

Ensuring Sustainability and Growth

[ Principle 3.1 (i)] [ Supplementary Principle 3.1.3]

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 sustainability 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.

Revised

Revision of material issues (Materiality)

In 2014, the Group identified Five Material Issues to be addressed by the Group as a whole to meet the expectations and demands of our stakeholders. While promoting initiatives to reduce any adverse effects or risks from our activities, we are at the same time working toward CSV* to realize these issues through our merchandise, services, stores, and other operations and through the creation of new business models, aiming for 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, the Company studied the relationship between the goals and the Five Material Issues

and incorporated them into sustainability initiatives.

Over the seven years since the Group identified the material issues, social issues related to our business activities and society’s demands have become more diverse. To address these issues appropriately, the Group has revised those material issues in March 2022 through dialogue with various stakeholders to clarify our approach as a Group for the creation of social and economic value, and to maximize Group synergies.

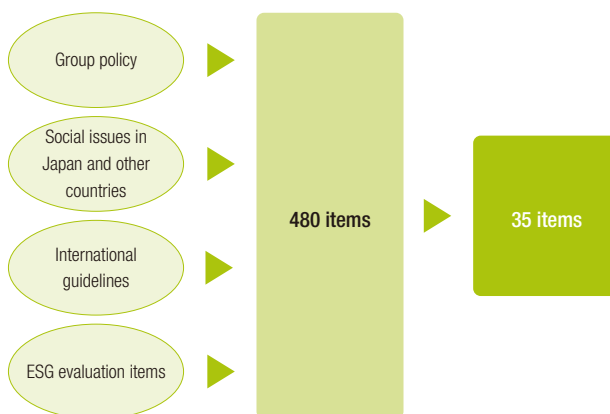
*Creating Shared Value

Steps for revising of material issues in March 2022

STEP 1 Selection of social issues

As part of our review of material issues, we selected social issues to be considered. In addition to summarizing and consolidating the social issues in the previous identification of material issues, we added related items including the SDGs, the Global Risks Report, the SASB Standards and other international frameworks, issues raised in U.S.-Japan governmental and other discussions, the consideration of the external environment in the Medium-Term Management Plan, and evaluation items used by ESG rating agencies.

Selection method



STEP 2 Survey of more than 5,000 stakeholders

After selecting 35 items from the possible 480 social issues, we carried out a survey of stakeholders on the issues the Group should address. The survey was expanded from the time the material issues were initially identified in 2014 to cover nine companies*, including the overseas operating companies and SEVEN-ELEVEN JAPAN franchise store owners. More than 5,000 surveys were completed and returned, and these included more than 1,000 comments.

*SEVEN-ELEVEN JAPAN CO., LTD., 7-Eleven, Inc., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd., Seven & i Holdings Co., Ltd.

Stakeholders	Scope
Customers	Customers of operating companies
Business partners	Operating companies' business partners
Shareholders and investors	Shareholders, investors, and sell-side securities analysts covering Seven & i Holdings
Franchisees	SEVEN-ELEVEN JAPAN franchise store owners
Employees	Employees of Seven & i Holdings and operating companies

STEP 3 Dialogue with experts

The Group's three flagship operating companies (SEVEN-ELEVEN JAPAN, Ito-Yokado, and Sogo & Seibu) and Seven & i Holdings engaged in dialogue with knowledgeable experts as representatives of stakeholders. From the survey results,

we identified their unreserved opinions about the Group's role in society and the social issues that the Group should address. (File photos of the Seven & i Holdings dialogue participants)

Seven & i Holdings Management



Ryuichi Isaka
Representative Director and President



Katsuhiro Goto
Representative Director and Vice President



Junro Ito
Director and Managing Executive Officer
General Manager of the Corporate Development Division

Experts



Toshio Arima
Chairman of the Board
Global Compact Network Japan



Ken Shibusawa
Chief Executive Officer
Shibusawa and Company, Inc.



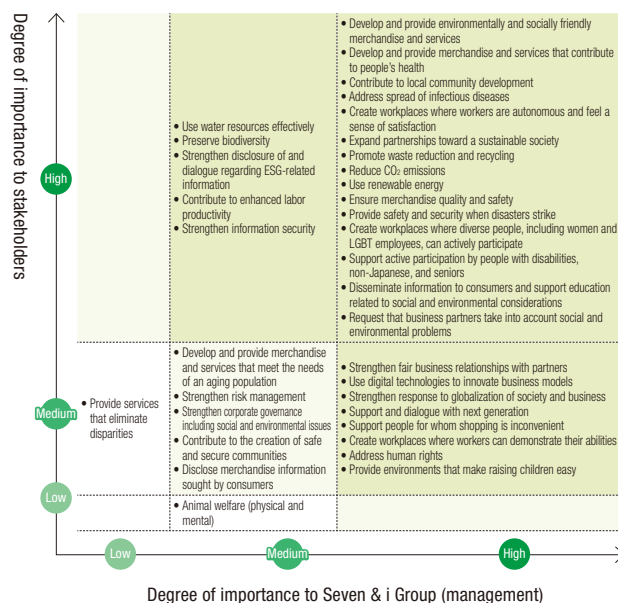
Manami Yamaguchi
Representative Director
Japan Sustainable Labels Association

STEP 4

Identification of new material issues, taking into account opinions of stakeholders and the Group management

Using the stakeholder survey results, we created a matrix for each of the nine companies, using the degree of importance to stakeholders as the vertical axis and the degree of importance to the companies as the horizontal axis. We then consolidated these into a Group matrix and identified seven material issues, taking into account the survey comments, dialogues with experts, and interviews with management of other operating companies.

We have adopted the new material issues using wording that makes it easy to understand their correlation with concrete initiatives, so that Group employees can pursue them “on their own.”



New material issues (revised in March 2022)

Seven material issues	Examples of concrete initiatives to address issues
1 Create a livable society with local communities through various customer touchpoints	Management that aims to address community issues including an aging and decreasing population <ul style="list-style-type: none"> • Expand online convenience store, online supermarket, mobile supermarket vehicles • Administrative services (issuance of official documents) • Work with local governments to develop local merchandise
2 Provide safe, reliable, and healthier merchandise and services	Support for an abundant and safe society <ul style="list-style-type: none"> • Expand development and sales of health-oriented merchandise • Strengthen quality control structure • Develop health management app
3 Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts	Environmentally friendly management <ul style="list-style-type: none"> • Develop environmentally friendly stores • Recycle plastic bottles, increase use of environmentally friendly containers • Reduce food loss/waste and recycle organic waste • Expand lineup of certified merchandise
4 Achieve a society in which diverse people can actively participate	Realizing a society that accepts diverse values and lifestyles <ul style="list-style-type: none"> • Support child-raising and education of next generation • Normalization, universal design
5 Improve work engagement and environment for people working in Group businesses	Becoming a company that provides job satisfaction and sense of accomplishment <ul style="list-style-type: none"> • Promote diversity and inclusion • Increase engagement through human resource development and dialogue • Promote DX to improve work environments
6 Create an ethical society through dialogue and collaboration with customers	Working with customers to make communities thrive <ul style="list-style-type: none"> • Public awareness and cooperation with customers (food drives, turning off lights, etc.) • Improve services using customer opinions
7 Achieve a sustainable society through partnerships	Working with business partners to achieve a thriving society <ul style="list-style-type: none"> • CSR audit of business partners (eradication of forced labor and child labor) • Work with nonprofits and NGOs, have joint projects with business partners, other industries, and same industry

STEP 5

Risks and opportunities related to material issues

As we identified the material issues, we also consolidated the related risks and opportunities based on opinions including the survey of stakeholders and dialogue with experts. In addition to

creating new initiatives to address the material issues, we are striving to reduce risks with the aims of achieving a sustainable society and sustainable corporate growth.

STEP 6

Incorporation into action plans

To place the newly identified material issues as a basis of management and ensure their effectiveness, the Group is formulating concrete initiatives to address the material issues through each operating company's business. Using a process similar to that of the SDG Compass*, we are integrating the

new material issues into management by formulating action plans to achieve our targets and working to realize those issues through our businesses.

*SDG Compass: A guide for how companies can work toward achieving the SDGs prepared jointly by the Global Reporting Initiative, the United Nations Global Compact, and the World Business Council for Sustainable Development

Related SDGs	Risks	Opportunities
 	<ul style="list-style-type: none"> Decline in sales opportunities from decrease in the infrastructure of daily life, leading to population decrease, depopulation, aging population Failure to open new stores as planned because of insufficient coordination with local communities resulting in inability to provide new value, etc. 	<ul style="list-style-type: none"> Gain stakeholder trust through expanded social role as infrastructure for daily life Increase sales opportunities through community revitalization, etc.
 	<ul style="list-style-type: none"> Loss of customers because of merchandise issues or in-store accidents Decline in trust due to violations of laws such as quality control and labeling Loss of customers from delayed development of health-related merchandise, etc. 	<ul style="list-style-type: none"> Increase customer loyalty through rigorous safety and quality control Expand sales opportunities by offering health-oriented merchandise and other new merchandise that matches customers' needs, etc.
      	<ul style="list-style-type: none"> Physical damage to stores/distribution network due to increase in natural disasters caused by climate change Sharp increases in purchasing prices due to changes in demand and supply or changes in prices of crude oil and other raw materials caused by unusual weather Loss of customers due to corporate image with a large environmental footprint in areas including food waste and greenhouse gas emissions, etc. 	<ul style="list-style-type: none"> Cut costs by saving energy, reducing waste, recycling, changing energy sources Create brand value as a company at the forefront of environmental measures, etc.
 	<ul style="list-style-type: none"> Damage to corporate image, loss of customers, decline in employee engagement from tolerance of discrimination and prejudice Difficulty in retaining human resources, outflow of human resources, etc. 	<ul style="list-style-type: none"> Acquire future customers and develop new services through dialogue with and development of the next generation, the young generation, and people with various values, etc.
  	<ul style="list-style-type: none"> Decline in employee engagement from lack of improvement in work environments Difficulty in retaining human resources, outflow of human resources, etc. 	<ul style="list-style-type: none"> Promote diversity to enhance competitiveness Increase productivity by enhancing employees' skills and autonomy Develop new businesses and acquire talented personnel, etc.
	<ul style="list-style-type: none"> Inability to offer new value through merchandise and services from delayed response to changes in consumer lifestyles and diversification of values, etc. 	<ul style="list-style-type: none"> Expand sales opportunities by offering merchandise and services addressing ethical consumption Work with customers to increase customer loyalty, etc.
     	<ul style="list-style-type: none"> Interruption of merchandise supply, deterioration of merchandise quality, or boycotts associated with labor environment or human rights problems or compliance violations in the supply chain, resulting in loss of social trust, etc. 	<ul style="list-style-type: none"> Increase resilience through sustainable raw material procurement Provide new merchandise and services in cooperation with business partners, other industries, same industry, etc.

E

Initiatives for Reducing the Environmental Impact

[CGC Supplementary Principle 3.1.3]

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, established project teams, and are promoting initiatives across the Group.

Reduction of CO₂ emissions



Emissions from the Group store operations

Targets for 2030

(Compared with FY2014) **50% reduction**

2050 Vision

Net zero

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

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

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

(Compared with FY2014) **50% reduction**

2050 Vision

(Compared with FY2014) **75% reduction**

Organic waste recycling rate

Targets for 2030

70%

2050 Vision

100%

Sustainable procurement



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

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.

Four project teams

Seven & i Environment Subcommittee

CO₂ Emissions Reduction Team

Mission

[Decarbonization]
Reduction of CO₂ emissions

Plastic Reduction Team

Mission

[Circular economy]
Measures against plastic

Food Loss/Waste Reduction and Organic Waste Recycling Team

Mission

[Circular economy]
Measures against food loss/waste and for organic waste recycling

Sustainable Procurement Team

Mission

[Society in harmony with nature]
Sustainable procurement

Reduction of CO₂ emissions

Introducing green power, including Japan's first off-site PPA, at certain stores

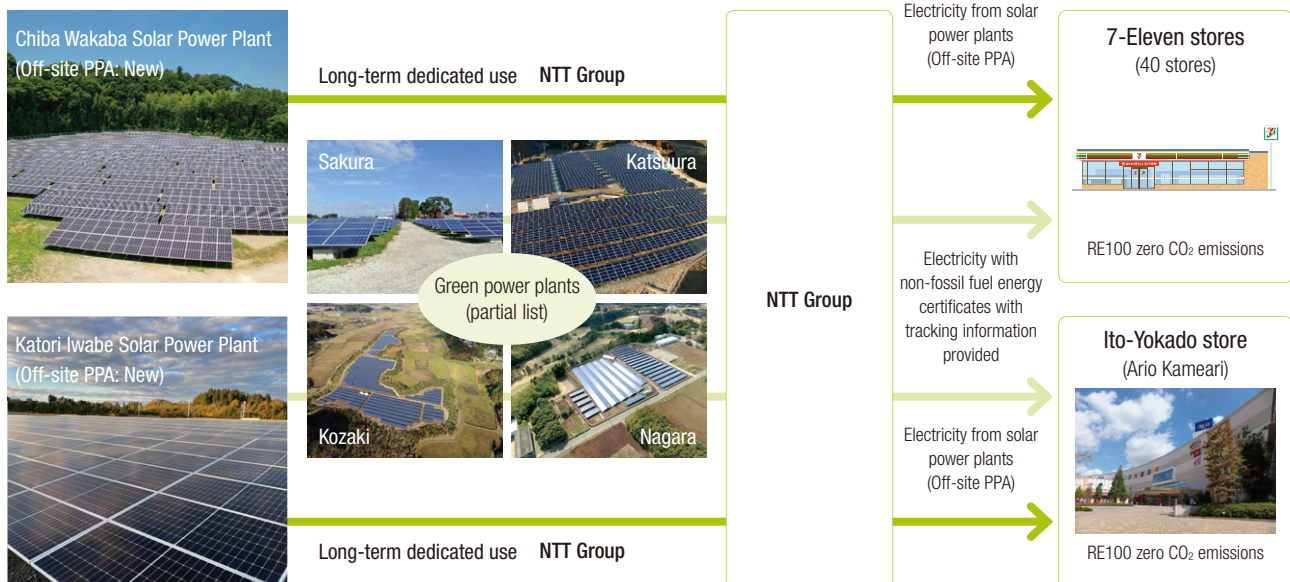
Since April 2021, Seven & i Holdings and Nippon Telegraph and Telephone Corporation (NTT) have been successively introducing at certain stores electricity procured through Japan's first^{*1} off-site PPA (power purchase agreement) and power generated by green power plants owned by the NTT group, aiming to have 100% of the electricity used in Group store operations generated by renewable sources.

Under this program, 40 of the Group's 7-Eleven stores and store operation in the Ario Kameari shopping center will use 100% renewable energy for 20 years. Using an off-site PPA structure, NTT Anode Energy Corporation constructed two solar power plants to supply electricity^{*2} via a distribution grid. This

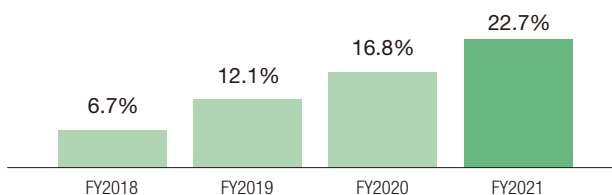
is Japan's first off-site PPA, in which a company like NTT Anode Energy constructs new, remote renewable energy power plants dedicated for power consumers like companies and local governments, and provides a long-term power supply via a distribution grid. For the portion that cannot be supplied via the PPA, the stores will use electricity generated by green power plants owned by the NTT group, meaning that these stores will operate with 100% renewable energy.

^{*1} According to NTT Anode Energy Corporation, based on interviews with RTS Corporation and others.

^{*2} The electricity will be provided as a service of NTT Anode Energy Corporation, acting as agent of its subsidiary, ENNET Corporation (Retail electric power company registration No. A0009).



Percentage of reduction of CO₂ emissions from store operations (vs. that of FY2014)^{*3}



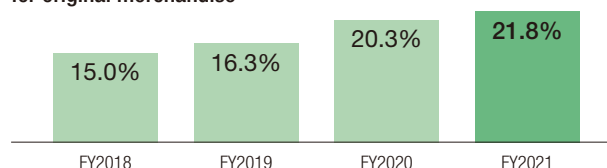
^{*3} The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for 12 companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Life Foods Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., IY Foods K.K., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Barneys Japan Co., Ltd., Seven & i Food Systems Co., Ltd., and THE LOFT CO., LTD.). For the calculation methods, please refer to the environmental data of each operating company described in Data Section of the CSR Data Book.

https://www.7andi.com/library/dbps_data/_template/_res/en/sustainability/sustainabilityreport/2021/pdf/2021_19_01.pdf

Measures against plastic

The Group is engaged in activities including resource collection at stores, the promotion of recycling, and the use of reusable materials, in cooperation with customers and business partners, with the aim of achieving a circular economy, which uses resources effectively.

Percentage of eco-friendly materials*⁴ in containers for original merchandise*⁵



*⁴ Biomass, biodegradable materials, recycled materials, paper, etc.

*⁵ Including *Seven Premium* merchandise

Initiatives with customers' "plastic bottle resource circulation"

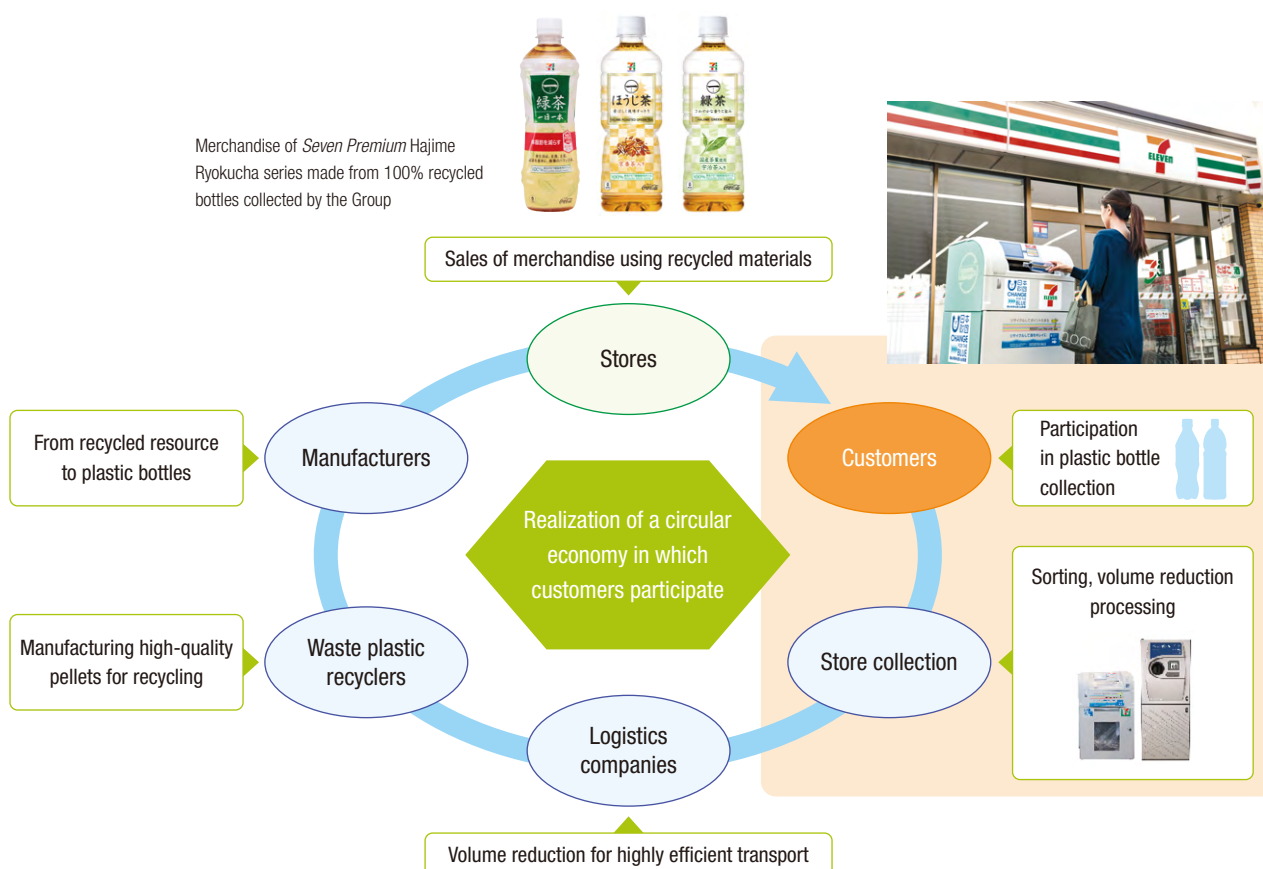
The Group has been installing plastic bottle collection machines at stores since 2012.

When a bottle is put into a machine, sensors detect and remove foreign matter, and the bottle is compressed or crushed to reduce volume. This facilitates recycling as a higher quality resource, making it possible to transport large volumes from stores to recycling plants and reducing the number of trips required.

Some of these recycled plastic bottles are turned back into

plastic bottles or things like clothing or merchandise packaging. As of November 30, 2021, a total of 1,613 collection machines had been installed at four companies: SEVEN-ELEVEN JAPAN, Ito-Yokado, York-Benimaru, and York. With the cooperation of our customers, the equivalent of roughly 330 million plastic bottles was collected and recycled during FY2021. Working with customers, business partners, and local governments, we are steadily expanding the loop of plastic resource circulation.

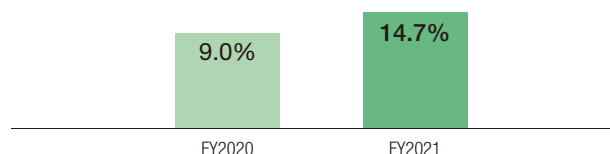
Plastic bottle recycling system using collection machines



Measures against food loss/waste and for organic waste recycling

Food merchandise accounts for roughly 60% of the Group's sales. We are working to reduce the amount of food waste generated at stores by establishing a framework in which customers participate in measures against food waste at stores and sales areas to control the amount of food thrown out.

Percentage of reduction of food loss/waste* (vs. that of FY2014)



*The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for the six food-related operating companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., and Seven & i Food Systems Co., Ltd.).

*Basic unit of generation (waste generated per million yen in sales)

Ethical project

SEVEN-ELEVEN JAPAN has launched an "ethical project" at all stores nationwide in which bonus points corresponding to 5% of the retail price are awarded when eligible merchandise including rice balls and bread is bought close to their sales deadline using the *nanaco* electronic money service, in an effort with customers to address together the issue of food waste.



Temaedori activities

Together with the Consumer Affairs Agency, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of the Environment, SEVEN-ELEVEN JAPAN and other convenience store operators have been rolling out the *Temaedori* activities since June 2021.

This activity aims to reduce food waste by displaying merchandise in a way that encourages customers to purchase food they intend to consume immediately by placing these items at the front of a display.



Introduction of *mottECO*

For introducing its *mottECO* program to reduce food waste, Seven & i Food Systems has been selected by the Ministry of the Environment as a "FY2021 Model Business for Reduction of Food Waste and Promotion of Recycling by Local Governments and Businesses."

Under this program, restaurant customers unable to finish their food can request 100% plant-derived containers in which to take home the leftover portion. By having customers assume the responsibility for taking home these leftovers on their own,

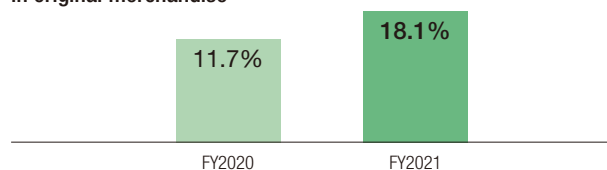
this campaign is raising awareness of reducing food waste and promoting a "culture of taking home leftovers as one's own responsibility."



Sustainable procurement

With society directly facing numerous environmental problems like climate change, depletion of natural resources, and the loss of biodiversity, as well as other issues including human rights and labor problems, the Group is working with stakeholders to incorporate sustainable procurement throughout the entire supply chain.

Raw food ingredients with guaranteed sustainability used in original merchandise*



*Including Seven Premium merchandise

Sales of MEL-certified merchandise

The Group sells Marine Stewardship Council (MSC)-certified and Aquaculture Stewardship Council (ASC)-certified merchandise under the *Seven Premium* private brand. In addition, Ito-Yokado was Japan's first major retailer to acquire Marine Eco-Label Japan (MEL) certification for marine products caught, cultivated, processed, and distributed in an environmentally friendly manner. Four species of fish under the "Fresh Fish with Traceability" original brand have been sold with the MEL label since April 2020—yellowtail, amberjack, red sea bream, and flatfish. Wakame seaweed and coho salmon have also received

certification and as of February 28, 2021, six certified marine products were being sold at 123 stores nationwide. This initiative is also spreading across the Group, with York obtaining MEL certification in June 2021 and York-Benimaru in July 2021.



Procurement of palm oil

The Group joined the Roundtable on Sustainable Palm Oil (RSPO) in January 2020 and has been studying ways to use sustainable palm oil.

Since November 2020, the Group has been selling laundry detergents and fabric softeners developed as part of a joint project with Saraya Co., Ltd., which promotes the development of RSPO-certified merchandise using sustainable palm oil. We also began selling dish detergents in November 2021. In

addition, we have set up a program in which customers themselves can make a social contribution by purchasing this merchandise, with a portion of the series' sales used for social contribution activities.



Seven Premium Lifestyle brand Yashinomi dish detergent bottle and refill

Procurement of organic cotton

With increased interest in merchandise that is safe, secure, and environmentally friendly, the Group has developed items including underwear and bedding made from organic cotton.

To convey to customers the value of organic cotton in an easy-to-understand way, from February 2020, we successively began selling merchandise with a shared icon to show that they met the requirements of either the Organic Content Standard

(OCS) or Global Organic Textile Standard (GOTS) international organic certification. In August 2021, we also began selling organic cotton T-shirts made from quality Turkish cotton with the cotton's producer and location indicated.



Response to TCFD recommendations



Response to TCFD Recommendations

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

Amid climate change issues becoming increasingly serious year by year, it is the responsibility of the Group to continue providing merchandise and services that support the lifestyles of customers even as we face the impact of climate change. The Group's stores in Japan serve more than 22 million customers every day. To fulfill its responsibility to our many customers and other stakeholders, the Group will align its

approach to the TCFD recommendations, analyze the risks and opportunities presented by climate change, and utilize the analysis to achieve sustainable business management.



Indicators and targets related to climate change

In May 2019, the Group formulated its environmental declaration 『GREEN CHALLENGE 2050』. In 『GREEN CHALLENGE 2050』, we have set the following specific themes: reduction of CO₂ emissions, measures against plastic, measures against food loss/waste and for organic waste recycling, and sustainable procurement. The goals are to achieve decarbonization, circular economy, and society in harmony with nature.

Our specific numerical targets for reducing CO₂ emissions are to reduce CO₂ emissions from the Group's store operations

by 50% by 2030 compared to FY2014, and to achieve net zero emissions by 2050. We have also set detailed numerical targets for other themes, and we are promoting initiatives for achieving them and monitoring their progress.

Our scenario analysis in FY2022 highlighted the severity of damages that can be caused by natural disasters. In order to curb the risk of natural disasters caused by climate change, we have renewed our determination to limit the temperature increase to 1.5°C by achieving the goals of 『GREEN CHALLENGE 2050』 in collaboration with our stakeholders.

Strategy

Scenario analysis assumptions

In October 2019, the Group participated in the "Project to Support Climate Risk/Opportunity Scenario Analysis in Accordance with TCFD" of the Ministry of the Environment. The analysis covered the domestic store management of SEVEN-ELEVEN JAPAN, which accounts for about 60% of the Group's operating income. We disclosed the results on our website for the first time in June 2020. In FY2022, we further deepened our analysis by developing substantive countermeasures and quantified risks and opportunities, in addition to our

previous analysis.

In our recent scenario analysis, we examined the impacts of two scenarios as of 2030: a "decarbonization scenario (1.5°C–2.0°C)" and a "warming scenario (2.7°C–4.0°C)."

The analysis references multiple scenarios given in the International Energy Agency (IEA)'s World Energy Outlook, including STEPS, SDS, and NZE2050, as well as reports and other forward-looking forecasts published by governments and international agencies.

Scenario	Decarbonization scenario (1.5°C–2.0°C), warming scenario (2.7°C–4.0°C)
Relevant project	Operation of SEVEN-ELEVEN JAPAN stores in Japan
Analysis scope	In addition to the physical impact on stores, the analysis will cover costs in store operations and merchandise supply chain issues (raw materials, factories manufacturing merchandise, merchandise shipping) that significantly affect store operations, and customer behavior
Target year	Impact as of 2030

Significant risks and opportunities from climate change: business impact and countermeasures

Significant risks and opportunities		Concrete examples	Impact	Scenario
Transition risks and opportunities (Decarbonization scenario, 1.5°C–2.0°C)	Policies and regulation	Carbon price	Operating cost	<ul style="list-style-type: none"> • A high carbon tax is introduced and a carbon tax burden is imposed in accordance with CO₂ emission volume • Increased costs are expected throughout the supply chain
		Fluctuations in retail electricity prices	Operating cost	<ul style="list-style-type: none"> • Increased electricity expenses due to higher retail electricity prices stemming from the introduction of renewable energy and other factors
		Carbon emissions targets and policies in each country	Operating cost	<ul style="list-style-type: none"> • Fuel costs associated with deliveries decrease amid an increasing shift to EV as delivery vehicles
		Supporting the adoption of EV as delivery vehicles	Operating cost	<ul style="list-style-type: none"> • Costs incurred due to conversion of delivery vehicles to EV in line with tighter regulations and changes in social environment
	Reputation	Changes in consumer preferences	Sales	<ul style="list-style-type: none"> • Heightened consumer interest in sustainable merchandise and increased sales by selling merchandise that meets this interest
Physical risks and opportunities (Warming scenario, 2.7°C–4.0°C)	Acute	Extreme weather	Damage from natural disasters	<ul style="list-style-type: none"> • Increased frequency and intensity of natural disasters; increased losses due to store and merchandise damage caused by natural disasters, loss of sales due to store closures, restoration costs, etc.
		Insurance cost related to natural disasters	Operating cost	<ul style="list-style-type: none"> • Increased insurance cost related to natural disasters due to increased frequency and intensity of natural disasters
	Chronic	Changes in precipitation and weather patterns	Price fluctuations of raw materials for agricultural, livestock, and marine products	<ul style="list-style-type: none"> • Higher raw material costs and increased purchasing costs due to declines in yields and in quality of agricultural, livestock, and marine products
		Electricity cost for air conditioning in summer	Operating cost	<ul style="list-style-type: none"> • Higher average temperatures increase electricity use for air conditioning and result in higher electricity fee payments

*The scenario with the larger impact was referred to in assessing each business impact. Transition risks and opportunities: decarbonization scenario; Physical risks and opportunities: warming scenario

Significant risks and opportunities: business impact assessment and countermeasures

Approximately 160 risks and opportunities were submitted as a result of discussions within each department regarding specific risks and opportunities that could affect SEVEN-ELEVEN JAPAN's business. The assessment referenced each risk and opportunity presented in the TCFD recommendations as well as international standards such as SASB. We examined the magnitude of the impact of these risks and opportunities on financial aspects such as sales and profits, as well as strategic aspects such as store operations and merchandise procurement. The following factors were identified as significant risks and opportunities: carbon price, carbon emissions targets and policies in each country, changes in consumer preferences, extreme weather, and changes in precipitation and weather patterns. We then evaluated these five risk and opportunity factors for their business impact from qualitative and quantitative aspects, and developed countermeasures. (See table above.)

(1) Transition risks and opportunities

Decarbonization scenario (1.5°C–2.0°C)

Transition risks and opportunities were considered based on the decarbonization scenario in which various regulations and other measures are introduced to achieve the 1.5°C target. Of these,

we estimated the following for the carbon tax, which is projected to have the biggest impact.










For our estimate, we calculated the impact of carbon tax using the assumed tax amount as of 2030 at \$130/ton-CO₂, which is the maximum amount with reference to the IEA's "World Energy Outlook 2020." Based on simple calculation, the carbon tax would amount to ¥22.12 billion when CO₂ emissions increase in line with the growth of business activities. However, if we reduce CO₂ emissions by 50% compared to FY2014 levels by 2030 as stated in our environmental declaration 『GREEN CHALLENGE 2050』, we can expect to reduce carbon taxes by ¥11.97 billion to ¥10.15 billion. Furthermore, we expect that this burden will eventually be eliminated by promoting efforts to achieve our 2050 net zero emission target.

Carbon tax (impact in 2030)

Assumption: \$130/ton-CO₂

Maximum amount from IEA's "World Energy Outlook 2020"

Item	Business impact
Carbon tax	¥10.15 billion

Business risks	Business opportunities	Main countermeasures
		<ul style="list-style-type: none"> Promote the reduction of CO₂ emissions through 『GREEN CHALLENGE 2050』 Support our business partners in their efforts to save energy and expand the use of renewable energy
		<ul style="list-style-type: none"> Develop and install energy-saving equipment at stores Enhance onsite renewable energy installations
		<ul style="list-style-type: none"> Increase adoption of EV and other environmentally friendly vehicles Improve fuel efficiency through implementation of eco-driving training based on data acquired from in-vehicle computers Reduce delivery vehicle fleets by enhancing delivery efficiency
		<ul style="list-style-type: none"> Reduce delivery vehicle fleets by enhancing delivery efficiency
		<ul style="list-style-type: none"> Introduce environmentally friendly containers and packaging and promote plastic bottle collection and recycling, based on 『GREEN CHALLENGE 2050』 Expand sales of sustainable merchandise, including the introduction of certified raw materials, based on 『GREEN CHALLENGE 2050』
		<ul style="list-style-type: none"> Utilize 7view to build a system enabling information gathering and early recovery in the event of a disaster Prevent flood damage by expanding the installation of watertight panels and guard pipes Continue operations with "Phase Free (a concept of securing an adequate quality of life, regardless of phases such as daily life and emergencies)" facilities, including improved performance of storage batteries Prepare fuel reserves for emergency supply delivery
		<ul style="list-style-type: none"> Mitigate losses using various damage prevention measures
		<ul style="list-style-type: none"> Disperse production sites of raw materials Secure stable procurement by expanding procurement from vegetable factories, land-based aquaculture, etc. Utilize digital technology and AI
		<ul style="list-style-type: none"> Develop and install energy-saving equipment at stores

(2) Physical risks and opportunities

Warming scenario (2.7°C–4.0°C)

In terms of physical risks and opportunities, natural disasters caused by extreme weather pose the greatest risk. It is difficult to predict when and where natural disasters will occur, and once they do, they can cause extensive damage. Currently, the occurrence of extreme weather such as heavy rainfall that cause disasters are increasing due to global warming, and this trend would become even more pronounced under the warming scenario. Based on the extent of damage caused by past disasters, we have estimated the flood damage to stores in the Tokyo metropolitan area, where the greatest damage would be expected. Based on hazard maps from the Ministry of Land, Infrastructure, Transport and Tourism, if the Arakawa River were to flood by five meters or more, the resulting damages including store damage, merchandise damage, loss of sales due to closures, and restoration cost, would amount to ¥11.19 billion.

Damage from natural disasters

Assumption: Flood damage to stores in the Tokyo metropolitan area (assuming flooding of the Arakawa River)

Item	Business impact
Store damage, merchandise damage, loss of sales due to closures, restoration cost, etc.	¥11.19 billion

*Estimated based on past flood damage

The increase in raw material cost due to changes in weather patterns, which is expected to have the next largest impact, was estimated as follows. The scope was set based on the composition of purchase amount: rice, laver, and livestock products (beef, pork, chicken, and eggs). Assuming that climate change will lower harvest yields and increase the purchase price accordingly, we estimate that the increase will total ¥5.7 billion. However, this estimate does not include impacts such as those related to imports. Therefore, we assume that the actual amount will be several times larger and are considering countermeasures to address this.

Increase in raw material cost (impact in 2030)

Assumption: Estimated cost increase solely due to lower yields from climate change

Item	Business impact
Raw materials cost increase for rice	¥2.23 billion
Raw materials cost increase for laver	¥1.93 billion
Raw materials cost increase for livestock products (beef, pork, chicken, eggs)	¥1.54 billion

*Yield changes are estimated from data provided by the Ministry of Education, Culture, Sports, Science and Technology; the Ministry of the Environment; the Japan Meteorological Agency; the National Institute for Environmental Studies; the National Agriculture and Food Research Organization, etc.

(3) Countermeasures to risks and opportunities

Each department discussed and organized approximately 50 countermeasures aimed at mitigating risks and expanding opportunities. Through this discussion, we confirmed that the environmental impact reduction activities being promoted based on 『GREEN CHALLENGE 2050』 are effective measures for both the decarbonization scenario and the warming scenario.

In terms of transition risks, we will significantly reduce our carbon tax burden by achieving the CO₂ emission reduction targets of 『GREEN CHALLENGE 2050』. In addition, by actively promoting energy savings in stores and CO₂ emissions reduction measures such as the installation of solar panels, we will mitigate transition risks such as higher electricity fee payments. Furthermore, we will also work to gain support from our customers by promoting 『GREEN CHALLENGE 2050』 including measures against plastic and sustainable procurement initiatives, thereby expanding opportunities for changes in consumer behavior toward sustainable merchandise and services.

In terms of physical risks, we confirmed that we should actively work to reduce CO₂ emissions in order to achieve the

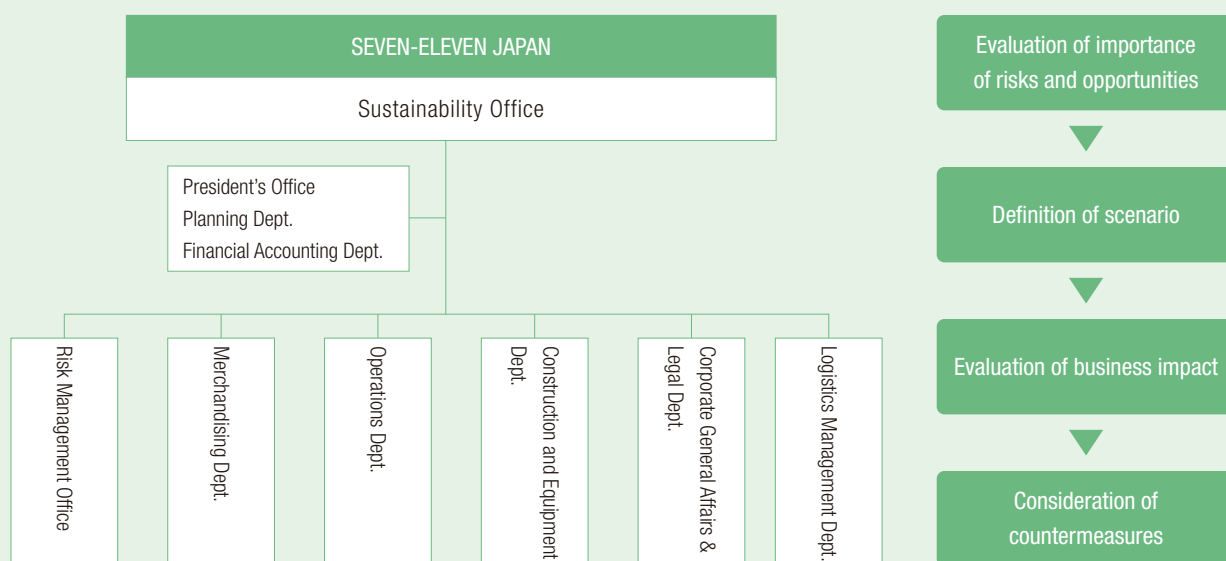
goals of 『GREEN CHALLENGE 2050』. In response to the risk of increase in natural disasters, we will build a system for enabling early recovery from disasters by utilizing our 7view information sharing system to monitor the status of stores in real time. We will also steadily implement measures such as the installation of watertight panels to prevent flooding. By implementing efforts that enhance our preparedness for disasters, we will resume store operations quickly so that we can continue to serve our customers in the local community.

With regard to the rising cost of raw materials, we will promote dispersion of production areas and strengthen cooperation with domestic and overseas suppliers to ensure stability in securing raw materials. For example, we are expanding our procurement from indoor vegetable factories, where stable harvests can be expected regardless of weather conditions. Going forward, we will continue with our efforts to reduce the risks associated with rising raw material cost by collecting information on producers and production areas and utilizing advanced technologies such as digital technology and AI.

SEVEN-ELEVEN JAPAN scenario analysis structure

For this analysis, SEVEN-ELEVEN JAPAN launched an internal project to formulate practical countermeasures and accurately quantify business impact, with its Directors bearing that responsibility. 10 departments whose activities are affected by climate change participated. Discussions were held in

each department regarding risks and opportunities and countermeasures, enabling analysis that is consistent with actual conditions, which helped to enhance our preparedness for climate change.



Governance

The Group considers the issue of climate change to be one of the most important issues to be tackled across the Group companies. We have therefore established a governance structure centered on the CSR Management Committee and supervised by the Board of Directors.

In addition, with regard to compensation for Directors and Audit & Supervisory Board Members from FY2021, we added the CO₂ emissions reduction target of our environmental declaration 『GREEN CHALLENGE 2050』 as a non-financial indicator of the Key Performance Indicator (KPI) for the stock-based compensation.

System	Role	Member	Main activities for FY2021–FY2022
Board of Directors	<ul style="list-style-type: none"> Receive reports at least once per year regarding progress on climate change issues and achievement of targets; supervise efforts Review and decide on policies and important matters 	Directors Audit & Supervisory Board Members Members include internal and Outside Directors with extensive knowledge and experience in sustainability	Resolved to revise CO ₂ emission reduction target to 2050 net zero in the environmental declaration 『GREEN CHALLENGE 2050』 (May 2021)
CSR Management Committee	<ul style="list-style-type: none"> Meet twice a year Share trends in climate change-related indicators (such as CO₂ emissions), and mitigation and adaptation measures Approve and advise on initiatives implemented by the Environment Subcommittee and Group companies 	Chair: Representative Director and President of the Company Members: CSR department managers of Group companies and managers from CSR-related divisions of the Company	<ul style="list-style-type: none"> Confirm status of response to TCFD recommendations Share climate change mitigation and adaptation measures among Group companies
Environment Subcommittee	<ul style="list-style-type: none"> Subcommittee of CSR Management Committee Meet twice a year Promote response to climate change issues Promote response to TCFD recommendations 	Chair: Executive Officer in charge of Sustainability Development Department of the Company Members: CSR department managers and managers of departments involved in climate change response measures at Group companies	Promote activities and share information based on the three initiatives of energy savings, energy generation, and procurement of renewable energy
CO ₂ Emissions Reduction Team	<ul style="list-style-type: none"> Meet as required Share information among Group companies to reduce CO₂ emissions Implement Groupwide measures 	Leader: Executive Officer in charge of Construction Division of a Group company Members: Staff in charge at CSR departments and staff in charge at departments involved in climate change response measures at Group companies	Implement Groupwide measures such as support for solar power generation equipment and joint purchasing of LED lighting

Risk management

The Company has established a comprehensive risk management system with the Risk Management Committee at its core, based on the basic rules for risk management. The risks related to climate change are also managed under this risk management system. Each Group company identifies its own risks twice a year based on the Group's common risk classification, and quantifies them taking into account their degree of impact and likelihood of occurrence. The quantified risks and measures to deal with them are compiled into the risk assessment sheets and submitted to the Corporate Governance Management Department (Risk Management Committee Secretariat) of the Company. The risk assessment sheets include risks related to climate change such as CO₂ emission regulations.

The Risk Management Committee, which meets twice a year, comprehensively identifies the Group's risk situation based on the risk assessments and countermeasures submitted by each company, and continuously monitors its risk management system and countermeasures.

Judgments concerning material risks for the Group are made based on a comprehensive evaluation of factors such as damage occurring when the risk materializes, timing of risk manifestation, degree of impact on the Group's growth strategy, and the status of responses to current risks.

The status of such risk management and judgments concerning material risks are reported annually to the Board of Directors.

Future responses

We have deepened our scenario analysis for SEVEN-ELEVEN JAPAN, which accounts for about 60% of the Group's operating income. We believe that our analysis confirms the resilience of the business. Going forward, we will steadily implement measures to address the situation. We will also increase the number of operating companies subject to our analysis, and take

the entire supply chain into perspective as we identify risks and opportunities quantitatively, while also developing and implementing practical countermeasures.

We will work on initiatives to curb the temperature increase to less than 1.5°C at 2100 in order to leave a prosperous environment of our planet to future generations.

Initiatives to Reduce Environmental Impact at 7-Eleven, Inc.

Promoting energy saving and reducing greenhouse gas emissions

7-Eleven, Inc., which is pursuing initiatives to decrease its energy use and increase its environmental effectiveness, has set a target of reducing the amount of greenhouse gas emissions from store operations 50% in 2030 compared with that of FY2013. In FY2020, energy-saving measures reduced greenhouse gas emissions 60,088 MTCO₂e per 1,000 square feet of store floor space per year compared with that of FY2019, and 240,647 MTCO₂e per 1,000 square feet of store floor space per year compared with that of FY2013. In percentage terms, the decrease from FY2013 to FY2020 was 24%, equivalent to a reduction of the greenhouse gas emitted by roughly 52,336 automobiles over one year.

Increasing the use of renewable energy

In addition to its initiatives for saving energy, 7-Eleven, Inc. has put a priority on increasing its use of renewable energy, which currently accounts for 14% of the electricity it uses.

7-Eleven, Inc. has concluded a contract with TXU Energy to purchase that company's electricity, with 100% of the electricity to be generated by wind power plants in Texas for all 7-Eleven stores in the state. The energy market in Texas is particularly competitive. More than 10,000 wind turbines have been installed, and together with turbines under construction, Texas will have the largest wind power generation capacity in the United States, including four of the country's 10 largest wind power plants. In FY2020, 7-Eleven, Inc. purchased 291,531 MWh of renewable energy from TXU Energy for its

more than 860 stores in Texas. This wind power program has reduced CO₂ emissions at 7-Eleven, Inc. an estimated 14% and has also significantly decreased operating costs.

Contracts have also been concluded with two electric power companies for renewable energy to be used at stores in Florida, with plans to procure this power from large-scale solar power facilities currently under construction. The plan is for these two companies to supply 90% of the electricity used at 652 stores once the facilities are completed. Under this plan, 7-Eleven, Inc. will procure roughly 88 GWh of renewable energy from solar panels from 2021, with an increase to 175 GWh in 2024.



Large-scale solar power facility in Florida











Initiatives at 7-Eleven, Inc.

<https://www.7andi.com/en/sustainability/overseas/us-sei.html>

External Recognitions and Response to/Participation in External Frameworks

External recognitions (As of December 31, 2021; recognitions are of Seven & i Holdings, unless otherwise noted)

<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*1</p>	 <p>FTSE Blossom Japan</p> <p>FTSE Blossom Japan Index*2</p>
 <p>MSCI ESG Leaders Indexes*3</p>	 <p>Gold Product Safety Company*4</p>	 <p>2021 Certified Health & Productivity Management Outstanding Organizations (White 500)*5</p>
 <p>The first company certified as an Employer Promoting the Active Roles of Persons with Disabilities*6</p>	 <p>Third rank Second rank "L-Boshi" certification mark*7</p>	 <p>"Platinum Kurumin" certification*8 "Kurumin" certification*8</p>

Response to/participation in external frameworks (As of December 31, 2021)

 <p>Response to TCFD recommendations</p>	 <p>Participation in RE100</p>	 <p>Registered with the Whistleblowing Compliance Management System</p>
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*1 For details of the FTSE4Good Index Series, please visit <https://www.ftserussell.com/products/indices/ftse4good>

*2 For details of the FTSE Blossom Japan Index, please visit <https://www.ftserussell.com/products/indices/blossom-japan>

*3 Seven & i Holdings' inclusion in the MSCI index and its use of the MSCI logo, trademark, service mark, and index name do not represent support, recommendation, or promotion of Seven & i Holdings by MSCI or its affiliated companies. The MSCI index is the exclusive asset of MSCI. The name and logo of MSCI and the MSCI index are the trademarks or service marks of MSCI and its affiliated companies.

*4 Ito-Yokado Co., Ltd.

*5 Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd., Akachan Honpo Co., Ltd.

*6 Terube Ltd.

*7 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.

*8 "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., Seven Financial Service Co., Ltd.



External Recognition and Awards

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

Human resource measures [CGC Supplementary Principle 2.4.1]

“Human resources” are the source of the Group’s growth potential. We believe that providing support that enables all employees to improve their ability proactively and linking this to improving productivity as a company are important tasks for allowing diverse human resources to enthusiastically demonstrate their abilities. We will promote human resource measures that are linked to the business strategy by creating an environment where diverse human resources can demonstrate their abilities, developing a system that supports flexible work styles, and implementing measures to improve productivity based on technological innovations, among other things.

Human resource measures linked to the business strategy

Creation of organizations in which both companies and employees can grow together (Motivation for work)

(Development of each employee’s ability and support for self-directed learning, etc.)

Creation of a workplace that is comfortable for everyone

(Work-style reform, improvement of productivity, promotion of diversity and inclusion, etc.)

Improvement of employee engagement

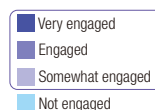
The Group annually conducts an employee engagement survey* with the aim of creating comfortable and fulfilling work environments. We believe that improving engagement and motivation to contribute will energize our organization and enhance corporate competitiveness. In FY2021, we conducted surveys of approximately 82,000 employees at 34 domestic companies.

The results of the employee engagement survey are reported at the Company’s and Group companies’ Board of Directors meetings, management meetings, and other meetings, to analyze the survey results, identify issues, and consider and implement measures. The findings are also used for sharing case studies within the Group. In 2021, Group companies established the Engagement Improvement Committee, led by Group company

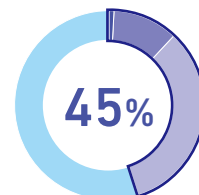
presidents. The committee is primarily chaired by human resources department managers, and diverse employees are selected as members through an open application process. The committee promotes improvement activities by establishing and monitoring action plans for improving engagement based on dialogue with the members.

*The employee engagement survey is an index of employees’ feelings about doing their best and refusing to give up until they deliver results above expectations, while having the “feeling that each and every employee is always playing a leading role” with “pride and passion in everyone’s own work.”

Results of the FY2021 employee engagement survey



*Target: Approx. 82,000 employees
Response rate: 75%
Participating companies are listed on page 11



Members of the Engagement Improvement Committee having a conversation with President Isaka



Joint Group meeting of the Engagement Improvement Committee chairs attended by 29 Group companies

System enhancement centered on Human Resources

Development Department

To address diversifying values, digital transformation, and globalization, as well as to promote human resource measures in line with the business strategy, we separated the education functions of the Personnel Planning Department in August 2020 to establish the Human Resources Development Department to promote the Group's skills and human resources development. We are working to establish our human resources development system to support development of the skills and self-directed learning of employees, all of whom are responsible for value creation.

Furthermore, the Ito Training Center was opened in 2012 with the aim of passing on our founding philosophy and training about know-how and skills. The center, an important place to experience the founding spirit and share the Group's philosophy and initiatives, has been used by more than 400,000 employees to date to nurture the next generation of human resources.



Cooking skills contest at the Ito Training Center

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. To achieve our targets, the promotion of health and productivity management was added as a theme for the Corporate Ethics and Culture Subcommittee under the CSR Management Committee, and various Groupwide efforts, such as walking events, health seminars, mental health training and support for quitting smoking, are being promoted in collaboration with human resources supervisors at Group companies, led by Seven & i Holdings and its Health Insurance Union. These efforts have been recognized and, in March 2021, we were named one of "2021 Certified Health & Productivity Management Outstanding Organizations (White 500)," a certification from the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi, just as we were the previous year.



Health Declaration NEXT Targets



1. Control to achieve appropriate body weight (rate of people with a BMI over 25*1: male: 28% or less, female: 18% or less)
2. Reduce the percentage of smokers*1 (20% or less)
3. Improve the percentage of annual paid leave taken
4. Reduce long working hours
5. Increase the variety of merchandise supporting health developed by the Company
6. Increase the number of in-store cooking demonstrations*2 with health as the theme

*1 BMI and smoking data are totals for 23 Group companies in the Seven & i Holdings Health Insurance Union

*2 Proposal for demonstrating preparation of menu items at stores

Promotion of diversity and inclusion

The Group has a diverse workforce, including part-time employees, non-Japanese employees, and employees who raise children or provide nursing care. We recognize that supporting the active roles of each employee and improving the workplace environment to allow employees to work with fulfillment will not only lead to greater productivity and the securing of human resources but will also increase customer satisfaction and expand innovation, which will become a source of

competitiveness. We are actively involved in diversity and inclusion promotion activities with each Group company. Particularly, to strengthen our initiatives for promoting the advancement of women, in 2021, we established our goal of raising the percentage of female executive officers to 30% by the end of February 2026, and joined the 30% Club Japan*.

*30% Club Japan: Japan chapter of 30% Club, a global campaign to achieve sustainable corporate growth, enhance corporate value, and increase percentage of women in director and key decision-making positions of companies.

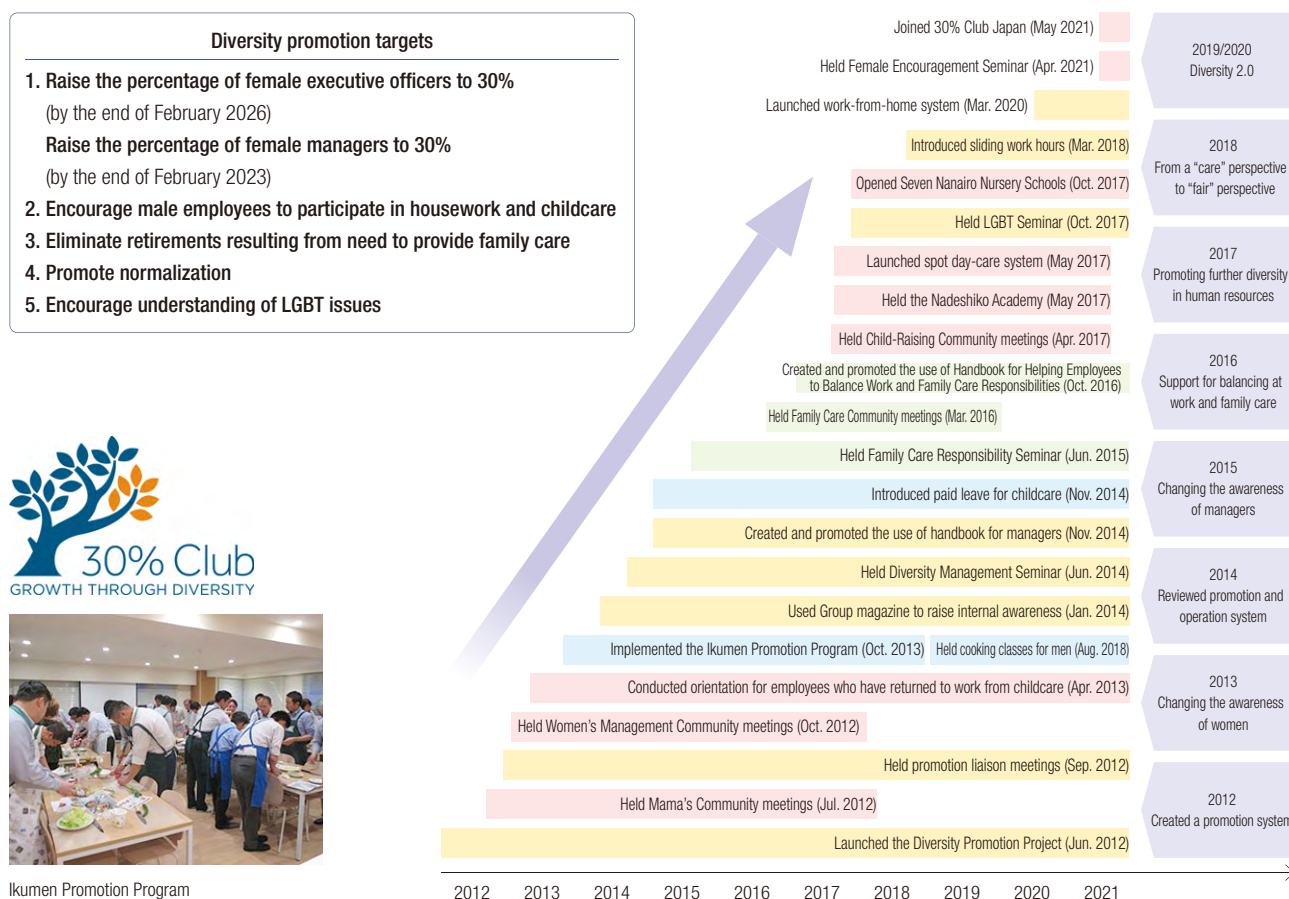
Diversity and inclusion promotion targets and efforts

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 26 Group companies, and to the CSR Management Committee.

The Group has been promoting work-style reforms with Group companies and implementing measures such as creating a culture where diverse human resources can play active roles. We implement various measures across the Group, including Diversity Management Seminars and a training program on

Steps for promoting diversity and inclusion



unconscious biases to change the awareness of managers, the Ikumen Promotion Program to encourage men to participate in housework and child-raising, a childcare leave program, Family Care Responsibility Seminars, and seminars for promoting understanding of LGBT issues. Group companies also promote the development and promotion of women by having them share career plans with supervisors during interviews and actively recruit women for training as candidates for managers and management teams.

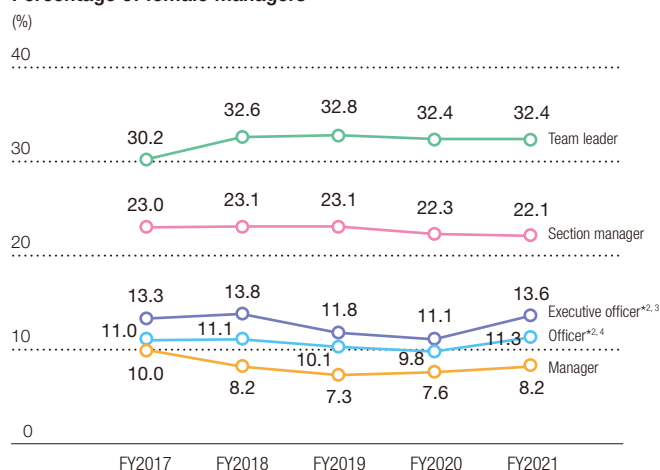
Recruiting non-Japanese and mid-career hires

The Group has been actively promoting overseas employees as local management team members and is actively developing and promoting core human resources to support our global strategy.

In Japan, we are actively recruiting mid-career human resources with diverse experience, and in FY2021, 201 such people joined eight*¹ Group companies.

We do not set specific goals, etc., for recruiting non-Japanese and mid-career hires but evaluate abilities and achievements fairly, regardless of nationality, employment category (new graduate or

Percentage of female managers*¹



*¹ Total for eight companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd., and Seven Bank, Ltd.).

*² Officers represent the total for six companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., and Sogo & Seibu Co., Ltd.) as of May 31 of each year.

*³ Excluding executive officers who are Directors

*⁴ Officers represent the total of Directors, Audit & Supervisory Board Members, and executive officers (excluding executive officers who are Directors).

mid-career), and other factors, and promote a variety of people to management positions to encourage diverse human resources to demonstrate their abilities.

Holding of Female Encouragement Seminars

In 2021, we held the Female Encouragement Seminars, a cross-Group training program aimed at developing female manager candidates, with female employees from 19 Group companies attending. The participants learned from the President and management team members about the Group's management policies and philosophies, merchandise strategies, and initiatives on SDGs, and engaged in discussions. Since the seminars were implemented online, female employees nationwide with reduced work hours due to childcare have been able to participate. The seminars have

become opportunities to raise awareness about management with accounts from perspectives different from those of daily work. Furthermore, through discussions with diverse people with different backgrounds and positions, many participants said that they were encouraged and inspired by women working in the same Group, which enhanced their motivation.



The first term of Female Encouragement Seminars

Support for active participation of non-Japanese employees

The percentage of non-Japanese employees at stores including franchisees of SEVEN-ELEVEN JAPAN is increasing. As of February 28, 2021, a nationwide average of about 9.5% or approximately 39,000 employees are foreign nationals. As part of our support for franchisees, we launched Hospitality Training in 2020, which provides basic lectures on Japanese culture and customer service for

international students and non-Japanese employees. Approximately 180 people have participated so far.



Hospitality Training

Building a sustainable supply chain with our business partners

Since our establishment, the Group has been committed to being a sincere company that our stakeholders trust, as stated in our Corporate Creed.

Various human rights issues have come up in the world today. Expectations are high for companies to fulfill their social responsibilities throughout their supply chains for the merchandise and services they provide. That means respecting and protecting human rights, complying with laws and regulations, protecting the environment, and giving consideration to working conditions. The 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 Sustainable Action Guidelines (“Action Guidelines”).

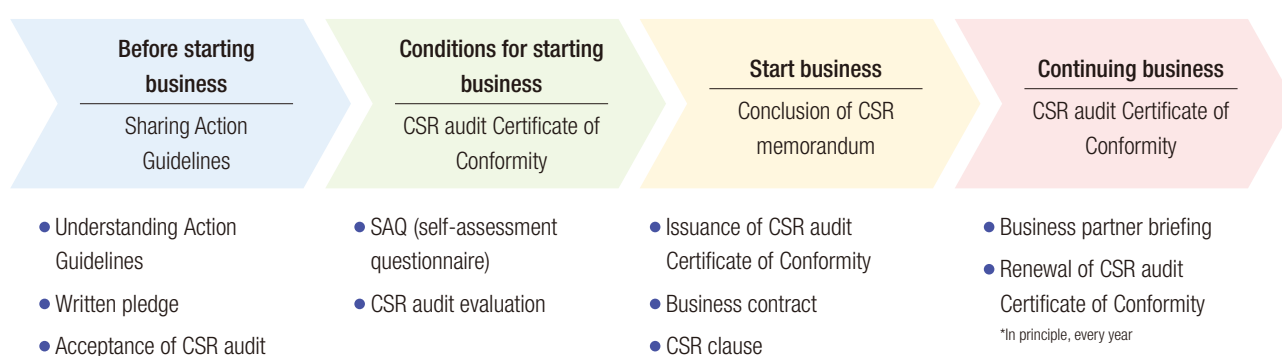
Together with our business partners, we apply the Action Guidelines in building a sustainable supply chain. In this way, we not only provide our customers with merchandise and services whose safety and quality are ensured, but we also promote the protection and respect of human rights, compliance with laws and regulations, global environmental conservation, and consideration for working environments throughout our supply chain.

Implementing CSR audits of business partners

Of the factories to which the Group outsources the manufacture of our private-brand merchandise (*Seven Premium*) and the private-brand merchandise of Group companies, we seek cooperation in our CSR audits from factories in regions (mainly in China and Southeast Asia) that we judge particularly important from the viewpoint of risk management. We also share updates with our business partners on the status of the promotion of the Action Guidelines and support corrective actions to address any problems.

When we request a new business relationship with a Group company, we ask the partner company to understand and comply with the Action Guidelines and undergo a CSR audit. If the business partner is found to comply with the CSR audit or to take any required corrective action, we issue a Certificate of Conformity and start business with the partner. Renewal of the Certificate of Conformity is a prerequisite for continuing business with the Group.

CSR audit certification process for private-brand production facilities in China and Southeast Asia



CSR audit

Conducting CSR audits

The Group conducts audits of business partners' production facilities through a third-party organization in accordance with our own audit criteria, which are based on ISO 26000 and international conventions like the global standards set forth by the International Labour Organization (ILO). Audit items cover adherence to 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. The four most important categories are forced labor, child labor and underage workers, the living wage (minimum wage), and disciplinary action. Audits confirm compliance with CSR audit items through inspection of sites, documents, and data, as well as through interviews with managers and workers. The interviews with workers are

conducted in a room with only auditors present to prevent any instructions or retaliation from employers.

If the audit reveals a non-conforming item, the third-party audit organization will point out the non-conformity to the business partner. Business partners are requested to submit a Corrective Action Plan based on the findings and act immediately to improve the situation. After receiving a report from the business partner on the completion of improvement of the indicated item, the auditors will confirm completion of the improvement after viewing evidence that shows the improvement. However, if a certain standard is exceeded, such as when numerous serious non-conforming items occur, the factory will be visited again, and another audit will be conducted to determine whether the issues have been corrected.

The 16 categories of CSR audits

No.	Category
1	Implementation of management system and rules
2	Forced labor
3	Freedom of association
4	Health and safety
5	Child labor and underage workers
6	Living wage
7	Working hours
8	Discrimination and harassment

■ The four top-priority categories

No.	Category
9	Regular employment
10	Subcontracting agreements, domestic industry, outsourced processing
11	Disciplinary action
12	Global environmental conservation
13	Anti-corruption and fair business practices
14	Ensuring merchandise safety
15	Security management
16	Interests of local communities and disaster response

Results of CSR audits

Results of overseas CSR audits for FY2021 identified major non-conformities at 11 factories, and corrective actions have been implemented. The following non-conformities were identified: the living wage (minimum wage, eight cases) and underage workers (three cases). Inadequate wage payment records were also handled as the non-conformities relating to living wage (minimum wage). The three cases of non-conformity related to underage workers concerned failure to register underage workers with regional governments, failure to conduct health checks, and

overtime work for minor tasks, for all of which corrective actions were confirmed. The CSR audit results did not identify any non-conformities in terms of forced labor, child labor under the age of 15, or disciplinary action.

No major non-conformities were identified in the CSR audits for FY2021 conducted at the 271 factories in Japan to which we outsource the manufacture of our private-brand merchandise (*Seven Premium*).

Numbers of CSR audits (overseas factories)

Fiscal year	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 Plan
Number of factories audited	245	215	274	304	413	Approx. 500
Implementation rate (%) ^{*1}	100.0	100.0	100.0	100.0	89.8 ^{*2}	—

^{*1} Proportion of the number of factories audited to the number of factories where audits were planned (excluding factories that no longer need to be audited due to termination of production or suspension of business relationship)

^{*2} In FY2021, audits at 47 factories were suspended to prevent the spread of COVID-19.

Seven & i Group Human Rights Policy established

As business activities become increasingly globalized, public concern about company initiatives related to respecting human rights is mounting. In addition, while the Group has been conducting activities to protect human rights based on the Corporate Action Guidelines, we believe that it is extremely important to comply with international standards and respect the human rights of our stakeholders. With this in mind, we established the Seven & i Group Human Rights Policy, based on the International Bill of Human Rights (the Universal

Declaration of Human Rights and the International Covenants on Human Rights), the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and other principles and standards. We will continue to engage with our employees, our supply chain, and local communities as we strengthen our efforts to respect human rights.



Details of the Seven & i Group Human Rights Policy

https://www.7andi.com/en/sustainability/policy/human_rights.html

Promotion system

To implement this policy, we have established a Groupwide organization, the Human Rights Promotion Project, and are

promoting initiatives to respect human rights under the supervision of our Board of Directors.

Human rights awareness and training

The Group offers various educational activities and employee training with the aim of creating a corporate culture in which everyone respects the human rights of all customers, business partners, people in local communities, and colleagues, and in which people are aware of all types of discrimination and prejudices and do not discriminate against others or tolerate such behavior.

To further support education at Group companies, we are

working to promote employee understanding with our human rights awareness handbook, “Human Rights for Everyone—Let’s Start by Learning,” and the “Normalization Support Guide.”

Furthermore, to reduce and mitigate human rights risks in the supply chain, we conduct compliance training for business partners and internal personnel in charge of merchandise development and procurement.

Conducting human rights due diligence

The Group has established a human rights due diligence mechanism in accordance with procedures set forth in the UN Guiding Principles on Business and Human Rights, and strives to prevent or mitigate any negative impact on human rights.

If it becomes clear that the Group’s business activities are

causing or contributing to human rights abuse, we work to correct or remedy the situation. Led by the Human Rights Promotion Project, a Groupwide organization, we identify risks of human rights violations in the Group, take preventive, mitigating, or corrective actions, and promote them with the PDCA cycle.

Helplines for human rights issues

The Group has established the Groupwide Employee Help Line as an internal reporting system for Group employees, their family members, and former employees to consult about or report

on any human rights problem in the workplace. In addition, the Group has set up the Business Partner Help Line, which can be used by Directors and Audit & Supervisory Board Members,

employees, and former employees of domestic Group companies' business partners.

The rules of the internal reporting system stipulate that

people who contact the service and those who cooperate by investigating situations will not be subject to disadvantageous treatment.

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* merchandise, we formulated the "*Seven Premium Connect Declaration*," which consists of four pillars: eco-friendliness, health-consciousness, high-quality merchandise, 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 merchandise with less salt and sugars (available carbohydrates) content. In addition, considering seniors, children, and working

women as our main customers, we are developing merchandise to meet the needs of each of these segments to maintain and improve their health, based on the concepts of "add" and "reduce." 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.

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		
	Excessive sugars (available carbohydrates) intake		
	Excessive fat intake		



Example of labeling of nutritional components such as sugars (available carbohydrates) and dietary fiber
"Seven Premium Potato Salad"



Salad Chicken with
0 g of sugar

Our approach to the use of food additives

7-Eleven's fresh food such as boxed lunches are intended to taste as if they had been freshly prepared at home. When we use food additives, we use only the fewest types and minimum amounts needed. We have also set voluntary standards for food additives and strive to minimize the use of food additives that are of high concern to customers.

7-Eleven's approach to the use of food additives in fresh food

- Aim to create a taste like that of food freshly prepared at home
- Use only the minimum amount of food additive as needed
- Establish voluntary standards to restrict use



Details of SEVEN-ELEVEN JAPAN's initiatives

https://www.sej.co.jp/products/anshin/thought_tenkabutsu.html (in Japanese only)

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

SEVEN-ELEVEN JAPAN has used the HACCP (Hazard Analysis and Critical Control Point) method since 1997 to manage food hygiene and raise the level of quality management during food production. Nihon Delica Foods Association (NDF)*¹ has developed its own NDF-HACCP Certification System for labor-intensive industries producing small lots of many varieties, and SEJ has obtained this certification for all its production facilities. Moreover, in October 2018, in response to the institutionalization of the HACCP international standard, the certification structure was revised to the NDF-FSMS Certification System*². In March 2020, all dedicated production facilities that manufacture original merchandise such as boxed lunches, rice balls, sandwiches, prepared dishes, noodles,

bread, and pastries acquired certification and conform to the standard. (As of February 28, 2021, the total number of dedicated production facilities was 166.)

Similarly, all production facilities that manufacture the Group's private-brand merchandise, *Seven Premium*, are in the process of acquiring certification and conforming to food safety management criteria such as ISO 22000, FSSC 22000, and JFS standards, which are consistent with international standards, including Codex HACCP. (As of February 28, 2021, 92% of production facilities had acquired certification.)

*¹ Nihon Delica Foods Association (NDF): NDF was formed in 1979 to improve hygiene quality management levels at daily food production facilities and to eliminate differences in quality of region-based merchandise.

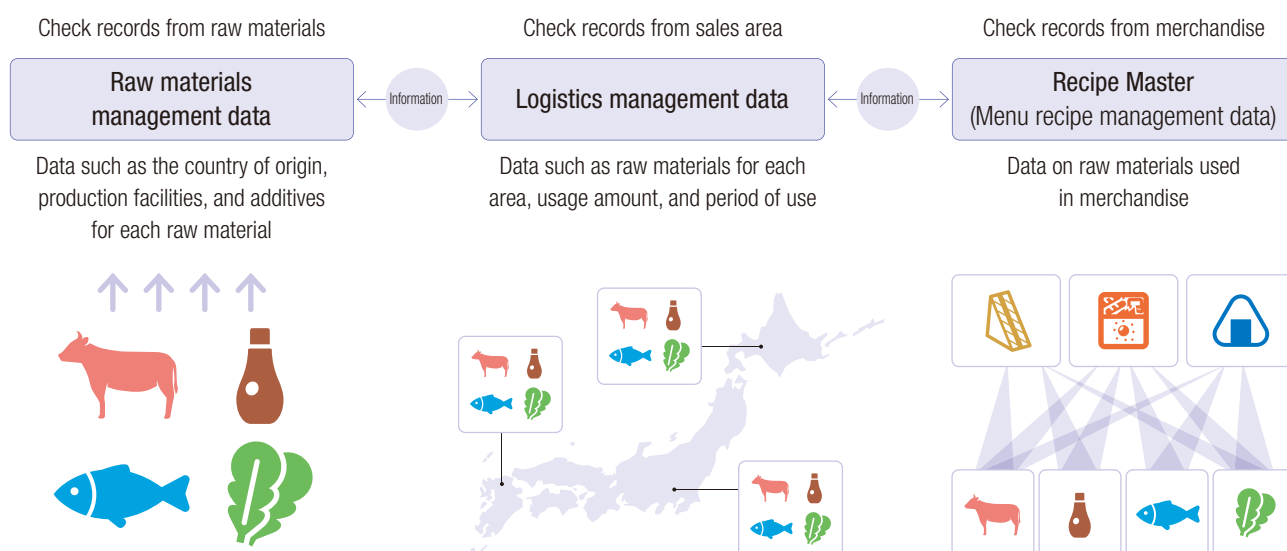
*² FSMS: Food Safety Management System. A structure for delivering safe and trustworthy food to consumers by appropriately controlling hazards that threaten food safety.

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

SEVEN-ELEVEN JAPAN maintains a database of the production history of all the raw materials used in its original merchandise, from the place of production to the time of harvest. SEJ also controls which raw materials 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 SEJ's

commitment to producing safe, high-quality merchandise and its efforts to build a system of dedicated production facilities. This will allow SEJ 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 preparedness and response

To fulfill its function as social infrastructure even in a disaster, the Group puts the highest priority on human life and strives to resume and continue operations as soon as possible and fulfill the mission of protecting the lifelines of local communities.

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, the system has been continued

to evolve to further contribute to early recoveries from disasters by strengthening cooperation with the government and research institutions since FY2020. We currently have a system in place that supports the Group's contingency planning with a map showing locations of Ito-Yokado, York-Benimaru, York, Sogo & Seibu stores and Denny's restaurants. 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 Iburi 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, merchandise supply, and decisions on optimal distribution routes.



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