKurumin 2020年認定 Kurumin</p> <p>Platinum Kurumin certification Kurumin certification*⁵</p>

Response to/participation in external frameworks (As of December 31, 2020)

 <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p> <p>Response to TCFD recommendations</p>	 <p>RE100 CLIMATE GROUP CDP</p> <p>Participation in RE100</p>	 <p>Whistleblowing Compliance Management System</p> <p>Registered with the Whistleblowing Compliance Management System</p>
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*¹ Ito-Yokado Co., Ltd.

*² Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., York-Benimaru Co., Ltd., York Mart Co., Ltd. (trade name changed to York Co., Ltd. on June 1, 2020), Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd.

*³ Terube Ltd.

*⁴ Third rank of "L-Boshi": Seven & i Holdings Co., Ltd., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., Seven Bank Ltd., Seven Card Service Co., Ltd., Seven Financial Service Co., Ltd., Nissen Co., Ltd., Nissen Life Co., Ltd.
Second rank of "L-Boshi": SEVEN-ELEVEN JAPAN CO., LTD., Seven & i Food Systems Co., Ltd.

*⁵ "Platinum Kurumin": Ito-Yokado Co., Ltd.

"Kurumin": Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd.



External Recognition and Awards

<https://www.7andi.com/en/csr/awards.html>