

# Seven & i *HLDGS.* CSR Report 2016



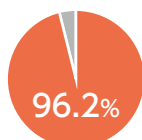
## About the CSR Report

CSR Report 2016 covers CSR initiatives implemented by Seven & i Holdings, our holding company, and its operating companies. There is detailed reporting on initiatives each operating company has taken in regard to the Five Promises (material issues) and CSR activities overseas.

### Report Coverage

The Report mainly covers the following organizations. Information on each company is also available on the following websites. (URLs are for CSR-related pages or the top pages of each company's website).

Sales of reporting organizations  
as a percentage of overall sales



Seven & i Holdings Co., Ltd.

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

Seven-Eleven Japan Co., Ltd. (in Japanese)

<http://www.sej.co.jp/social/index.html>

Ito-Yokado Co., Ltd. (in Japanese)

<http://www.ityokado.co.jp/company/iycsr/>

Sogo & Seibu Co., Ltd. (in Japanese)

<http://www.sogo-seibu.co.jp/csr.html>

York-Benimaru Co., Ltd. (in Japanese)

<http://www.yorkbeni.co.jp/enviro/index.html>

York Mart Co., Ltd. (in Japanese)

<http://www.yorkmart.com/company/preservation/>

Seven & i Food Systems Co., Ltd. (in Japanese)

<http://www.7andi-fs.co.jp/7fs/company/csr.html>

Seven Bank, Ltd.

<http://www.sevenbank.co.jp/english/ir/csr/>

Akachan Honpo Co., Ltd. (in Japanese)

<http://www.akachan.jp/company/csr/>

7-Eleven, Inc.

<http://corp.7-eleven.com/corp/background-information>

SEVEN-ELEVEN (HAWAII), INC.

<http://www.7elevenhawaii.com/home>

SEVEN-ELEVEN (BEIJING) CO., LTD.,

SEVEN-ELEVEN(TIANJIN) CO., LTD. (in Chinese)

<http://www.7-11bj.com.cn/>

SEVEN-ELEVEN (CHENGDU) Co., Ltd. (in Chinese)

<http://www.7-11cd.cn/>

Hua Tang Yokado Commercial Co., Ltd. (in Chinese)

<http://www.ht-store.com/d/index.do>

Chengdu Ito-Yokado Co., Ltd. (in Chinese)

<http://www.iy-cd.com/>

### Period of the Report

This report covers our activities during the fiscal year ended February 29, 2016 (March 2015 to February 2016). Some of our activities in the fiscal year ending February 28, 2017 are also included.

### References

GRI G4 Sustainability Reporting Guidelines

ISO 26000

Current Report October 2016

### Disclaimer

The data shown in this report are based on information as of the time of writing. Actual activities and results may differ depending on future social changes.

## Contents

Top Message	3
Basic Policies of CSR Initiatives	4
Stakeholder Engagement	6
Corporate Governance	8
Compliance	10
CSR Management	14

Seven & i Holdings' Material Issues	19
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Providing Social Infrastructure for an Aging Society and Declining Population

22



Providing Safety and Reliability through Products and Stores

31



Non-Wasteful Usage of Products, Ingredients and Energy

48



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

68



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

88

Social Contribution Activities	99
Overseas Initiatives (North America)	104
Overseas Initiatives (China)	110
Awards and Recognition by Outside Parties	122
Greenhouse Gas Emissions Verification Statement	124

### We will always propose new values for society and meet the expectations of our stakeholders.

The operating environment in the retail industry presented positive signs in some areas, following a course of gentle economic recovery due in part to the government's economic stimulus measures and other factors. However, the outlook for consumer spending remains unclear due to a large number of uncertain factors including further tax increases and the issue of pensions.

Meanwhile, looking at the overall social situation surrounding Seven & i Holdings, the global environment is presenting issues including climate change, resource depletion, and inequality and human rights. In Japan, meanwhile, companies are facing more diverse social issues such as the decline in the birthrate and the aging population, population decline, and the decline of retail stores and service centers.

Against such a background, last year was a landmark year in terms of sustainability as the UN adopted the Sustainable Development Goals\*<sup>1</sup> and the Paris Agreement was concluded at the end of the year as a framework convention at the COP21 meeting on climate change. Moreover, Japan's Corporate Governance Code also started operating in Japan last year and requires corporate management to take a medium- to long-term view, including by clearly stating the principle that "companies should take appropriate measures to address sustainability issues, including social and environmental matters." To respond to these changing times, the Seven & i Group began two years ago to engage in multiple dialogues and discussions with stakeholders and identified five material issues for the Group to address. While leveraging the strength of our diverse business formats responding to the needs of about 22.0 million customers visits per day in Japan, we are also advancing various initiatives such as supporting shopping as a social infrastructure, reducing the impact that stores have on the environment and promoting diversity. However, taking into account the recent further rise in expectations and demands that society makes of companies, we believe that there is a need to further strengthen initiatives to create value among both society and companies toward sustainable development. One way we responded to this challenge was to establish the Social Value Creation Subcommittee under the CSR Management Committee. We became a signatory to the UN Global Compact\*<sup>2</sup> in 2012, and in addition to abiding by its 10 principles, we are working with even greater intensity to work as a Group to resolve social issues through our operations in such ways as by creating new products, services, and business opportunities.

We will remain close to our ever-changing society and customers to constantly propose new values to society. Going forward, we will continue to follow the corporate creed of "We aim to be a sincere company that our customers trust."

\*1. Sustainable Development Goals (SDGs): The SDGs were adopted by all of international society in a unanimous vote of 193 member countries at the UN Sustainable Development Summit in September 2015. There are 17 goals and 169 targets comprising priority issues on a global scale and making clear a vision for the world in 2030.

\*2. UN Global Compact:

This is a voluntary participation initiative within a global framework whereby companies or organizations act as good members of society by displaying responsible and creative leadership to realize sustainable growth. There are 10 principles in four fields (human rights, labor, environment, anti-corruption) recognized by global society and globally adopted and agreed up as universal values.



President and  
Representative Director  
**Ryuichi Isaka**

## Basic Policies of CSR Initiatives

Seven & i Holdings conducts its business activities based on its corporate creed of aiming to be a sincere company trusted by all stakeholders. We have stated the actions for realizing that creed in our Corporate Action Guidelines. Furthermore, the Corporate Action Guidelines are in accord with the Universal Declaration of Human Rights, the International Labour Organization, ISO 26000, the Global Reporting Initiative, and the UN Global Compact.



### Corporate Creed

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

### The basic posture of Seven & i Holdings employees

#### ▶ Corporate Action Guidelines

1. Compliance
2. Relationship with Customers
3. Relationship with Business Partners
4. Relationship with Shareholders and Investors
5. Relationship with Local Communities
6. Human Resources and Workplace Environment
7. Environmental Management
8. Social and Cultural Contribution Activities
9. Reporting Misconduct and Violative Conduct

### Policies for each measure

- Quality Policy
- Environmental guidelines and environmental rules
- Seven & i Holdings Environmental Declaration Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming
- Basic Policy on Sustainable Procurement
- Business Partner Action Guidelines
- Basic Policy on Social and Cultural Contribution, Social and Cultural Contribution Action Guidelines

### Support for the United Nations Global Compact

Seven & i Holdings supports the 10 principles of the UN Global Compact, a worldwide framework for achieving sustainable growth, and carries out CSR activities through its core businesses to fulfill these principles.



Network Japan  
WE SUPPORT

▶ UN Global Compact

### Addressing the Sustainable Development Goals

Seven & i Holdings is working to solve social issues through its business activities, with a view to achieving the Sustainable Development Goals\* adopted at a United Nations summit held in 2015.

\* The international community's shared goals for attaining the sustainable development of society, the economy, and the environment by 2030, in order to ensure all people enjoy peace and prosperity.

# SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



➤ Sustainable Development Goals

## Stakeholder Engagement

Since its foundation, Seven & i Holdings has aimed to be a sincere company, trusted by all of its stakeholders, including customers, business partners, shareholders, local communities, and employees. We believe it is important to strive to understand the requirements and expectations that stakeholders have of the Company and the Group, and to respond to these. For this reason, Seven & i Holdings and its Group companies will strive to respond quickly to feedback from our stakeholders—the opinions, desires, areas of dissatisfaction, requests, and so forth, that we receive through our dialogue with them. We will reflect this feedback in our management decision making process and business activities.

### Seven & i Holdings' Stakeholders

Engagement with Stakeholders		Main Engagement Methods	Main Response Policy
<b>Customers</b>	We constantly think of things from the customer's standpoint, and to earn our customers' trust we value communication, and will continue to respond to their feedback.	<ul style="list-style-type: none"> <li>Daily operations</li> <li>Inquiries to the customer feedback department</li> <li>Customer questionnaires</li> <li>Website community that invites customers to participate</li> </ul>	<ul style="list-style-type: none"> <li>Provide products and services that enrich customers' lives</li> <li>Improve products and services and ensure safety</li> <li>Label accurately in an easily understandable manner</li> <li>Manage personal information appropriately</li> <li>Promote universal design</li> </ul>
<b>Business Partners</b>	Our products and services could not be supplied without the cooperation of our business partners. We will rigorously observe laws and regulations and internal rules relating to fair trade as well as build relationships of trust with business partners to ensure maintenance of safety and security and accounting for human rights and the environment. We will work together with them to carry out our social responsibilities.	<ul style="list-style-type: none"> <li>Product development meetings</li> <li>Quality improvement meetings</li> <li>Informal gatherings with business partners</li> <li>CSR audits of business partners</li> <li>Business Partner Help Line</li> </ul>	<ul style="list-style-type: none"> <li>Development of products and services through team merchandising</li> <li>Fair trade</li> <li>Compliance with laws and regulations through the supply chain and consideration for human rights and the environment</li> </ul>
<b>Shareholders and Investors</b>	Our operations are underpinned by the investments of our shareholders and investors. To respond to their trust, we emphasize highly transparent management and communication and fulfill our duty of accountability through disclosure.	<ul style="list-style-type: none"> <li>General Shareholders' Meeting</li> <li>Financial results presentations</li> <li>Meetings with investors</li> <li>Information website for investors and organization newsletter</li> </ul>	<ul style="list-style-type: none"> <li>Maximization of shareholder value and return profits</li> <li>Proper accounting procedures and timely disclosure of information</li> <li>Highly transparent management</li> <li>Accountability toward beneficiaries</li> </ul>
<b>Local Communities</b>	We aim to play an indispensable role in our local communities. To this end, by providing products and services matching the lifestyles in local communities, encouraging local production and local consumption and coexisting with communities, we will promote activities that contribute to community development.	<ul style="list-style-type: none"> <li>Regional Comprehensive Economic Partnerships with local governments</li> <li>Participation in community activities</li> <li>Dialogue through industry groups</li> </ul>	<ul style="list-style-type: none"> <li>Provision of products and services matching regional characteristics</li> <li>Consideration for living environments in regional areas</li> <li>Contribution to regional development</li> <li>Resolution of social issues in collaboration with NGOs, NPOs and others</li> <li>Safe and reliable urban development in collaboration with administrative authorities</li> <li>Support for local production and local consumption, dietary education, child-raising, the elderly, and people with disabilities</li> <li>Provision of products after the occurrence of natural disasters and support for affected areas</li> <li>Participation in volunteer activities</li> </ul>
<b>Franchise Store Owners</b>	Seven-Eleven Japan (SEJ) believes that relationships of trust with owners of franchise stores is the core of its business, and these relationships should be mutually beneficial. Through dialogue with Operations Field Consultants (OFCs) we build good relationships based on strong mutual trust and contribute to realizing comfortable and more prosperous lives for customers.	<ul style="list-style-type: none"> <li>Regular OFC visits to stores</li> <li>Product exhibitions</li> <li>Training and workshops by region</li> <li>Owners' organization newsletter</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of management structure</li> <li>Strengthening of store operation capabilities</li> <li>Strengthening of partnerships</li> <li>Construction and ongoing improvement of a highly competitive franchise system</li> </ul>
<b>Employees</b>	We aim to realize workplaces where employees can participate actively and find satisfaction in their work. To	<ul style="list-style-type: none"> <li>Management policy briefings</li> <li>Employee opinion survey</li> </ul>	<ul style="list-style-type: none"> <li>Respect for human rights, diversity, and individuality</li> </ul>

	<p>this end, we will create working environments that are fair, just, and considerate of human rights. We will also create environments that protect privacy and safety, while helping workers to develop their capabilities and facilitate their work.</p>	<ul style="list-style-type: none"> <li>Employee training</li> <li>Self-check systems and individual meetings</li> <li>Internal portal website and Group newsletter</li> <li>Employee Help Line</li> </ul>	<ul style="list-style-type: none"> <li>Creation of discrimination-free workplaces that consider human rights</li> <li>Utilization of diverse human resources</li> <li>Occupational health and safety and prevention of workplace accidents</li> <li>Achievement of work-life balance</li> <li>Preventative care for mental health</li> <li>Promotion of employee health</li> <li>Transparent and fair evaluations</li> <li>Respect for rights, such as the right for employees to engage in collective bargaining</li> <li>Support for development of employee abilities</li> </ul>
Global Environment	<p>Our business is dependent on the blessings of the earth's environment. Therefore, we will provide products and services taking into account the sustainability of the environment, while cooperating with customers, business partners, and employees to reduce the environmental impact throughout the entire supply chain.</p>	<ul style="list-style-type: none"> <li>Inquiries to the customer feedback department</li> <li>Product and packaging materials suppliers</li> <li>National and local governments, NPOs and NGOs, and residents of store neighborhoods</li> <li>Equipment and maintenance companies</li> <li>Waste disposal companies</li> </ul>	<ul style="list-style-type: none"> <li>Reduced CO<sub>2</sub> emissions</li> <li>Reduced energy consumption</li> <li>Environmental awareness among employees</li> <li>Compliance with environmental legislation</li> <li>Installation of energy saving and environmentally friendly equipment</li> <li>Water-saving measures</li> <li>Reduction of waste and promotion of recycling</li> <li>Reduction of packaging materials</li> <li>Preservation of biodiversity</li> <li>Environmentally considerate products and services</li> </ul>

## Corporate Governance

As a holding company that oversees and controls its operating companies, it is our mission to strengthen corporate governance and maximize the enterprise value of our Group.

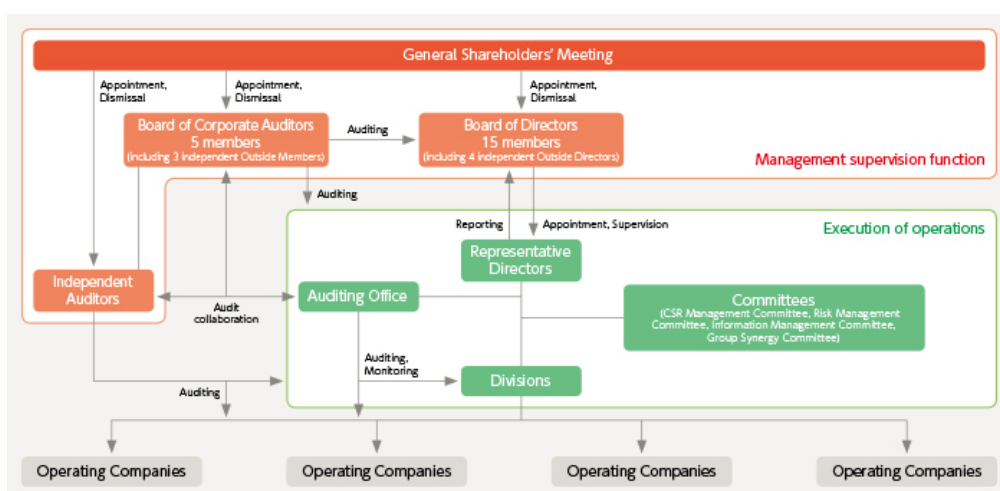
### Corporate Governance System Supported by Executive Officer and Corporate Auditor Systems

The Board of Directors of Seven & i Holdings is composed of 14 Directors (of whom 4 are Independent Outside Directors). The executive officer system has been adopted for prompt decision making and operations under a rapidly changing management environment. The Board of Directors is responsible for formulating business strategies and supervising operations, and 16 executive officers, including those who also serve as Directors, execute business operations. The Board of Directors oversees management strategy formulation and execution of duties. The term of Directors has been set to one year, to reflect the intentions of shareholders in a timely manner.

The Audit & Supervisory Board is composed of four members (of whom three are independent Outside Audit & Supervisory Board Members), and monitors management. In addition to attending Board Meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Director and periodically interview Directors regarding the status of business execution. In addition, they share information with operating companies' directors and independent auditors and strictly audit the directors' performance of duties. The Outside Directors and Outside Audit & Supervisory Board Members conduct corporate governance based on the executive officer system and the Audit & Supervisory Board Member system by providing advice and suggestions to ensure the validity and appropriateness of Corporate Governance System Supported by Executive Officer and Corporate Auditor Systems decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

- ※1. Seven & i Holdings emphasizes the independence of Outside Directors and Outside Audit & Supervisory Board Members. Individuals are selected who are unlikely to be in a conflict of interest with general shareholders and who are capable of offering supervision, auditing, advice, and suggestions based on expert knowledge and experience, from objective and neutral standpoints.
- ※2. The number of people is as of the end of August 2016.

### Corporate Governance System (As of October 31, 2016)



### Nomination and Compensation Committee

Seven & i Holdings has established the Nomination and Compensation Committee with an Independent Outside Director as the Chair to be an advisory committee to the Board of Directors. The committee deliberates on the nomination and compensation of Representative Directors, Directors, Audit & Supervisory Board Members and executive officers to utilize the knowledge and advice of Independent Outside Directors and Outside Audit & Supervisory Board Members. This ensures procedural objectivity and transparency in deciding on officer nomination and compensation, thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions.

### Committees

Seven & i Holdings has established the CSR Management Committee, Information Management Committee, Risk Management Committee, and Group Synergy Committee, which report to the Representative Director. Each committee cooperates with the operating companies to determine Group policies and to manage and supervise their dissemination and execution with an eye to strengthening corporate governance.

### CSR Management Committee

In the Group corporate creed and the Seven & i Holdings Corporate Action Guidelines, etc., Seven & i Holdings and its Group companies have made a public commitment to implementing ethical corporate activities, strictly observing laws, regulations, and social norms, and fulfilling their corporate social responsibilities to continue to be trusted and known for integrity. On that basis, Seven & i Holdings shall establish, maintain, and utilize compliance systems, centered on the CSR Management Committee.

The CSR Management Committee endeavors to maintain compliance with the Seven & i Holdings Corporate Action Guidelines, following the corporate creed of "We aim to be a sincere company that our customers trust" with respect to its various stakeholders. The committee works to contribute to resolving social issues through business activities and aims for society and the Group to achieve sustainable growth. To achieve these objectives, four subcommittees (Corporate Ethics and Culture Subcommittee, Consumer Affairs and Fair Business Practices Subcommittee, Environment Subcommittee and Social Value Creation Subcommittee) have been established under the CSR Management Committee. Each subcommittee prioritizes main issues to be addressed from the standpoint of the Group's business characteristics, and then develops and implements measures for achieving solutions. In addition, greater efforts are being exerted to be thorough with compliance, including the establishment and operation of an independent, external helpline, promotion of fair trade, and establishment and dissemination of the Seven & i Holdings Corporate Action Guidelines and guidelines for each company.

## Risk Management Committee

Seven & i Holdings, in accordance with the "basic rules for risk management," establishes, maintains, and utilizes comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze and evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.

The Risk Management Committee regards all phenomena that threaten continuation of our businesses and hinder sustainable growth as risks, and works to strengthen comprehensive and integrated risk management.

In the fiscal year ended February 29, 2016, the Committee focused on promoting collaboration between risk management and management by establishing risk assessment standards and techniques that form key indicators. In addition, the Committee worked in collaboration with respective divisions toward solving issues currently confronting the Group.

In the fiscal year ending February 28, 2017, the committees will work to reduce the Company's overall risk by taking steps to strengthen risk management even further. Specifically, the committees will work together with operating companies to identify the inherent risk issues for each Group company from a medium- to long-term perspective and examine measures for resolving them.

## Information Management Committee

The Information Management Committee is in charge of initiatives to strengthen corporate governance and information security based on gathering and managing information.

In the fiscal year ended February 29, 2016, in response to the full-scale revision of the system for reporting of Group companies to the Seven & i Holdings, the committee gathered important information from each company in an appropriate and timely manner and worked with them to strengthen its systems, while revamping the system for centrally managing that information and reporting it without omission or delay to management and relevant departments.

The committee also worked to strengthen information security in response to heightened social interest in protection of personal information and to ensure that customers can use the Group's integrated portal website, omni7 safely and securely. All business sites within the Group that handle personal information in relation to omni7 have acquired the international standard ISO 27001 certification for information security management. In the fiscal year ending February 28, 2017, the committee will continue working to strengthen the system for gathering and managing information. It will also formulate information security standards to be achieved by the Group and promote them throughout Group companies. At the same time, the committee will also take steps to bolster security at certified business sites and expand them as necessary.

## Group Synergy Committee

The Group Synergy Committee is composed of subcommittees that discuss common themes throughout the Group. For example, by sharing and utilizing the expertise in areas such as product development and promotion that each Group company has cultivated, the Group creates safe, reliable, and useful products and services of high quality led by our private-brand Seven Premium products. Making use of the scale merit brought about for the Group, significant cost reductions have also been attempted through collaborative purchasing of commercial and materials, equipment and more.

## Internal Control Systems

Seven & i Holdings has worked to enhance its internal control systems to achieve the required conditions of internal control: (1) operational effectiveness and efficiency; (2) reliability in financial reporting; (3) strict compliance with laws and regulations in operating activities; and (4) appropriate preservation of assets.

The Auditing Office, which is an independent internal auditing department, has an oversight function to verify and provide guidance on internal auditing by operating companies or directly audit them, and an internal auditing function for auditing the holding company, Seven & I Holdings. In addition to the operational auditing director for performing these operations, the internal control evaluation director has been appointed to evaluate internal controls of core operating companies.

## Compliance

Seven & i Holdings places absolute priority on compliance with laws and regulations and social norms. The Company also strives to ensure that sound corporate governance is functioning and secured by management.

### Seven & i Holdings Corporate Action Guidelines

The Seven & i Holdings Corporate Action Guidelines present the behavior that each employee should practice in order to realize the spirit of "reliability and sincerity" expressed in the Group's corporate creed. The guidelines call for employees to comply with laws, regulations, and social norms, to uphold laws and regulations such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, as well as internal rules, and conduct business under appropriate conditions in line with sound trading practices, and not to have any contact with antisocial groups.

➤ [Details of the Seven & i Holdings Corporate Action Guidelines can be found here](#)

#### Basic Policy

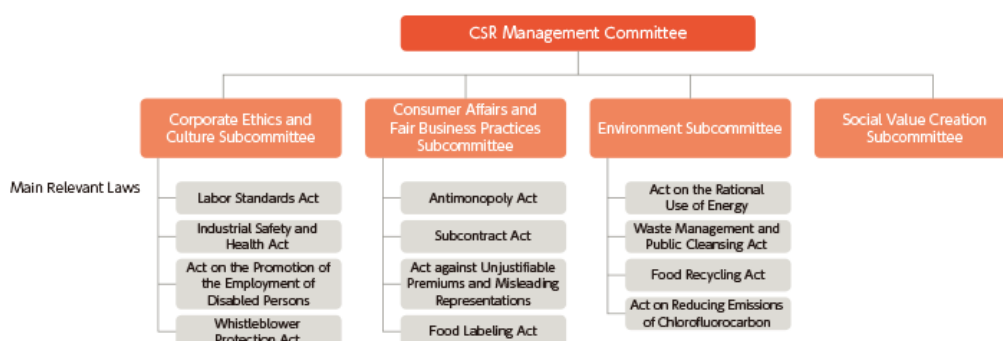
1. Provision of safe, high-quality products and services
2. Maintenance of fair, transparent transactions
3. Cooperation with local and international communities
4. Respect for human rights
5. Respect for diversity and improvement of job satisfaction
6. Preservation of the assets and information of the Company
7. Contribution to a sustainable society
8. Dialogue with stakeholders
9. Efforts regarding social issues

#### Code of Corporate Conduct

1. Compliance (Legal Compliance)
2. Relationship with Customers
3. Relationship with Business Partners
4. Relationship with Shareholders and Investors
5. Relationship with Local and International Communities
6. Relationship between the Company, and Directors, Officers and Employees
7. Preservation of Global Environment

### Compliance System

Seven & i Holdings strives to promote the Corporate Action Guidelines throughout the entire Group and to ensure compliance. To this end, three subcommittees under the CSR Management Committee, chaired by the CEO—the Corporate Ethics and Culture Subcommittee, the Consumer Affairs and Fair Business Practices Subcommittee, and the Environment Subcommittee—work together with each operating company to confirm that the guidelines are being observed and that everyone is being made aware of them.



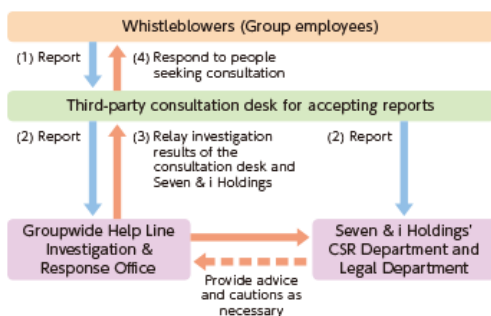
### Internal Reporting System

Seven & i Holdings has set up the Groupwide Help Line and the Business Partner Help Line to prevent conduct that could result in loss of public credibility and to ensure early detection, early remediation, and recurrence prevention. The Groupwide Help Line is for receiving reports from employees of Group companies in Japan, and the Business Partner Help Line is for reports from business partners. Both help lines have a consultation desk operated by a third party under a service contract and a non-disclosure agreement to protect the privacy of people consulting or whistleblowing, and ensure that the content of their reports are not disclosed publicly or leaked. When the Company receives a report, it quickly confirms the facts, corrects any violations that are found, and strives to prevent a recurrence. To create an environment that facilitates reporting, reports can be made anonymously, while both employees and business partners are bound by operating regulations not to subject whistleblowers to disadvantageous treatment for having made a report. The person is contacted four weeks after completion of the case by the third-party consultation desk to check that they have not suffered retaliation or disadvantageous treatment. Seven & i Holdings' CSR Department keeps track of the number and nature of the reports for each Group company, as well as the status of responses, to ensure that the actions taken by the operating companies are appropriate. Moreover, every six months, the CSR Department reports to Seven & i Holdings' CSR Management Committee and Audit & Supervisory Board.

#### Groupwide Help Line

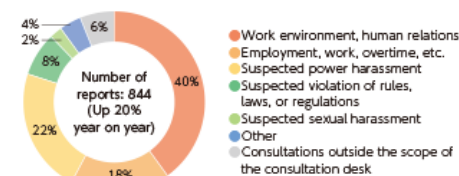
The Groupwide Help Line serves employees, their families, and former employees. To ensure that all employees are aware of the system and its contact points, it is explained in employee training and posters are put up in every workplace and store.

## Procedural Flow for the Groupwide Help Line

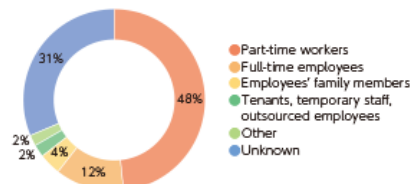


## Number of reports for the fiscal year ended February 29, 2016

### Breakdown of Internal Reports



### Breakdown of People Seeking Consultations

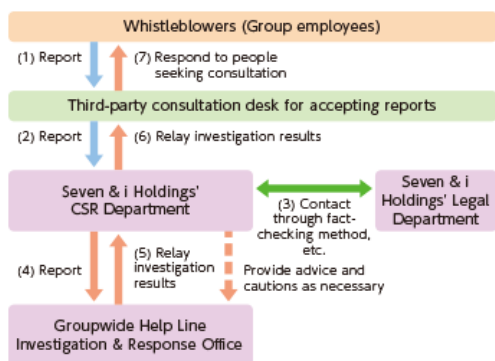


\* For the Groupwide Help Line, some Group companies have their own internal reporting consultation desks in addition to third-party consultation desks. Moreover, operating companies in North America and China also have their own internal reporting systems to receive reports from employees and offer consultation.

## Business Partner Help Line

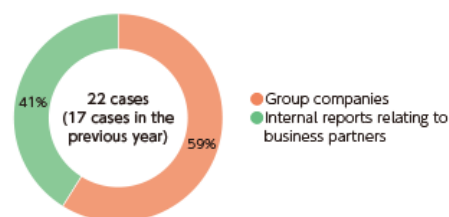
The Business Partner Help Line is provided for directors and audit & supervisory board members, employees, and former employees of Group companies' business partners. To ensure that business partners are fully aware of the help line system and its points of contact, we explain it at briefings for and distribute information in pamphlets.

### Procedural Flow for the Groupwide Help Line



### Number of reports for the fiscal year ended February 29, 2016

#### Breakdown of Internal Reports



#### Report:

- Suspected violation of rules, laws, or regulations
- Consultation regarding product safety and reliability
- Inappropriate employee behavior

## Example of the Business Partner Help Line in Action

### Example of a Group company

#### Report:

A sales floor staff member dispatched from a business partner made a report regarding power harassment at a Group company store. The sales area supervisor had joined with other sales staff at neighboring sales areas in harassing the staff member, who had subsequently become unable to continue work.

#### Fact checking:

The manager of the store where the staff member worked conducted interviews with other employees working in the same sales area.

#### Response:

After confirming that power harassment had in fact occurred, the sales floor supervisor was reprimanded.

## Education and Training of Employees

Seven & i Holdings and its Group companies conduct education on the theme of compliance when employees enter the Company and in group training for newly appointed managers when they are promoted. Moreover, each Group company prepares action guidelines that reflect the characteristics of its own business. These present specific guidance on how to put the Seven & i Holdings Corporate Action Guidelines into practice, and they are distributed, promoted, and made known among all employees. Looking ahead, all Group employees in Japan are to receive education via e-learning.



## Compliance survey

Seven & i Holdings conducts the Employee Opinion Survey, an anonymous biennial survey to gauge employees' general awareness, awareness of compliance, sense of job fulfillment, and acceptance of their personnel evaluations.

Based on the results of this survey, each operating company proposes and carries out improvements for each issue.

➤ [For more details of the Employee Opinion Survey](#)

## System for Prevention of Noncompliance regarding Business Partners

The Consumer Affairs and Fair Business Practices Subcommittee has established the Fair Trade Project with the FT (Fair Trade) Committee of the legal division and the personnel in charge of fair trade at each Group company. In this project, the members share information on the latest laws and regulations, cases of unfair business practices at Group companies or other companies in the industry, and measures for improvement. If a case of an unfair business practices occurs, or is suspected, the FT Committee and the CSR Department work together to check the facts with the department and business partners concerned. If any issues are found to exist within the Group, they are dealt with appropriately according to that company's work regulations. (There were no compliance violations relating to business partners in the fiscal year ended February 29, 2016.)

### Prevention of Noncompliance at Operating Companies

Each operating company has a division to rigorously ensure fair trading practices at Group companies, such as the FT Committee headed by the company president. These divisions are responsible for training the personnel responsible for procurement as regards the laws and regulations related to contracts, such as the Antimonopoly Act and the Subcontract Act. The status of legal compliance at each Group company is confirmed through a monitoring survey of each company conducted by the FT Committee of Seven & i Holdings' Legal Department.

### Prevention of Noncompliance Regarding Business Partners

In the final stage of negotiations with each business partner, to ensure there are no later disagreements between the personnel in charge of purchasing at each company and the representative of the business partner, the predetermined content of their discussions are recorded in a standardized format for each party to retain a copy.

Moreover, Seven & i Holdings conducts individual employee interviews once every six months. At the individual interviews of personnel in charge of purchasing, their compliance with fair business practices is evaluated and reflected in their compensation package.



## Protecting Personal Information and Appropriately Securing the Safety of Information Assets

As a sincere company trusted by its stakeholders, Seven & i Holdings has made it mandatory for all officers and employees to protect the personal information handled by the Group and appropriately secure the safety of information assets as a material management and business issue and a social responsibility. The Company has provided a Group-wide information security policy and IT security standards.

➤ [Privacy Policy can be found here](#)

➤ [Basic Policy on Information Security can be found here](#)

## Tax-Related Policies

Based on the Seven & i Holdings Global Tax Policy, Seven & i Holdings has a tax strategy that corresponds with its management strategies, and carries out uniform Companywide tax management.

### Seven & i Holdings Global Tax Policy

Seven & i Holdings has a basic policy of establishing high-quality corporate governance systems at the Company and its Group companies, including overseas subsidiaries. The systems are designed to ensure sound, sustainable growth and to uphold public trust. To provide appropriate countermeasures for tax-related risks, including changes in the tax governance environment in Japan and overseas, reputational risk, brand value degradation, and corporate social responsibility, we have a tax strategy that corresponds with our management strategies, and we will carry out uniform Companywide tax management.

In line with the above, Seven & i Holdings has adopted the following global tax policy.

#### ■ 1. Legal Compliance

Seven & i Holdings and its Group companies, including overseas subsidiaries, always comply with the taxation laws in the countries where they operate. Moreover, they also respect the intention of such laws by paying taxes appropriately as a way of contributing to the economic development of the countries.

To ensure that our compliance with tax-related laws and our tax management are appropriate, we follow the guidelines for developing internal controls for financial reporting to build and develop internal control systems that ensure appropriate accounting procedures and financial reporting. We also operate these systems appropriately and have inside and outside audit & supervisory board members check and assess the effectiveness of the controls.

## ■ 2. Ensure Transparency

Seven & i Holdings and its Group companies, including overseas subsidiaries, provide timely and appropriate disclosure of management data and tax payment status in accordance with the laws of each country where they have operations.

Moreover, the Company and its Group companies, including overseas subsidiaries, do not engage in tax avoidance practices, which seek to excessively reduce tax payments, and transactions between operating companies are conducted according to the arm's length principle.

## ■ 3. Relationship with Tax Authorities

Seven & i Holdings and its Group companies, including overseas subsidiaries, strive to ensure transparency and reliability with regard to their tax obligations by responding in good faith to the tax authorities in the countries where they operate and international tax authorities.



### Tax-Related Risks

Seven & i Holdings has evaluated the impact of tax obligation risks on future value creation. As a result, we recognize the risk from changes in accounting standards and tax systems such as transfer pricing taxation as a financial risk, and the risk associated with M&A and business reorganizations as a business risk.

#### Financial Risks

The Group could encounter unforeseen introductions of new accounting standards or taxation systems, or changes to existing systems, which could affect its business performance or financial position.

#### Business Risks

The Group develops new businesses and reorganizes its Group businesses through M&As, business alliances with other companies, establishment of joint ventures, and so forth. However, if the Group's strategic investments do not achieve the initially anticipated effect and cannot meet their targets, its business performance and financial position could be affected.

### Tax-Related Reports



#### Tax payment amount by country for the fiscal year ended February 29, 2016

(Millions of yen)

	Japan	United States	Canada	China
Tax payment	97,436	27,385	92	755

## CSR Management

Seven & i Holdings works toward solving social issues in its core operations through promotion and development of businesses such as products and services. At the same time, we aim for sustainable development that creates value for both companies and society.

### Organization of CSR Management Committee

Seven & i Holdings seeks to promote Group-wide CSR activities that are effective and efficient. To this end, we hold regular, twice-yearly CSR Management Committee meetings where we offer guidance and make improvements based on reports received from the four subcommittees. The meetings also help to strengthen collaboration between the holding company and operating companies and the CSR management framework.

### Corporate Ethics and Culture Subcommittee

The Corporate Ethics and Culture Subcommittee aims to ensure compliance and create fulfilling workplaces for Group employees. In our initiatives to ensure compliance, we are making everyone aware of the Corporate Creed and the Corporate Action Guidelines. Moreover, in September 2016 we revised the Corporate Action Guidelines in response to changes in the social environment both in Japan and overseas. In our initiatives to create fulfilling workplaces, we are working to improve work environments and making progress on promoting active roles for diverse human resources, including women and people with disabilities. To enable timely verification of progress at each company in relation to these initiatives, a biennial opinion survey has been conducted among Group employees since 2013. Group companies share information via a working-level liaison meeting to improve on issues learned through this survey and measures for improvement at each company.

➤ [For details about the Seven & i Group Corporate Action Guidelines](#)

### Consumer Affairs and Fair Business Practices Subcommittee

The Consumer Affairs and Fair Business Practices Subcommittee aims to improve product quality and ensure safety in the products and services handled at Group companies. It also strives to disclose appropriate and clear information that helps customers to select and use products. To improve product quality and ensure safety, the Subcommittee aims to establish and strengthen its own quality levels and control systems based on Group-wide quality policies. In disclosing appropriate and clear information, purchasing staff at each Group company are notified of the latest work-related information, such as changes in laws, and regularly receive training and education. Furthermore, to ensure that we meet our social responsibilities regarding products and services across the entire supply chain, we ask business partners to understand and implement the Seven & i Holdings Business Partner Action Guidelines, and regularly confirm and assess their compliance. Additionally, to ensure fairness and transparency in our relationships with business partners, we have enhanced employee training and set up a dedicated external contact for business partners in an effort to ensure legal compliance and fair trade practices.

### Environment Subcommittee

The Environment Subcommittee works through business activities to reduce CO<sub>2</sub> emissions and make effective use of limited resources. In reducing CO<sub>2</sub> emissions, we assess environmental loads at each stage of the supply chain from product development through production, shipment, sales, and consumption, and take steps to reduce CO<sub>2</sub> emissions. We also strive to ensure compliance with laws and regulations related to the environment, such as those dealing with chlorofluorocarbons. To make effective use of limited resources, we promote foodstuff recycling and reduction of waste, effective use of forest thinning and recycled materials, preservation of diversity and procurement of sustainable raw materials. In addition, we are utilizing the Group's business characteristics as a social infrastructure to expand commercial recharging services for environmentally conscious automobiles such as electric vehicles and plug-in hybrids, to advance the environmental business in response to customers' needs. To promote these initiatives within the Group, we are engaged in various activities to raise employees' awareness. For example, we conduct regular environmental education for Group employees, work to raise awareness through events in Environment Month in June, promote acquisition of the Certification Test for Environmental Specialists (Eco Test), and undertake conservation activities at Seven Forest.

### Social Value Creation Subcommittee

The Social Value Creation Subcommittee was newly established in June 2016 to create new business opportunities based on the concept of CSV. The subcommittee's purpose is to utilize the features of business activities and promote initiatives directed at resolving specific material issues. The subcommittee will organize and share initiatives so far conducted at each Group company. It will also support and manage progress of examination and advancement of new initiatives originating from social issues by leveraging business features for each business format through similar subcommittees established in 19 Group operating companies. While deepening understanding of CSV, the subcommittee will also discuss and propose internal collaborations within Group companies and external collaborations, such as cooperation with NPOs or other companies.

## ● Organization of CSR Management Committee

As of October 2016



\*1 Normalization: enabling everyone to take part in social activities in a range of areas, irrespective of age or ability  
\*2 3Rs: Reduce, Reuse, and Recycle

Each subcommittee is engaged in projects in which it implements measures in accordance with major issues.

## Targets and Progress by Each Subcommittee

○: Achieved, △: Almost achieved, ×: Far from achieved

Major FY2016 Targets	Results for FY2016	Evaluation	Plans for FY2017
<b>Corporate Ethics and Culture Subcommittee</b>			
Thoroughly ensuring compliance. Creating fulfilling workplaces			
Construct e-learning system to support CSR education for Group employees and commence test implementation	Refined CSR items to be included in Groupwide employee education to three. (corporate creed and Seven & i Holdings Corporate Action Guideline, compliance, and Seven & i's CSR)	×	Create e-learning course materials on the three CSR items making reference to initiatives of the Corporate Ethics and Culture Subcommittee, existing CSR training materials at Group companies and CSR trends, etc., in Japan and overseas. Begin using the materials from the second half of the fiscal year ending February 28, 2017
<ul style="list-style-type: none"> <li>Support operating companies that permanently employ more than 101 workers to hire people with disabilities</li> <li>Maintain or improve on the statutory employment rate at the five applicable Group companies</li> </ul>	<ul style="list-style-type: none"> <li>Interviewed and provided advice on hiring for operating companies concerned</li> <li>Achieved employment rate for people with disabilities of 2.47% (Groupwide)</li> </ul>	○	<ul style="list-style-type: none"> <li>Support operating companies that permanently employ more than 101 workers in hiring people with disabilities</li> <li>Conduct education using normalization education DVD regarding people with hearing disabilities</li> <li>Maintain or exceed the statutory employment rate at the five applicable Group companies</li> </ul>
Dementia supporter training course held	Certified approximately 16,000 cognitive impairment supporters Groupwide at the end of February 2016 through Groupwide Caravan Mate training courses and cognitive impairment supporter training courses at operating companies	○	Continue cognitive impairment supporter training courses at operating companies, aiming to have around 20,000 supporters Groupwide
<ul style="list-style-type: none"> <li>Promote sharing of information relating to work environment improvements</li> <li>Create awareness-raising tools for employees to promote use of paid leave</li> </ul>	<ul style="list-style-type: none"> <li>Shared examples of initiatives at each Group company every month and held meetings for sharing information on revisions of labor laws</li> <li>Reexamined awareness-raising tools for promoting use of paid leave</li> </ul>	△	Establish the Professional Liaison Meeting to regularly report progress on revised plans incorporating issues raised in the opinion survey. The meeting is to be held every four months to drive improvement activities and expand beneficial initiatives to other companies
Propose and implement new improvement measures within the Group and operating companies based on the analysis result of the second employee opinion survey conducted in 2015	Held second employee opinion survey in May, covering approximately 40,000 employees at 28 Group companies. Each operating company held meetings to analyze problems and issues, and the results were reported to their respective top managements. The proposed measures were drafted into action plans and carried out at each operating company	○	
Establish compliance promotion project	Created an original risk survey sheet to	○	Invite an external lecturer and hold a joint

for creating standards and systems at all Group companies for preventing compliance violations, monitoring, and responding appropriately	ascertain the compliance risks that are directly related to operations. Identified risks facing the entire Group and individual companies		training seminar on the theme of intellectual property from among the identified risks, for the product departments and sales promotion departments of each Group company
<ul style="list-style-type: none"> <li>Gather information on operating company strategies for employee health promotion and examine Group strategies</li> <li>Promote use of MY HEALTH WEB and hold health promotion campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced content provision on MY HEALTH WEB</li> <li>Provided healthy, low-sodium dishes at the employee cafeteria</li> <li>Held health campaigns, etc.</li> </ul>	△	Implement employee health promotion measures and mental health strategies to help achieve the targets of Health Declaration 2018
Diversity Promotion Project			
Continue and advance community activities and awareness-raising for changing women's awareness	<ul style="list-style-type: none"> <li>Proposed career plans on an online community website for female employees raising children</li> <li>Held seminars aimed at improving the management abilities of female managers four times</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to hold seminars aimed at improving the management abilities of female managers</li> <li>Implement measures to foster career ambition among female employees involved in childcare</li> </ul>
Continue to hold events for fathers to encourage greater participation in the childcare process	<ul style="list-style-type: none"> <li>Promoted use of childcare leave among male employees through the internal newsletter and encouragement of supervisors</li> <li>Held seminars for male employees involved in childcare two times</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement measures to change awareness among management for managing diverse subordinates and innovating work styles</li> <li>Promote use of childcare leave among male employees and continue holding Ikumen seminars</li> </ul>
Continue to hold awareness-raising events for managers	<ul style="list-style-type: none"> <li>Held diversity management seminars four times with 1,074 attendees from 21 Group companies</li> <li>Used a handbook summarizing points on managing subordinates involved in childcare or family care at 10 Group companies</li> </ul>	○	
Distribute internal notices for raising awareness of diversity promotion	Posted articles on women, men involved in childcare, bosses that encourage childcare, family care, foreigners, normalization, and other subjects in a monthly corner called "An Era of New Work Styles" in the internal newsletter which has a circulation of around 70,000 copies	○	Continue to distribute internal notices for raising awareness of diversity promotion and work style innovation
Continue with external communications	<ul style="list-style-type: none"> <li>Ranked second place overall in the "100 Best Companies Where Women Play an Active Part" ranking by Nikkei Woman</li> <li>The Company President spoke on the theme of "Diversity as an Engine of Corporate Growth" at the Japan Association of Corporate Executives. He also participated in panel discussions at the AERA forum, on the theme of "Moving Ahead on Treatment of Women!", and the Chubu Seisansei Honbu forum</li> </ul>	○	Aggressive external communication
Identify issues to be addressed for achieving both work and family care	<ul style="list-style-type: none"> <li>Surveyed the status of family care at 28 Group companies. Analyzed issues and proposed measures</li> <li>Held family care seminars two times</li> </ul>	○	Promote knowledge and awareness of systems for balancing family care with work
Consumer Affairs and Fair Business Practices Subcommittee			
(1) Responding sincerely to customer opinions			
Further improve quality control system at Group companies (quality control standard implementation management)	<ul style="list-style-type: none"> <li>Responded to revision of the Food Labeling Act</li> <li>Formulated Group guidelines on imprecise labeling (terms to avoid in expressions, etc., for describing functions and performance on packaging, tags, catalogues, instruction manuals, pamphlets, and the Internet)</li> </ul>	○	<p>Apparel and Household Goods</p> <ul style="list-style-type: none"> <li>Respond to regulation of azo dyes that generate specified aromatic amines</li> <li>Respond to revision of laundry care labels</li> <li>Formulate guidelines on ingredients labeling (production history guarantee)</li> </ul>
<p>Apparel and household items</p> <ul style="list-style-type: none"> <li>Hold Groupwide joint seminar for apparel and household item buyers</li> <li>Help buyers and quality control managers acquire formal</li> </ul>	<p>Apparel and Household Goods</p> <ul style="list-style-type: none"> <li>Conducted basic, intermediate, and advanced training for apparel products (190 employees)</li> </ul>	○	<p>Apparel and Household Goods</p> <ul style="list-style-type: none"> <li>Plan to conduct basic, intermediate, and advanced training for apparel products (400 employees)</li> </ul> <p>Training on laundry care labels for</p>

qualifications (QC test and TES qualification)	<ul style="list-style-type: none"> <li>QC test (quality control managers): 12 employees passed</li> <li>TES qualification (buyers and quality control managers): 8 employees passed</li> </ul>		<p>apparel product purchasing staff (440 employees)</p> <ul style="list-style-type: none"> <li>Continue to offer QC test and TES qualification</li> </ul>
Food Strengthen inspection system following expansion of Seven Premium private brand manufacturing plants	<p>Food</p> <ul style="list-style-type: none"> <li>Group company quality control managers met regularly to discuss quality control issues related to Seven Premium items and implemented countermeasures</li> <li>Confirmed quality management system for manufacturing plants at Group companies</li> <li>Checked food product labeling prior to store delivery</li> </ul>	○	<p>Food</p> <ul style="list-style-type: none"> <li>Strengthen information sharing through participation in Group company quality control managers in meetings regarding manufacture of Seven Premium items</li> <li>Have Group companies check quality control systems at manufacturing plants</li> <li>Check food product labeling prior to store delivery</li> </ul>
(2) Establishing fair business practices			
Continue to build management and training systems to ensure fair trading practices among Group companies	Group company legal officers held meetings as necessary to establish systems for ensuring compliance with and sharing information about revisions to the Antimonopoly Act, Subcontracting Act, Act against Unjustifiable Premiums and Misleading Representations, and Food Labeling Act	○	With regard to legal and regulatory compliance, hold meetings as necessary to actively gather and share information within the Group, and strengthen management systems at Group companies
<ul style="list-style-type: none"> <li>Continue to hold regular training on the Subcontract Act and the Anti-Monopoly Act</li> <li>Ensure training content is established using e-learning</li> </ul>	<ul style="list-style-type: none"> <li>At the spring and autumn personnel reassignments, held group training for newly appointed product development managers at Group companies</li> <li>Used e-learning to conduct follow-up for the abovementioned group training and checked the level of knowledge of non-new appointees</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to conduct group training for newly appointed product development managers twice a year</li> <li>Conduct e-learning and training at each Group company to ensure education and awareness-raising regarding the Antimonopoly Act and Subcontracting Act for employees involved in negotiating with business partners, including newly appointed product development managers</li> </ul>
Conduct follow-up at each company from status of response to tax increase to 8% in advance of further tax hike to 10% in April 2017	No particular action taken as the tax increase was postponed		Conduct business partner survey to ensure regulatory and legal compliance in dealings with business partners and boost ethicality
<b>Environment Subcommittee</b>			
(1) Understanding and reducing environmental impacts			
Calculated Scope 3 emissions for six companies	Calculated Scope 3 emissions for a further 4 Group companies, bringing the total to 10 Group companies	○	Continue to calculate Scope 3 emissions for 10 Group companies
Install automatic PET bottle recovery machines in 7-Eleven stores in addition to operating companies that have already installed them.	Installed at two 7-Eleven stores in Koto-ku, Tokyo since December 2015	○	Adding the Ministry of the Environment's trial project and install at four 7-Eleven stores
Aim to bring the total number of operating companies certified with ISO 14001 to four, by making IY Foods acquire the certification	IY Foods acquired ISO 14001, bringing the total number of certified operating companies to four	○	Move the four companies to the revised standard 2015 version of ISO 14001
(2) Forest conservation activities			
Aim to have at least 1,500 participants per year in Seven Forest preservation activities. In particular, aim to have at least 100 participants, mainly local employees, at the Nagano Seven Forest preservation activities in both spring and autumn	1,629 people participated in Seven Forest Preservation activities. This included 240 participants in the twice-yearly Nagano Seven Forest preservation activities	○	Conduct activities with consideration for diversity, aiming to have at least 120 participants in both the spring and autumn Nagano Seven Forest preservation activities
<ul style="list-style-type: none"> <li>Develop environmentally friendly products and expand use of environmentally friendly packaging materials (switch to non-aluminum cartons for alcohol to enable recycling)</li> <li>Expand use of environmental labels (eco nano label expansion for Seven Premium Select Fresh Eggs-)</li> </ul>	Expanded promotion of environmentally friendly packaging materials to include switching to non-aluminum cartons for alcohol, salad containers made from recycled PET bottles, and containers made using forest thinning materials. Also adopted eco nano packaging as a follow-on from eco nano labels	○	Use environmentally friendly packaging (products) in at least 100 Seven Premium items
(3) Raising environmental awareness/sharing information			
Aim to have at least 1,000 employees take the Certification Test for	1,172 employees took the Certification Test for Environmental	○	Aim to have 1,000 employees take the Certification Test for Environmental

Environmental Specialists, with a pass rate of at least 80%	Specialists during the fiscal year ended February 29, 2016. 893 passed for a pass rate of 76.2% <ul style="list-style-type: none"> <li>• A cumulative total of 1,454 employees have passed the Certification Test for Environmental Specialists as of the fiscal year ended February 29, 2016</li> </ul>	Specialists, with 700 passing for a cumulative total of 2,000 qualified personnel
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## CSR Training for Employees

Seven & i Holdings provides employees with CSR training via group training when they join the company or are appointed to a new position through promotion or advancement in rank, in addition to using such means as the Company newsletter, quarterly reports, and the CSR Report. Study groups, seminars, and the like are held regularly for specialized fields including compliance, diversity, and the environment, and information about volunteering is communicated to employees through the intranet. Additionally, in the fiscal year ending February 28, 2017, we plan to conduct CSR training via e-Learning for all employees at domestic Group companies.



## Seven & i Holdings' Material Issues

Seven & i Holdings has conducted dialogues with various stakeholders and in 2014 determined material issues that should be addressed so that the entire Group can respond to the expectations and demands of stakeholders. We will introduce the determination process here.

### Purpose of Material Issues Determination

- Concentrate on key issues that Seven & i Holdings should address in particular, and respond appropriately as the scope of its business expands and related social issues and social demands become more diverse.
- Clarify the direction towards CSR for the entire Group and maximize Group synergies.
- Implement CSR management and information disclosure in line with global standards.

### Material Issues Determination Process

#### STEP 1 Identify social issues that should be considered

To determine the material issues, we identified social issues that should be considered. In addition to the Group's Corporate Action Guidelines and other policies, global frameworks such as GRI Guidelines G4, ISO 26000, and Millennium Development Goals; issues facing Japan, such as those debated by the Japanese government; and survey items of CSR rating agencies were also taken into consideration to identify social issues that should be addressed.



#### STEP 2 Interviews with stakeholders

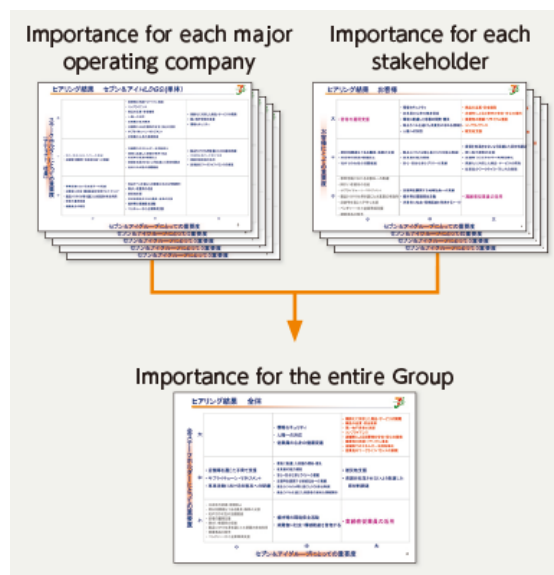
An interview survey in a questionnaire format was conducted with customers, business partners, shareholders and investors, and employees to understand the future expectations and demands of all stakeholders for the Group for the identified social issues. An assessment was made of how much of a priority the Group should place on each issue.

Stakeholders interviewed and their expectations		
	Scope of interviews	Expectations of stakeholders (examples)
Customers	Customers of major operating companies	• Improving product safety • Securely protecting personal information, etc.
Business partners	Main business partners of major operating companies	• Further improvement of reliability throughout the entire value chain through shopping assistance for people who feel inconvenient for shopping • Continuing support for disaster areas, etc.
Shareholders and investors	Retail industry analysts	• Responding to disposal loss • Supporting the needs of elderly people
Employees	Executives and employees of major Group companies	• Responding to population aging throughout the entire Group • Pursuing further quality and safety, etc.

#### STEP 3 Prepare candidate material issues based on the interview results

Based on the expectations of each stakeholder, the importance of the social issues was evaluated based on the two axes of the importance to each stakeholder and the importance to our Group business.

Furthermore, after consolidating these axes to evaluate the overall level of importance, we prepared candidate material issues for the entire Group.

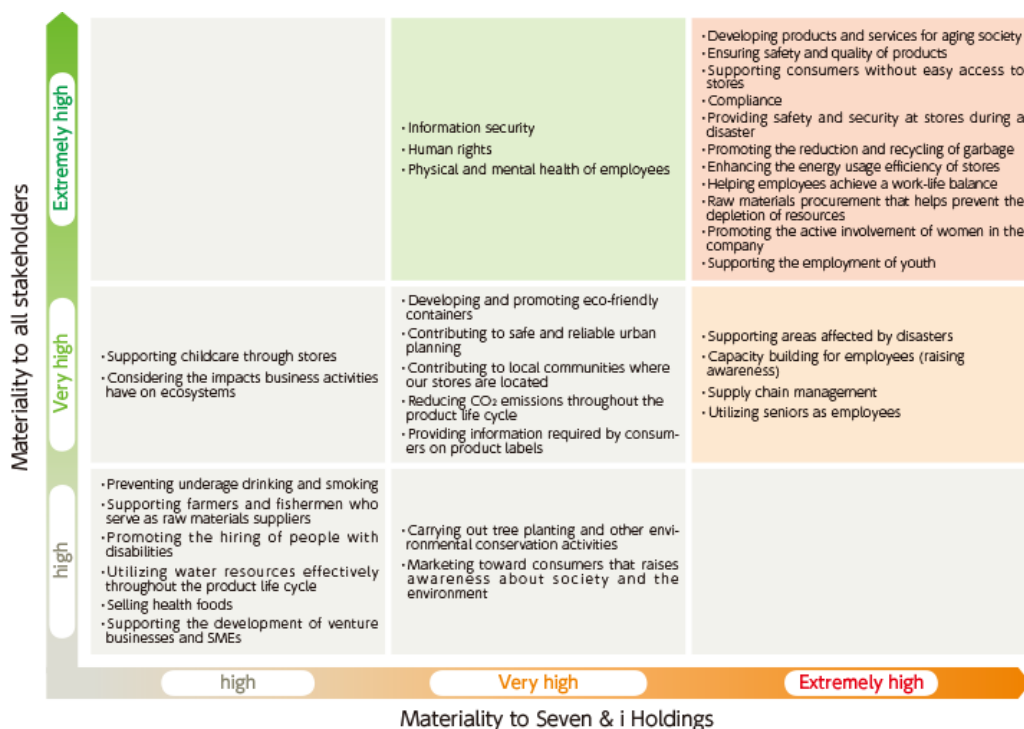


#### STEP 4 Dialogue with experts

Based on our candidate material issues, we conducted dialogues with experts to discuss what issues Seven & i Holdings should focus on. These dialogues were held between members of the management of Seven & i Holdings and core operating companies, including the President and Representative Director. Opportunities were established to discuss the entire Group and each business area as opinions were exchanged with experts.

#### STEP 5 Decide on material issues

We reviewed the importance of the various candidate material issues based on the opinions of stakeholders and experts and summarized them anew. Having sorted the candidate material issues by importance, we integrated the items of greatest importance for stakeholders and the Group's business into five areas that took into account their various associations. The CSR Management Committee, chaired by the President, decided on the material issues that Seven & i Holdings should address as a Group.



#### Seven & i Holdings' Material Issues

##### Material Issue 1

Providing Social Infrastructure for an Aging Society and Declining Population

##### Material Issue 2

Providing Safety and Reliability through Products and Stores



[➤ More](#)



[➤ More](#)

### Material Issue 3

Non-Wasteful Usage of Products, Ingredients and Energy



[➤ More](#)

### Material Issue 4

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



[➤ More](#)

### Material Issue 5

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



[➤ More](#)

### Approach to Material Issues

Seven & i Holdings is working to enhance the convenience of shopping while leveraging the unique aspects of its business and some 20,000-store network as a form of social infrastructure to support consumers inconvenienced by shopping and to respond to changes taking place in society. These changes include Japan's decrease in population brought on by a declining birthrate and aging society, the advancement of women in society, and the declining number of retail stores, among others. We recognize that fulfilling these diverse needs of our customers is one of our most important and unwavering roles in society. We will continue to tackle these issues as our most importance issues.

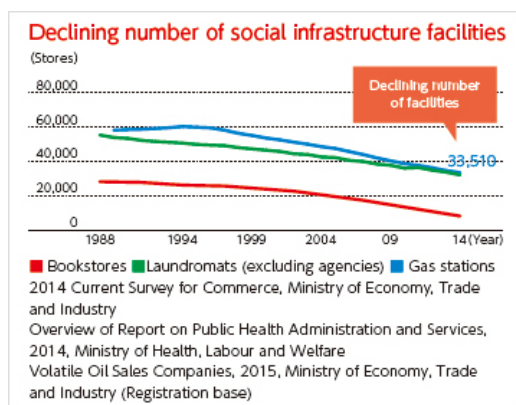
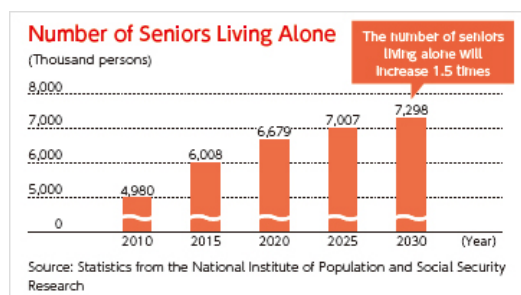
### Background to Material Issues

#### Inconvenience of shopping and other services due to the hollowing out of lifestyle hubs following the aging of society and decline of the population

Japan is experiencing an aging society and declining population. By the year 2060, the country's population will dip below 90 million and nearly 40% will be seniors\*. The number of seniors living alone continues to increase each year, with the number expected to rise 1.5-fold from the level in 2010 by 2030.

Meanwhile, the hollowing out of lifestyle hubs following the declining population stands as one of Japan's major social issues. Forecasts suggest that the number of seniors living alone without walkable access to a supermarket with fresh produce and meat will double by the year 2030.

\* Source: FY2013 Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications



### Promotional Framework for Material Issues

In response to these material issues, Group companies develop a variety of services to resolve social issues through the core operations. Confirmation of the progress on these services and new initiatives are conducted mainly by the CSR Management Committee and its subordinate Social Value Creation Subcommittee, under the charge of the Seven & i Holdings Director & Executive Officer and Senior Officer of the Corporate Social Responsibility Department.

### Contribution to SDGs

By addressing these material issues, Seven & i Holdings is providing social infrastructure such as public services to a variety of people, including the elderly, and contributing to the achievement of Sustainable Development Goals 9 and 11.



### Seven & i Holdings' Initiatives

#### Shopping Support

We are working to create new "shopping support" services to assist customers for whom shopping is an inconvenience.

[➤ More](#)

#### Reducing Housework

We are developing and selling cooked meal products based on the concept of individual servings, small volume, and simplicity for those who find meals inconvenient or difficult.

[➤ More](#)

#### Expanding Services as a Form of Social Infrastructure

#### Providing Services to a Wide Range of Customers

We are providing public services to alleviate inconvenience for those whose lifestyles are affected by the decline in neighborhood social infrastructure.

[▶ More](#)

We are expanding services and supporting shopping to enable all customers to visit and shop at our stores with ease and peace of mind.

[▶ More](#)

## Shopping Support

Seven & i Holdings will support people for who shopping is an inconvenience by utilizing the infrastructure it has developed, such as store networks and logistics and information systems, to create new products and services for shopping support.

### Omni-Channel

The Seven & i Holdings Group is working together to realize an Omni-Channel where customers can order any of the Group's products and choose to pick them up from a local Group store or have them delivered to their homes, as well as return unwanted items. In addition to sales at stores, customers can also order products using their PC or smartphone. For those who are not used to operating a PC, store staff will offer assistance. They will also check in on customers who cannot easily leave home to ask about their needs. In this way, we aim to realize shopping styles that allow customers to purchase what they want in the most convenient way for them.



Shopping Support When Delivering Products

### Seven RakuRaku Delivery Provides Home Delivery of Products from Stores

SEJ offers the Seven RakuRaku Delivery service, which provides home delivery for nearly every product sold in its stores. Orders can be placed in advance by telephone or through other means. The service operated a fleet of some 800 "COMS" ultra-small electric vehicles and SEJ is also moving forward with the introduction of power assisted bicycles. As of February 29, 2016 it was already using about 2,400 bicycles, with plans to expand to 4,000 by the year ending February 28, 2017.



Seven RakuRaku Delivery

### Online Supermarkets

IY operates Net Supermarket at 146 stores (as of February 29, 2016) to provide scheduled deliveries of products ordered by customers using PCs or smartphones. Net Supermarket delivers from nearby stores in as little as 4 four hours. The service deals in food and household goods, and pharmaceutical products were added in November 2013. In December 2014, we started offering a service to help parents raising children. With this service, parents who present and register a maternity notebook issued within the last four years can receive deliveries at a fee of only ¥100 (including tax) for four years from the maternity registration date.



Online Supermarkets

### The mobile store services Seven Anshin Delivery and Ito-Yokado Anshin Delivery

SEJ launched the Seven Anshin Delivery mobile store service in Ibaraki Prefecture in May 2011. This service utilizes proprietary developed light trucks equipped with store facilities, which go to areas that are inconvenient for daily shopping and where many residents are seniors who have trouble securing means of transportation. Customers are able to purchase a range of foods and beverages, including frozen foods, using this service. The Seven Anshin Delivery service is offered by 35 stores in 19 prefectures nationwide (as of May 31, 2016). Plans call for this service to be expanded further in the future to fulfill the needs of customers.

IY also uses its own specially developed trucks equipped with store facilities to provide the Ito-Yokado Anshin Delivery mobile store service at five stores in Nagano Prefecture, Sapporo City, Tama City, Hanamaki City, and Iwaki City (as of May 31, 2016).



Seven Anshin Delivery



Ito-Yokado Anshin Delivery

### Reducing Housework

Seven & i Holdings is developing and selling cooked meal products based on the concept of individual servings, small volume, and simplicity for those who find meals inconvenient or difficult to respond to customer demand for saving time and reducing the hassle of housework.

#### Seven Meal Delivery Service

SEJ provides the Seven-Meal home delivery service at some 14,200 of its stores (as of May 31, 2016). The service provides nutritionally balanced meal sets for those who want to eat healthily. Meals are ordered by customers such as seniors and housewives who feel inconvenienced by daily meal preparation.

Moreover, SEJ has concluded senior support agreements with local governments, under which local stores in prefectures and municipalities check on the security of seniors and look out for them when delivering their meals. In this way, we are promoting Seven-Meal as lifestyle infrastructure that goes beyond the scope of a simple service.

SEJ also started full-scale operations of Seven-Meal delivery service for companies from March 2016 to deliver daily lunch sets and food products in response to the increase in workplaces with irregular meal times due to factors such as diversifying work styles. The corporate-oriented service started with 600 stores in the Tokyo metropolitan area and is scheduled to expand in stages.



Delivering Food to the Home

#### Developing Products and Services that Make Meal Preparation Easy

SEJ's Seven Premium private brand is also developing products that are easy to prepare and reduce the hassle of housework to meet the needs of customers. The products include simple dishes that can be served directly or need only to be cooked, as well as easy to use frozen foods that can be cooked in the microwave. SEJ is also pursuing retention of tastiness and developing a menu of items that are preserved for a long time and prepared for eating simply by heating in the microwave.



Product Development in Collaboration with Manufacturers and Vendors

### Expanding Services as a Form of Social Infrastructure

Seven & i Holdings works in collaboration with local governments to provide public services to alleviate inconvenience for those whose lifestyles are affected by the decrease in social infrastructure such as local government offices, banks, and retail stores.

#### Promoting Alliances with Municipalities through Comprehensive Alliance Agreements and Other Means

Seven & i Holdings is promoting regional revitalization by concluding comprehensive alliance agreements with municipalities in a wide range of fields, including local production for local consumption, senior support, health promotion, and environmental protection. Moreover, we are also moving ahead on concluding "guardian angel agreements" with local governments to look out for the likes of elderly people during regular store operating hours or through delivery services and collaborating with municipalities to respond if irregularities are detected, as well as to promote employment of senior citizens, train cognitive impairment supporters and take other measures.

In other developments, we have also concluded "supply-support agreements" to prepare for rapid regional support in the event of disasters, and we are also promoting "agreements for supporting people who cannot return home after a disaster" where we provide tap water, access to restrooms, and local information wherever possible.



Number of Agreements with Municipalities for Each Company (As of February 29, 2016)

Seven-Eleven Japan	56
Ito-Yokado	19
Sogo & Seibu	6
York-Benimaru	3



Ceremony to mark conclusion of a comprehensive alliance agreement with Toyama Prefecture

#### Government Services (Issuance of Various Certificates)

7-Eleven Japan is able to issue copies of residence certificates and seal registration certificates using in-store multi-functional copier machines. As of August 31, 2016 agreements for this service were in place with 246 municipalities. This service is currently being expanded, as family register certificates can now be issued for 123 municipalities and tax certificates for 138. (Individual number cards are required to use the service) This service for individual number card holders is easily operable and can be used even late at night and on holidays, simply by waving the individual number card over a scanner. Private information is given high security protection by a sophisticated dedicated network and special printing prevents forgery and manipulation.

We are now also introducing multi-function copier machines at all Group companies to enable wider use of the service.





Various types of ID forms can be issued using the multi-function copier machines

## Insurance Enrollment and Premium Payment Service

7-Eleven Japan became the first in the industry to offer motorcycle insurance enrollment and insurance premium payment services where customers can enroll in insurance 24 hours a day by entering the necessary personal information on the multi-functional copier machine screen in store and paying their premium at the register. (The service is for motor scooters and motorcycles with an engine displacement of 250 cc or less, which do not require a warrant of fitness.)

Since September 2015, "1 DAY Insurance" providing automotive insurance coverage in 24-hour intervals has been on sale at 7-Eleven stores. Through sales of this insurance, 7-Eleven supports customers' motoring activities and contributes to the realization of a safe and secure motorized society.



## Establishment of Polling Stations in Stores

IY and Sogo & Seibu provide facilities within stores to be used free of charge for use as polling booths in cooperation with municipalities to provide voters with easily accessible polling booths that are handy to shopping facilities. Municipalities seek to increase the voting rate due to the reduction in number of polling booths and decline in voting rate due to the merger of municipalities, in addition to the enactment of the revised Public Offices Election Act, which lowered the voting age to 18. During the 24th House of Councilors general election held in July 2016, polling booths were set up in 20 stores and election promotion activities were carried out within stores, such as displaying posters, in-store announcements and printing the election date on receipts.



A polling booth set up in a store

### Providing Services to a Wide Range of Customers

Seven & i Holdings is expanding services and supporting shopping to enable easy use by all customers, including senior citizens, people with disabilities, and tourists from overseas, whose numbers are increasing yearly.

#### Training Cognitive Impairment Supporters

Seven & i Holdings supports the creation of neighborhoods where local residents who suffer from cognitive impairment and their families can live with security. To this end, we are encouraging our employees to attend cognitive impairment supporter training courses. Each Group company holds training courses, and the number of supporters Groupwide had increased to about 17,000 as of February 29, 2016. We will strengthen our efforts to continue developing cognitive impairment supporters, aiming to train about 20,000 people by February 28, 2017.



Cognitive impairment supporter training

#### Marketing Products that Support Senior Lifestyles

Ito-Yokado is developing the Anshin Support Shop at 110 stores, which carries a full lineup of apparel, daily essentials, and foods, including products that support the health and lifestyles of seniors and care products (as of February 29, 2016). About 40% of products sold are original products developed together with business partners, and sales are conducted by sales staff with specialized qualifications who are also able to deal with consultations regarding nursing care and welfare issues in general.



Anshin Support Shop

#### Services for Foreign Travelers

Seven & i Holdings launched tax-free services at certain stores within every Group company in December 2014, after the range of consumption tax-exempt items for foreign visitors was expanded to cover all items.

Moreover, Seven Bank ATMs offer cash withdrawal services on overseas-issued cards, as well as overseas remittance, while stores also offer free in-store Wi-Fi services Seven Spot in response to strong demand from overseas travelers.



Tax-free services

## Voice Guidance-Operated ATM Machines

Seven Bank offers voice guidance services for people with visual disabilities at all of its ATM machines. Users can make a deposit, withdrawal, or make a balance inquiry by following voice guidance delivered through an intercom phone installed on the ATM to operate the buttons. Customers with the cash cards of around 540 partner financial institutions\* can also use this service.

This voice guidance system was developed after soliciting feedback from people with visual disabilities and testing various solutions.

\* Banks, credit unions, credit cooperatives, labor banks, JA banks, JF Marine banks, and securities companies that are partners with Seven Bank. This service is not offered for insurance companies or credit card companies, even if they are a partner of Seven Bank.



Voice guidance service

### Approach to Material Issues

Seven & i Holdings handles about 3 million product items at Group stores, and also develops a variety of private brand products. Because of this, we place the utmost importance on ensuring the quality of our products, including their safety and reliability. We also recognize the material issue of our role as a social infrastructure that can be used at any time, even in emergencies such as natural disasters.

#### ■ Relevant policy

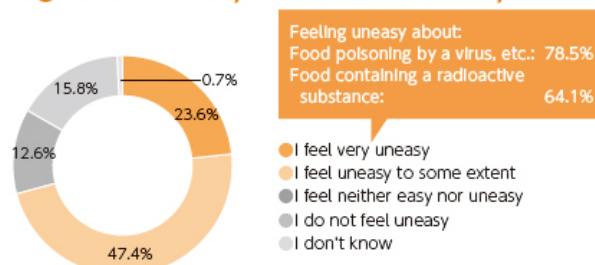
➤ [Quality Policy](#)

### Background to Material Issues

#### Food Safety

With the globalization of food and the occurrence in recent years of incidents and accidents that threaten food safety and security food, there is a growing interest in food safety, including the issues of controlling raw materials, food additives, and residual agrichemicals. In particular, answers to a survey by the Cabinet Office showed that about 70% of people feel uneasy about food safety and want companies to be required to further strengthen their quality control systems.

#### Degree of Anxiety about Food Safety

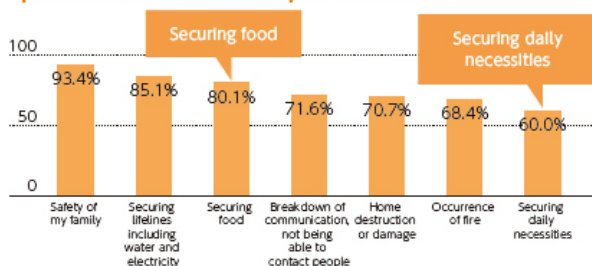


Source: Results of the report entitled Awareness About Food Safety (2015)  
Consumer Affairs Agency

#### Frequent Natural Disasters

In recent years, floods and landslides due to heavy rain occur frequently, driven by climate change and other factors. Also, many natural disasters such as large-scale earthquakes continue to occur in connection with the location of the Japanese archipelago. In Japan, especially, where many people suffer due to natural disasters, social infrastructure, such as the provision of the goods and services necessary for daily life, plays an important role when a large-scale disaster occurs. The Company is expected to ensure business continuity to provide a safe and secure base.

#### What are your worries about when an earthquake occurs? (Multiple answers allowed)



Source: "Questionnaire on Disasters" (August 2011),  
Meiji Yasuda Life Insurance Company

### Promotional Framework for Material Issues

This material issue is being promoted by collaboration between the Consumer Affairs and Fair Business Practices Subcommittee, and its parent organization, the CSR Management Committee, which is headed by the Senior Officer of the CSR Management Department of Seven & i Holdings, in collaboration with the Group companies and the respective divisions. The Group's Information Management Committee is promoting initiatives regarding information security.

### Contribution to SDGs

By tackling this priority issue, Seven & i Holdings will provide living bases that ensure people's safety and security in the event of natural disasters due to climate change, and will contribute to achieving Sustainable Development Goals 9 and 13.



## Seven & i Holdings' Initiatives

### Building a Quality Control System

We are working to adopt international management system standards and management techniques concerning quality and hygiene in order to provide safe and reliable products to customers.

[➤ More](#)

### Food Traceability

We proactively disclose product traceability information (distribution history) in all processes from the procurement of raw materials to sales.

[➤ More](#)

### Consideration to Health

In light of customers' increasing health consciousness, we are working to reduce the use of food additives and provide nutritionally well balanced food.

[➤ More](#)

### Communication with Customers

We have set up a "customer consultation desk" at each Group company to obtain opinions, requests, and other feedback from customers and respond promptly, in order to improve products and services from the standpoint of customers.

[➤ More](#)

### Information Security and Personal Information Protection

We are implementing information security measures based on the belief that appropriately securing and managing the safety of information assets handled by the Seven & i Group is a vital responsibility.

[➤ More](#)

### Appropriate Disclosure of Information on Products and Services

We strive to label products accurately and clearly in order to provide an appropriate selection of product and service options for customers, while taking care to avoid any misleading labeling.

[➤ More](#)

### Implementing Crime Prevention Measures for Local Communities

We cooperate with community crime prevention efforts in order to ensure that customers can visit and shop at our stores safely and reliably.

[➤ More](#)

### Disaster Assistance

We endeavor to reopen stores promptly and keep stores open in the event of a disaster to fulfill our mission as a lifeline for communities.

[➤ More](#)

### Disaster Reconstruction Support

We endeavor to reopen stores promptly and keep stores open in the event of a disaster to fulfill our mission as a lifeline for communities.

[➤ More](#)

### Building a Quality Control System

Seven & i Holdings is working to introduce management system standards and management methods regarding international quality and hygiene in order to provide safe and reliable products to customers.

#### Coordination between Quality Control Departments in Each Group Company

At Seven & i Holdings, the heads of the Group development division for the Seven Premium private brand and other divisions of Group companies, such as SEJ and IY, hold regular meetings in order to confirm current quality management issues and problems in an effort to share information aimed at improvement.

For example, they check progress on initiatives to counter the spread of the norovirus and prevent food poisoning, including ingredient and hygiene management at operating companies handling food products, and apply them rigorously throughout the Group to increase the level of quality control.

#### Adoption of the NDF-HACCP Certification System

SEJ has adopted the (Hazard Analysis and Critical Control Point) HACCP<sup>\*1</sup> method since 1997 as a method to manage food hygiene. In addition, for review and certification of the quality control status of dedicated plants, we check their compliance with a safety standard of approximately 140 check items based on HACCP. Based on the results of this check, high-quality plants recognized to be above a certain level are certified under our NDF-HACCP Certification System. A third party is commissioned with the inspection, and the results are inspected and certified by the Nihon Delica Foods Association (NDF)<sup>\*2</sup>. Moreover, Seven-Eleven Japan is conducting audits to maintain the level of quality management even after the acquisition of certification.

<sup>\*1</sup> HACCP: A process management system that analyzes hazards at each step of production, from ingredient acceptance through to product finalization, and provides continuous monitoring and recording of critically important hazard prevention processes.

<sup>\*2</sup> Nihon Delica Foods Association (NDF): The NDF was formed in 1979 to improve hygiene quality management levels at deli product manufacturing facilities and to eliminate region-based quality differences.

➤ [For more details about Seven-Eleven initiatives \(Japanese Only\)](#) 



#### Acquisition of JGAP Certification

For our private brands Fruits and Vegetables with Traceability at Ito-Yokado, we are working to acquire the Japan Good Agricultural Practice certification, recommended by the Ministry of Agriculture, Forestry and Fisheries, in order to further improve the level of our quality management. JGAP sets standards that should be implemented in day-to-day agricultural management to improve safety and protect the environment. Certification has been acquired for 17 locations as of February 29, 2016, and efforts will be made for further certification going forward.



➤ [For more details about Ito-Yokado initiatives \(Japanese Only\)](#) 

#### JGAP Guidelines

##### Food Safety

- Management of soil, water and propagation materials
- Fertilizer management
- Plant protection product management
- Hygiene management during Harvesting and transport
- Produce handling

##### Environmentally Sustainable Agriculture

- Water conservation
- Soil conservation
- Consideration for surrounding lands
- Waste management, reduction and recycling
- Energy efficiency
- Environmental awareness and biodiversity

## Hygiene Management Based on ISO 9001

At Seven & i Food Systems, the QC Office that serves as the hygiene management division has acquired the ISO 9001 international standard concerning quality management (application scope consisting of food hygiene management system standards and provision at stores). Utilizing this system, efforts are made to improve hygiene management at stores and educate employees.

In hygiene management, an emphasis is put on easy-to-understand freshness management that can be implemented by anyone. A dedicated internal department conducts checks at stores, and random checks of store hygiene are also conducted by a third-party hygiene inspection agency (wipe inspection).

➤ [For more details about Seven & I Foods Systems initiatives \(Japanese Only\)](#) 



## Inspection for Radioactive Substances

In response to an increase in inquiries since the Great East Japan Earthquake, Seven & i Holdings has received voluntary inspections and confirmations to complement the monitoring survey of radioactive materials that was carried out by the government and we have posted details on our website.

The Radioactivity Project was established as an internal organization at YB to enable customers to shop with confidence by complementing the monitoring surveys on radioactive substances implemented by the government. We install equipment for measuring radioactive substances at key points within the area where we have established stores, and an internal organization conducts regular inspections. The inspection results are announced on the company's website. For the case of our private brand Three-Star Fruit and Vegetables, we endeavor to sell products that meet the criteria by having buyers visit production sites and conduct soil inspections and independent inspections on samples.

Inspections for radioactive substance are also conducted for IY's Foods with Traceability and the results are published on the company's website.

➤ [For more details about Ito-Yokado initiatives \(Japanese Only\)](#) 

➤ [For results of the inspection at York-Benimaru \(Japanese Only\)](#) 

### Food Traceability

Seven & i Holdings proactively discloses traceability of products as an initiative to emphasize the safety and reliability of its products at all stages from raw materials procurement through to sales.

#### "Fresh Foods with Traceability" and "Products with Visible Production Areas" Initiatives

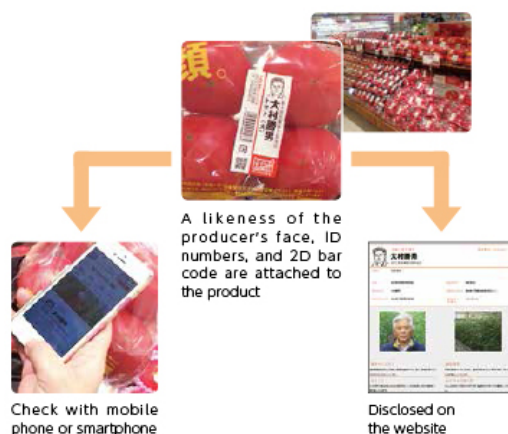
Ito-Yokado sells products under its private brand Foods with Traceability, where we achieve an accurate understanding of production sites, production methods, and distribution channels and communicate these to customers. For these products, our procurement officers check with producers at the production sites to ensure that they are using appropriate cultivation and stock-raising management. Before the products are sold, various tests are conducted, including agricultural chemical residue tests, as well as soil, feed, and water quality tests, and third-party confirmation is obtained. Furthermore, radioactive substances are also inspected under stringent standards that are stricter than the statutory standards.

Customers can confirm producer and inspection-results information for Foods with Traceability products on the Ito-Yokado website using a PC, smartphone, or mobile phone. As of February 29, 2016, 227 items are handled under the Foods with Traceability brand, covering all fresh foods including vegetables, fruits, meat, eggs, and fish. Also, York-Benimaru has established a section called "York-Benimaru Products with Visible Production Areas" on its website, providing information on the production site, characteristics, production process, producers, and other aspects of the fresh food that the company has carefully selected. Customers can input the production number displayed the product label to display its production history. As of February 29, 2016, we are handling about 30 product items under this system.

➤ [For more details about Ito-Yokado initiatives \(Japanese Only\)](#)

➤ [For more details about York-Benimaru initiatives \(Japanese Only\)](#)

**Producer Information Disclosure Methods** (Example of IY)



#### Ito-Yokado Private Brands and "Vegetables and Fruit with Traceability" Standards

The methods and frequency of use of agricultural chemicals vary by region and crop. The "Vegetables and Fruit with Traceability" category at Ito-Yokado comprises foods grown with the goal of applying agrichemicals with half or lower of the usual frequency for each growing area (local government organizations and other public bodies stipulate the average number of applications for each crop). At our "Seven Farms," which are engaged in agriculture operations, and under our "Vegetables and Fruit with Traceability" brand, we aim to ensure safe agricultural produce, correct farm management, and so forth, and have acquired Japan Good Agricultural Practice (JGAP) certification.

JGAP is an agricultural production management method recommended by the Ministry of Agriculture, Forestry and Fisheries of Japan. It provides a set of standards to be followed in daily farm management to increase food safety and ensure environmental conservation. Since JGAP includes standards relating to "food safety" and "environmentally sustainable agriculture," the products sold under the "Vegetables and Fruit with Traceability" and Seven Farms brands use no more than the minimum necessary level of agricultural chemicals.

#### Five Promises of "Vegetables and Fruit with Traceability"

1. Only stock domestically grown agricultural products.
2. Producers who properly grow vegetables and fruit on suitable land are carefully selected from all over Japan.
3. Products are delivered to customers under the name of each individual producer.
4. Producers' discerning techniques and their personalities are introduced on the website and on sales floors.
5. **Agrichemical reduction targets are set and continuous checks are performed to detect agrichemicals and radioactive material.**

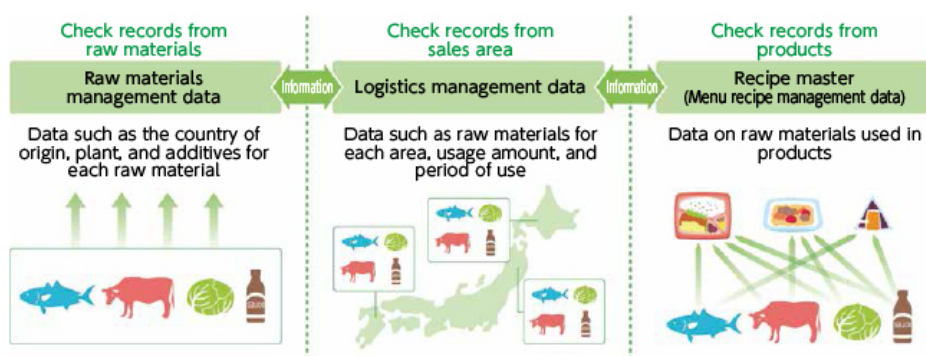
#### Centralized Management of Production Records

SEJ uses an average of 40 different food materials (including seasonings) per daily food product item, which includes rice and side dishes. To manage these individual products and correctly grasp which production facilities produced them and which materials have been used in which regions, SEJ manages information from all its approximately 160 dedicated plants using a database system that is linked to the point-of-sale data at its stores. This makes it possible to precisely manage the production history of its products, from the production region of the materials used to the stores where the products are sold, enabling any problems that arise in connection with food materials, for example, to be addressed immediately. Further, to make absolutely sure about the products it sells, SEJ also verifies whether products contain any additives or allergens.

In addition, SEJ is also able to precisely track the volume of food materials, packaging and containers used at every plant, which helps it reduce waste by limiting excess production, for instance. Moreover, the company voluntarily conducts DNA testing on rice to prevent the admixture of other varieties as well as testing for radioactive substances.

➤ [For more details about SEJ's initiatives \(Japanese Only\)](#) 📄

#### SEJ's Raw Material Production Record Management Framework



### Consideration to Health

Amid increasing public interest in health and nutrition, including the problems of obesity, diabetes, metabolic syndrome and nutritional deficiencies, Seven & i Holdings is responding to a stronger health orientation among customers by working to reduce the use of food additives and provide food products with a good balance of nutrients.

#### Reducing the Use of Food Additives

Seven & i Holdings is taking steps to reduce the use of additives in food products as a step towards providing health conscious products. For example, SEJ's original daily foods, numbering around 2,000 items including rice balls and boxed lunches, and IY's delicatessen items, boxed lunches, and sushi produced in-store are all free from synthetic coloring agents and preservatives. Further, since 2007 SEJ has eliminated phosphates, from approximately 30 varieties of ham and sausage products used in original sandwich products, as excessive consumption of phosphates may block the absorption of calcium. In addition, the company is continuing its own initiatives with food manufacturers to reduce trans fatty acid, which is said to increase the risk of heart disease. Based on the Guidelines on Trans Fatty Acid Labeling issued by the Consumer Affairs Agency, SEJ discloses information on its website on levels of saturated fatty acid, trans fatty acid, and cholesterol contained in its main food products.



Reduction of Trans Fatty Acids (Example) Amount per 100 g of Strawberry Jam & Margarine (g)

06/2	08/2	13/2
1.86g	0.18g	0.15g

➤ For more details about SEJ initiatives (Japanese only)

#### Providing Healthy Meals Supervised by Managing Dietitians

Seven-Meal, SEJ's home delivery service, delivers healthy meals with a good balance of nutrients adjusted for calories and sodium content, with physicians and managing dietitians supervising menu development, nutrient content, and other aspects of the meals. The service strives to develop products with authentic, home-cooked flavor that pursue enduring tastiness without the use of preservatives or synthetic coloring agents.



Seven-Meal

#### Development of Health Food Products through the Supply Chain

Seven & i Holdings manufactures its Seven Premium private-brand products using an integrated system from raw material procurement through to product development and quality control.

In development of Seven Premium products, the optimal supplier and Group product development division form a team for the product, and specialists from both sides contribute their information and expertise in a process called "team merchandizing." The teams include suppliers who have nutrition and health experts or R&D centers of their own. We have established seven key points for development of Seven Premium products. One of them is "health conscious," and accordingly, the calorie content of the products is displayed clearly on the front of the produce where it is easy for the customer to see when they are making a selection.

## Seven Premium Points of Seven Premium

1. Safe and reliable  
Manufactured in hygienic factories using rigorously selected materials.
2. Delicious  
Tastes that will appeal to everyone.
3. Regional flavors  
The taste of home cannot be beaten.
4. Cutting-edge technologies  
Jointly developed with manufacturers using the latest technologies.
5. Universally designed  
Labels and designs that are easy to read and understand.
6. Health conscious  
Calorie counts are printed on the front of the products.
7. Reasonably priced  
Provided at reasonable everyday prices.

## Sales of Products with Food Allergy Considerations

IY conducts reservation sales of rice flour and soy milk cream cakes containing no specified raw materials to allow people with food allergy concerns to enjoy cake on Christmas or their birthdays with complete peace of mind. For such products, all raw materials and products are managed by lot and inspections are also conducted by external agencies. In addition, at 87 stores (as of the end of February 2016), special areas have been set up within the food products sales area for products catering to customers with food allergies. The areas are stocked with allergy-conscious product lines from seasoning and food product manufacturers.

At the Denny's restaurant chain managed by Seven & i Food Systems, there is a low-allergen menu for children that does not include any of the seven specified allergens (eggs, milk, wheat, buckwheat, peanuts, shrimp, and crab), created out of consideration for children who have food allergies. When the meals are prepared at the restaurants, employees cook and arrange the food in an area separate from the regular cooking line, and the tableware is individually washed and stored to prevent secondary contamination by allergens.

➤ [For more details about IY's initiatives \(Japanese only\)](#) 

➤ [For more details about Denny's initiatives \(Japanese only\)](#) 



Rice Flour and Soy Milk Cream Cake



Low allergen menu

## Labeling of Allergy Information

Seven & i Holdings strives provide customers with clear product labelling so that people with allergies are also able to select products with confidence. Both products purchased from suppliers and products prepared in-store are labeled for allergen content, and the labels list allergens mandated under the Food Sanitation Act as well as items that are recommended for labeling.

For example, information on use of specified raw materials and equivalent items in products prepared in-store at 7-Eleven (hot snacks, oden, Chinese steamed buns, donuts) and in menu items at Denny's restaurants is provided on our website.

➤ [For more details about SEJ's initiatives \(Japanese only\)](#) 

### Communication with Customers

Seven & i Holdings quickly responds to comments and requests provided by email or phone through customer consultation desks set up at each Group company in order to improve products and services from the customer's perspective. Given the need to protect privacy in connection with feedback received from customers, all personal information is deleted, and the feedback is then categorized by content and communicated to departments and stores for use in making improvements.

#### Enhancing Customer Service Quality

Seven & i Holdings holds a monthly meeting of the Group's customer consultation desks, which is attended by customer service supervisors at each Group company, in order to reduce the factors that cause customer dissatisfaction and raise satisfaction levels throughout the Group, not just at individual operating companies. Measures taken in response to comments and requests received from customers are shared on a regular basis and the information is incorporated into products and services. Annual training is also held for customer consultation desk personnel at each Group company with a view to further refining customer service skills.



Customer consultation desk personnel training

#### Collecting Customer Feedback

Seven & i Holdings collects feedback from customers who visit its stores on customer service, sales floor setup, product lineups, and other aspects of operations in order to further improve its products and services.

For example, at SEJ, a questionnaire is conducted every other year of 10,000 people to ascertain the needs of customers nationwide. In addition, at IY, store surveys are contracted to external agencies certified as consumer affairs advisors to collect feedback from store customers. Based on the results of the surveys, Group companies work to develop products that incorporate the evaluations and opinions of customers.

#### Product Development Using a Website

For its's Seven Premium private-brand products, the Group launched "Premium Life Enhancement Committee" – a website community for product development that invites participation by customers in October 2009. The website features users' evaluations of individual products and original recipes using Seven Premium products. We also use the website to call for participants in product monitor surveys. The information gathered from the website enables us to understand the ways and scenarios in which customers use our products, and is reflected in product development.

➤ [For more details about Premium Life Enhancement Committee \(Japanese only\)](#) 

### Information Security and Personal Information Protection

Seven & i Holdings positions the appropriate protection and security of information assets handled by the Group as an important priority and social responsibility of its management and operations and as mandatory for all executives and employees. We strictly manage personal information received from customers in particular and take special care to prevent information leaks and other such incidents.

#### Development of Information Security Management System

Seven & i Holdings anticipates that points of contact with customers will further increase through our Omni-Channel Strategy. In light of this, just as with food safety, initiatives to ensure the safety and security of information assets themselves constitute the foundation that will support the strategy.

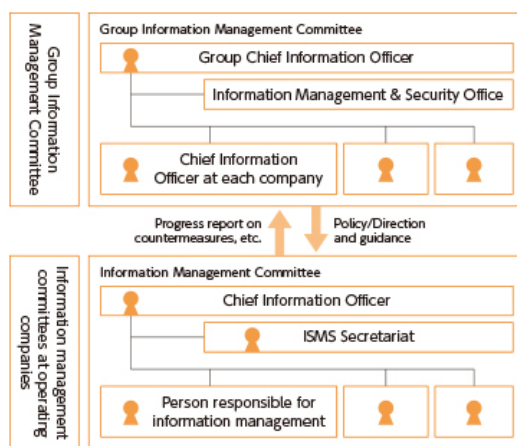
Seven & i Holdings has established the Basic Policy on Information Security and Basic Policy on Protection of Personal Information to promote the appropriate protection and use of customer information (personal information) acquired through Omni-Channel initiatives and further promote safe and secure business operations, and we have obtained ISMS certification (ISO 72001) for information security management systems. Through the implementation of a PDCA cycle for our ISMS we continue to develop a high-level information security system.

➤ [For more details about our Basic Policy on Information Security](#)

➤ [For more details about our Basic Policy on Personal Information Protection](#)

➤ [Further information about ISMS certification acquisition \(Japanese only\)](#) 

Information security is also regarded as a type of risk, and we have established the Information Management Committee to analyze, assess and address this risk. Development of a management system based on this is conducted by the Information Management & Security Office.



Information security management system

#### Cyber Attack Measures

Seven & i Holdings has established the 7&i Computer Security Incident Response Team (7&i CSIRT) to respond to external cyber attacks and minimize their impact and potential damage, particularly from a technical standpoint. The team conducts quick and appropriate containment and other measures in response to information security incidents in an organized manner.

In addition, when an information security incident is judged to be a major incident by the 7&i CSIRT (based on the extent of damage, etc.), a response system has been built whereby the 7&i Security Incident Response Team (7&i SIRT) is mobilized to decide on and carry out emergency response measures, standard response measures for system recovery, and externally directed actions in particular, such as how the incident is to be disclosed.

#### Employee Training to Raise Awareness of Information Security and Cyber Security

Seven & i Holdings conducts security training through e-learning and group training programs for the Group's approximately 100,000 executives and employees twice a year in order to raise employee awareness of information security and cyber security. The fiscal year ended February 29, 2016 training was on the theme of internal fraud, and in fiscal 2016 it is scheduled to focus on targeted cyber attacks. All employees at hiring and retirement sign a confidentiality pledge, which also raises awareness of information security. In the fiscal year ended February 29, 2016, there were no information security violations or other cyber security incidents.

In employee training through daily operations and regular meetings, employees are told to promptly report, communicate, and consult on any problems that may occur, and in e-learning and group training as well, employees are trained to immediately report suspicious occurrences. Reporting lines to upper management have been established depending on the severity of the occurrence. We have also created Reporting Guidelines for Significant Events, and when a significant event occurs that could potentially impact the entire Group, there is a reporting line depending on the severity level for reporting to upper management at the Group company where it occurred. There is also a reporting line for reporting the incident to the Information Management & Security Office and upper management of Seven & i Holdings. Creating these two reporting lines helps to ensure the accuracy of information conveyed and the promptness of our response.

### Appropriate Disclosure of Information on Products and Services

Seven & i Holdings Corporate Action Guidelines stipulate that "We seek to display information that is accurate, easy to understand, and truthful so that customers can make an appropriate selection of products and services." Moreover, each Group company will check the following information and strive to inform customers.

- Provide beneficial information to customers, taking the customer's perspective, even if the information is negative from the Company's perspective.  
(For example: Consumption of this produce may be hazardous for health, etc.)
- For information such as images and recordings distributed as commercials and advertisements, we will use appropriate expressions for the audience
- We will provide information that meets or exceeds the legally mandatory level with regard to health, environment, and other sustainability aspects

### Establishment of Management System for Information Provided to Customers

Seven & i Holdings verifies in advance that product and price information listed in advertising media, including newspaper inserts, pamphlets, and television commercials, is accurate and that they contain no information that might mislead customers.

For example, IY requires that prior approval be obtained from its Fair Trade Committee Office when listing dual prices with the sales price and a comparison price, or discounts, in newspaper inserts and other media.

### Employee Training on Product Labeling

Seven & i Holdings conducts regular, twice-yearly group training on labeling under the Act against Unjustifiable Premiums and Food Labeling Act for newly assigned purchasing personnel at Group companies to provide basic knowledge on improper labeling and excessive gifts or giveaways prohibited under laws and regulations. In the fiscal year ended February 29, 2016, 193 employees from 15 companies underwent this training. In addition, after group training, a test is held utilizing e-learning to confirm the comprehension of employees receiving the training. In the fiscal year ended February 29, 2016, 159 employees took the test.



Group training on labeling

### Prevention of Improper Labeling

Seven & i Holdings has established the "Discretionary Guideline on Imprecise Labeling," and the "Discretionary Guideline on Imprecise Labeling for Menus" as unified guidelines on food labeling for the Group to prevent the use of expressions that could mislead customers. For example, "Brand Beef" can be applied only to products that have registered trademarks, have met producer's group standards in each production region for number of rearing days, type of feed, and so forth, and have meat of quality standard of at least grade 4 or 5.

### Genetically Modified Food Products

Seven & i Holdings uses no genetically modified food products in any of its Seven Premium private-brand products, and clearly labels this information on the products.

Soy sauce with non-use of genetically modified soy beans is clearly explained on the front-side label

Non-use of genetically modified soy beans is indicated in the ingredients list on the back-side label



Ito-Yokado's website explains that the company does not stock food products made with genetically modified ingredients due to the large number of issues and uncertainties regarding their safety (except for certain soy sauces, oils, and similar products that use genetically modified potatoes, corn, soy beans, and other products that are approved for import by the Japanese government). For details, please refer to [Ito-Yokado's website](#) (In Japanese).

### Implementing Crime Prevention Measures for Local Communities

Seven & i Holdings cooperates in local crime prevention initiatives in line with the operational characteristics of each Group company to ensure that customers can use its facilities safely and with confidence.

#### Safety Station Activities

SEJ takes advantage of the fact that its stores stay open 24 hours a day every day of the year to conduct Safety Station activities. These involve looking out for the safety and security of the community through such activities as protecting women, children, and seniors, preventing robberies and shoplifting, responding to accidents and disasters, and helping in the case of a sudden illness.

SEJ stores work to promote a healthier environment for young people by not selling alcohol and tobacco products to minors, for example, and also provides information to raise awareness of compliance and crime prevention at franchised stores through product exhibitions held twice a year nationwide and a bimonthly journal.



Using the cash register screen to raise awareness



Preventing sales of adult magazines to minors

### Disaster Assistance

Seven & i Holdings strives to quickly reopen its establishments and keep them in operation even during disasters as a part of its mission to serve as a community lifeline and fulfill its role as social infrastructure when disasters occur.

#### Swift Regional Relief Activities in Disasters and Local Awareness-Raising

Seven & i Holdings works with local municipalities to conclude agreements on assistance with relief provisions and support for evacuees during disasters, and is prepared to provide swift regional relief during disasters along with tap water, restroom facilities, disaster information, and other necessities. In addition, at stores and other establishments we set up disaster preparedness areas to help raise customer awareness of disasters.



Agreements on relief provisions signed with municipalities (as of September 30, 2016)

(No. of Agreements)

IY	113
SEJ	65
York-Benimaru	27
York Mart	4
Sogo & Seibu	1

#### Providing Means of Communication in Emergencies

Seven & i Holdings allows its free Wi-Fi service Seven Spot, located at approximately 20,000 Seven & i Group sites nationwide, to be used on a special basis during emergencies even by people who have not registered as members. SEJ has also set up emergency phones that can be used free of charge (special public phones for use during disasters) at a portion of its stores within Tokyo's 23 wards.



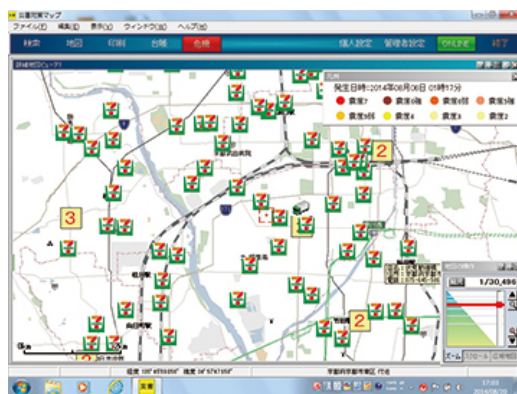
Emergency telephone



Free In-Store Wi-Fi Service Seven Spot

#### 7VIEW: Seven Visual Information Emergency Web

Seven & i Holdings compiles a range of information within the Group but we have also joined with business partners to develop the 7VIEW system for providing, sharing, and utilizing disaster information more broadly. Various information sources from Group companies are combined and layered onto a map to enable more accurate decisions to be made about conditions in areas where the Group has establishments. The information is received and shared between companies as well as municipalities and local residents. The aim for the system is to enable information to be communicated to the community through our stores and other establishments.

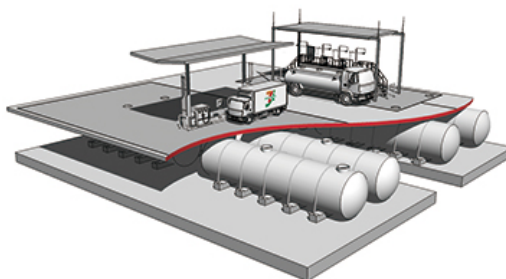


Seismic intensity information screen

## Fuel Depot for Delivery of Emergency Provisions

One of the important priorities of Seven & i Holdings in the area of business continuity in emergencies is maintaining fuel supply networks in the event of a major disaster. We have established a fuel depot at IY's distribution center in Saitama Prefecture that can be used by product delivery trucks to transport emergency provisions, a first for a Japanese retailer.

The depot maintains a permanent supply of 400 kiloliters of fuel, and when a disaster occurs it can be used to deliver emergency provisions and products for up to ten days to evacuation centers in affected regions and elsewhere and to Group stores and establishments in the Tokyo metropolitan area.



Fuel for vehicles is stored underground

## Disaster Reconstruction Support

Seven & i Holdings strives to reopen its stores and establishments as quickly as possible and keep them in operation, even during disasters, as a part of its mission to maintain community lifelines and fulfill its role as social infrastructure during disasters.

### Disaster Support Activities During 2016 Kumamoto Earthquake

During the 2016 Kumamoto Earthquake that occurred in April 2016, nearly all 7-Eleven stores stayed open, even when the power was out and water cut off, which was greatly appreciated by many customers. Head Office also provided support for stores in the form of product supplies and special assistance for staff members. In preparation for a wide range of situations, we work with the community to fulfill our role as important infrastructure for daily living.



### Delivering Emergency Relief Provisions and Raising Relief Funds

Seven & i Holdings delivered emergency relief provisions to local areas heavily impacted by the 2016 Kumamoto Earthquake. In addition, to quickly provide support for people impacted by the earthquake, from April 15 to April 24, a first round of relief funds was raised and delivered to Kumamoto and Oita Prefectures on April 28. Thereafter, a second and third round of fundraising took place from April 25 to May 15, and from May 16 to May 31. Furthermore, when the disaster occurred, our free Wi-Fi service, Seven Spot, was made publicly available on a special basis at approximately 18,700 locations.

#### Relief Provisions and Relief Funds

<b>April 15</b>	To City Office at Mashiki Cho, Kumamoto Pref : 1,000 rice balls, 1,000 2 L bottles of water
<b>April 16</b>	To Kumamoto Prefectural Office : 3,000 rice balls, 6,000 2 L bottles of water
<b>April 18</b>	To Kumamoto Prefectural Office : Blankets, underwear, etc.
<b>April 21</b>	To Kumamoto Prefectural Office : Disposable diapers and wipes for babies
<b>April 28</b>	Relief funds (First round) : ¥249,544,411
<b>May 24</b>	Relief funds (Second round) : ¥238,040,505
<b>June 17</b>	Relief funds (Third round) : ¥176,347,796

### Reconstruction Assistance Activities for the Great East Japan Earthquake

The Great East Japan Earthquake of March 2011 inflicted enormous damage on Tohoku and surrounding regions. Seven & i Holdings helps to support the reconstruction by working with employee volunteers and NPOs to conduct a variety of activities, including product sales, while leveraging its position as a retailer to connect consumers with producers.

#### Tohoku Kakehashi Project

Seven & i Holdings has held the Tohoku Kakehashi Project in support of the reconstruction three times a year since November 2011 in order to serve a bridge connecting the people of Tohoku with people around the country in their desire to support the reconstruction, with the cooperation of Fukushima, Miyagi, Iwate and other Tohoku Prefectures and various government agencies. In March 2016 (the 14th event), there were 267 sponsor and participant companies and 2,200 items, making the project over 10 times larger than when it first started. Procuring local products from disaster-affected regions helps revitalize agriculture and fishing industries. In addition, to keep affected regions fresh in the minds of people living outside of them, we purchase products from affected partner companies in Tohoku and the products of major food manufacturers produced in the region. We also hold sales events at approximately 400 stores in total, including IY and York-Benimaru.

#### Tohoku Kakehashi Project

	Starting Time	No. of co-sponsors and participating companies	No. of products
1st Round	From November 7, 2011	22Companies	Approx.200
2nd Round	From March 5, 2012	58Companies	Approx.600
3rd Round	From July 17, 2012	81Companies	Approx.800
4th Round	From November 19, 2012	109Companies	Approx.1,000
5th Round	From March 4, 2012	123Companies	Approx.1,200

6th Round	From July 9, 2013	160Companies	Approx.1,300
7th Round	From October 9, 2013	188Companies	Approx.1,400
8th Round	From March 4, 2014	219Companies	Approx.1,500
9th Round	From July 14, 2014	239Companies	Approx.1,710
10th Round	From October 6, 2014	247Companies	Approx.1,800
11th Round	From March 2, 2015	250Companies	Approx.1,850
12th Round	From July 14, 2015	257Companies	Approx.1,900
13th Round	From October 5, 2015	259Companies	Approx.2,000
14th Round	From March 7, 2016	267Companies	Approx.2,200

## Group Initiatives

At Seven & i Holdings, support initiatives of Group employees include support for Tohoku children's education through Bellmark program collections and donations to NPOs in the region through collection of redeemable unused postcards, used books, and other items.

At York-Benimaru, support is provided for PEP Kids Koriyama in Fukushima Prefecture, an indoor, active playground in the city of Koriyama founded on the concept of "Play, Learn and Grow," which allows children with fewer opportunities to play outside due to the nuclear accident that occurred with the Great East Japan Earthquake to actively engage in exuberant, physical play.



PEP Kids Koriyama

### ➤ [An overview of PEP Kids Koriyama \(Japanese only\)](#)

Seven & i Food Systems conducts the Let's Eat in Support of the Affected Areas Program at stores and the Head Office cafeteria, providing dishes made with ingredients from Shichigahama in Miyagi Prefecture, which was affected by the Great East Japan Earthquake, and conducting sales of wakame and nori seaweed products.



Employees sorting wakame at Shichigahama



Volunteers preparing to sell Shichigama wakame in the employee cafeteria

In addition, Seven & i Holdings participates in the Seven-Eleven Foundation's Great East Japan Earthquake Recovery Project and continues to support recovery and reconstruction in areas that were severely affected.

### ➤ [For more details about the Great East Japan Earthquake Recovery Project of the Seven-Eleven Foundation \(Japanese only\)](#)

### Approach to Material Issues

Seven & i Holdings operates around 20,000 primarily retail stores throughout Japan, and deals with numerous products. We believe that reducing the energy consumption and waste material generated by the Group's business activities will make a significant contribution toward realizing a sustainable society.

At the same time, such efforts are also of great value to the Seven & i Holdings Group as they will also help to reduce waste, product and raw material costs, together with energy costs. We have therefore positioned elimination of waste in products, raw materials, and energy throughout the entire value chain one of our most material issues, and we are taking measures to address it.

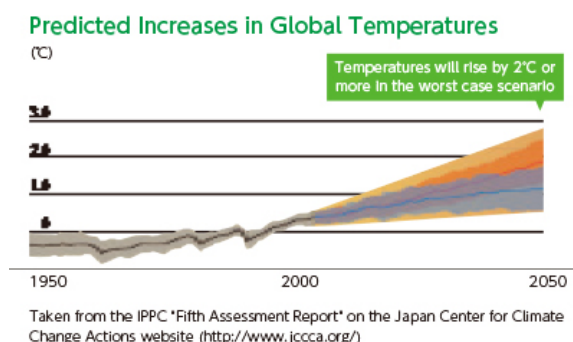
#### ■ Relevant Policies

- Environmental Guidelines / Environmental Rules
- Seven & i Holdings Environmental Declaration / Fundamental Policies Relating to Measures to Contribute to the Prevention of Global Warming

### Background to Material Issues

#### Climate Change

Climate change is a global problem. Rising sea levels, erratic weather, and damage to primary industries, etc., pose serious threats to future generations. An Intergovernmental Panel on Climate Change (IPCC) report states that global warming is "beyond doubt", and if current trends continue, the worst case is that temperatures will rise by almost 2°C by 2050, with CO<sub>2</sub> emissions considered to be the major cause.



#### Food Waste

In 2014, the global amount of food aid reached approximately 3.2 million tons. The increase in the global population and abnormal weather have given rise to food shortages with one in nine people now estimated to suffer from chronic hunger. By comparison, over 17 million tons of food is wasted every year in Japan. Of this, 6.32 million tons is food loss—food that is likely to be still edible, such as half-eaten food or food that has passed its expiry date.



### System for Promoting Material Issues

The CSR Management Committee, led by the Seven & i Holdings Director and Executive Officer and senior officer in charge of the CSR Department, and its subordinate Environment Subcommittee, in collaboration with the Group companies and the respective divisions promote initiatives to reduce CO<sub>2</sub> emissions and make effective use of limited resources through business activities.

### Contribution to SDGs

In addressing these material issues, Seven & i Holdings contributes to achieving goals 7, 12, and 13 of the Sustainable Development Goals (SDGs) by reducing CO<sub>2</sub> emissions and waste of food products and so forth.



## Seven & i Holdings' Initiatives

### Attaining an Appropriate Grasp of Environmental Impact

We have set CO<sub>2</sub> emissions reduction targets, along with taking appropriate actions to monitor CO<sub>2</sub> emissions, such as undergoing third-party CO<sub>2</sub> emissions audits, in order to correctly assess and verify the initiatives taken to reduce environmental impact.

[➤ More](#)

### Reducing Environmental Impact

We are working to reduce various environmental impacts pertaining to store operations, including installing energy-saving equipment.

[➤ More](#)

### Reducing Environmental Impact in the Supply Chain

We are promoting a range of measures together with suppliers, including energy conservation at factories and the introduction of eco-friendly vehicles.

[➤ More](#)

### Promoting Food Recycling and Reducing Waste

We have established "improving food recycling rates" as an important theme and are promoting related initiatives.

[➤ More](#)

### Reduce Packaging Material

We are reducing waste from packaging materials used for supplying products by taking steps such as promoting recycling and simplifying packaging.

[➤ More](#)

### Development of Eco-Friendly Products

We are developing and selling eco-conscious products made using recycled materials and materials with a low environmental impact.

[➤ More](#)

### Support and Awareness-Raising Activities Within and Outside the Company

We are working to co-exist in harmony with the global environment and local communities by encouraging every employee to be aware of our social responsibilities as a corporate citizen.

[➤ More](#)

### Attaining an Appropriate Grasp of Environmental Impact

Seven & i Holdings has set CO<sub>2</sub> reduction targets and strives to appropriately ascertain CO<sub>2</sub> emissions, including through third-party audits, to evaluate and verify its initiatives to reduce environmental impact.

#### Reduction targets for CO<sub>2</sub> emissions

Seven & i Holdings has established "CO<sub>2</sub> emissions reduction targets" for the purpose of preventing global warming. By introducing the latest energy-saving equipment and renewable energies, and other measures, the Group has set a CO<sub>2</sub> emission reduction target that represents a 10% reduction from the projected CO<sub>2</sub> emissions in the fiscal year ending February 28, 2018 under the same level of environmental measures set for the nine Japanese operating companies\*1 in the fiscal year ended February 29, 2012, and is working to reduce energy usage.



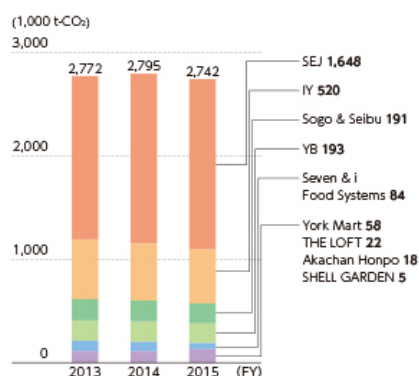
#### Third-Party Audit of CO<sub>2</sub> Emissions

To correctly assess and verify the initiatives taken to reduce environmental impact, Seven & i Holdings has undertaken third-party audits of CO<sub>2</sub> emissions from store operations at the 10 main Group operating companies\*2 since the fiscal year ended February 29, 2012. The sales of the 10 audited companies account for about 95% of the Group's total, helping to increase the accuracy and reliability of quantitative data internally and externally.

- \*1. Included companies: Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, York Mart, Seven & i Food Systems, Akachan Honpo, THE LOFT, and SHELL GARDEN
- \*2. Ten companies comprising the nine companies in \*1 with the addition of 7-Eleven Inc.

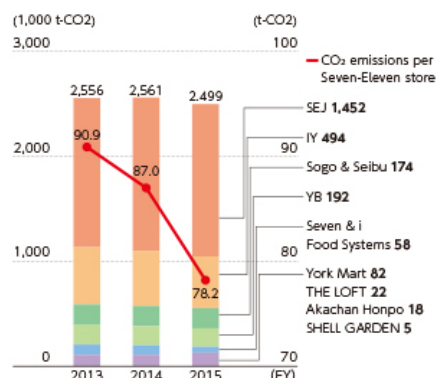


CO<sub>2</sub> Emissions\*



\* CO<sub>2</sub> emissions from store operations plus CO<sub>2</sub> emissions caused by the use of energy for logistics and Head Office activities. For calculation methods, please see the data posted on the website.

CO<sub>2</sub> Emissions Resulting from Store Operations\*



\* For calculation conditions, please see the data posted on the website.



(t-CO<sub>2</sub>)

Category	Composition ratio	
Scope 1	0.4%	
Scope 2	10.8%	
Scope 3 Categories 1-15 (total)	88.8%	100.0%
Category 1 (Purchased goods and services)		85.8%
Category 2 (Capital goods)		3.3%
Category 3 (Fuel and energy-related activities not included in Scope 1 or 2)		0.9%
Category 4 (Upstream transportation and distribution)		1.3%
Category 5 (Waste generated in operations)		0.4%
Category 6 (Business travel)		0.1%
Category 7 (Employee commuting)		0.2%
Category 8 (Upstream leased assets)		0.01%
Category 9 (Downstream transportation and distribution)		0.2%
Category 10 (Processing of sold products)		0.0%
Category 11 (Use of sold products)		0.4%
Category 12 (End of life treatment of sold products)		6.2%
Category 13 (Downstream leased assets)		1.2%
Category 14 (Franchises)		0.0%
Category 15 (Investments)		0.0%
Total of Scope 1, 2 and 3	100.0%	

\* Scope 3 emissions are calculated from the 12 categories of categories 1-9 and 11-13.

\* SEJ franchise stores are included in Scopes 1 and 2.

## Climate Change Risks, and Measures for Adaptation and Mitigation

Rapid changes in temperature and the occurrence of disasters due to climate change have an impact on the suppliers of products for Seven & i Holdings' Group companies, and also on raw material procurement prices. Furthermore, the destruction of store facilities due to disasters may limit operating hours or halt operations, resulting in the loss of opportunities to sell products. In this way, climate change can impact every aspect of business from product development and manufacture through to distribution, store management, the products carried by stores and product lineups. Seven & i Holdings therefore recognizes that the construction and application of a business model to enable rapid adaptation to climate and temperature change will be a factor in sustaining growth.

Customers' purchasing activities are strongly affected by the weather and climate. To provide product lineups appropriate to the weather and climate, the person ordering the products must check weather and temperature information in the weather forecasts daily as a form of hypothetical information in order to determine the type and quantity of products to be ordered.

The "Seven Farm" environmental recycling-oriented agriculture initiative of IY buys the entire quantity of harvested produce, including non-standard items. This enables us to procure and sell vegetables stable regardless of market trends. In this way, we are also addressing the aspect of stable product procurement. These Seven Farms are located in 11 places throughout Japan, covering approximately 70 ha in total. (As of February 29, 2016).

In addition, Seven & i Holdings is establishing systems to prepare for disasters associated with sudden weather phenomena, such as the numerous incidents of heavy rain and landslides that have occurred recently in Japan. For example, we have distributed booklets to regular employees summarizing how to respond in an emergency, and we have also been holding regular simulation drills using teleconferencing systems and so forth. Furthermore, Seven & i Holdings is constructing 7VIEW (Seven Visual Information Emergency Web), a system that enables provision, sharing, and joint use of disaster information. The system gathers together information from within the Group and through cooperation with business partners. Measures to mitigate climate change include various initiatives related to reducing our environmental impact, such as energy conservation and use of renewable energy at stores, along with forest maintenance and related activities throughout Japan.



➤ [For more details of Seven Farms](#)

## Reducing Environmental Impact

About 90% of the Seven & i Group's CO<sub>2</sub> emissions are attributable to the use of energy for equipment. We are therefore promoting the introduction of energy-saving equipment. We are also taking steps to relieve various environmental impacts associated with store operations.

### Establishing an Environmental Management System

Seven & i Holdings aims to reduce the environmental impact in every process of its operations from raw material procurement to manufacturing, distribution, sales, and disposal, by implementing an environmental management system. To this end, we are promoting acquisition of the international standard ISO 14001 and we conduct annual internal audits. At Sogo & Seibu, we became the first in the department store sector to acquire ISO 14001 certification in 1999, and this has been maintained continuously at all business sites. Furthermore, SEJ acquired the certification at the end of February 2014 for its head office and its offices and directly managed stores within the Greater Tokyo Area. In February 2015, Seven & i Food Systems acquired the certification along with IY Foods. The Group continues its efforts to reduce environmental impact by using the management system.



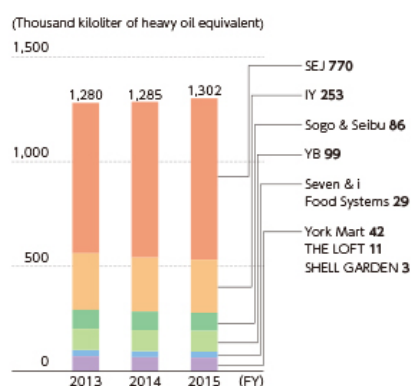
### Promoting Introduction of Energy-Saving Equipment at Stores

About 90% of CO<sub>2</sub> emitted by Seven & i Holdings Group companies is attributable to the use of energy for in-store lighting, store signboards, and air conditioning, which are all indispensable for the operation of its stores. Therefore, we aim not only to control our environmental impact increase proportionately to the increase in store numbers and size, and the enhancement of products and services, but to reduce electricity service charges by installing energy reducing equipment such as LED illumination and solar panels when we open new stores or refurbish existing ones. For example, at 7-Eleven stores, we are promoting environmentally friendly store creation by converting all types of lighting to LED, including store signage, sales area lighting, and sign poles. In 2014, we introduced new specification LED lighting that can further reduce electricity usage by approximately 50%. In addition, we have made progress with installing solar panels, which are now installed at 7,571 stores (as of February 29, 2016).

At IY as well, to reduce the load on the environment from store operations, LED lighting has been installed at almost all stores, and solar panels have been installed at 14 stores (as of February 29, 2016).

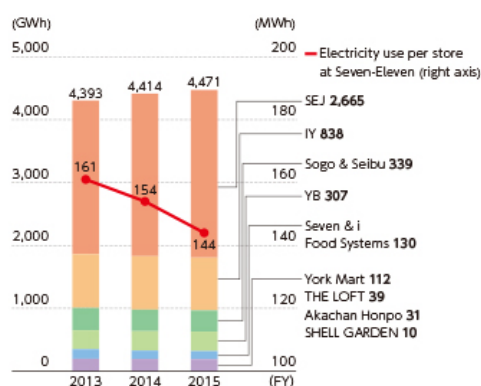


#### Total Energy Usage



LED lights

#### Electricity consumption in store operations



Solar panels

## Management of CFCs

At Seven & i Holdings stores, devices using CFCs are replaced with ones using CFC alternatives during remodeling and so forth. Moreover, in compliance with the Act on the Protection of the Ozone Layer Through the Control of Specified Substances and Other Measures, which was implemented in April 2015, devices undergo regular inspections and leakage assessments required by the government. Devices using CFCs are disposed of by professional companies in compliance with the law, and stores receive collection certificates from these contractors as proof of appropriate disposal.

Substitute CFCs include HCFC (hydro chlorofluorocarbon), production of which is to be banned in advanced countries by 2020. As this will require a changeover to another type of substitute, we also plan to further promote the introduction of non-CFC devices in freezing and refrigeration devices used at our stores. At SEJ, refrigeration devices that utilize CO<sub>2</sub> refrigerants have been introduced at 120 stores (as of April 30, 2016), and we are trialing them at 3 IY stores.

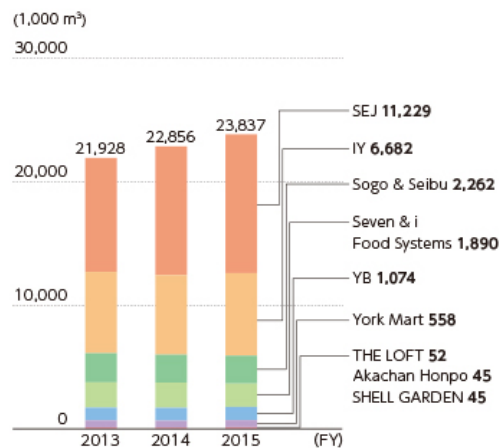


## Measures to Conserve Water

At Seven & i Holdings stores, in addition to the daily efforts made to conserve water, water-conserving faucets and energy-saving flushing toilets are also being introduced. Furthermore, through utilizing rainwater, etc., we are working to reduce the volumes of water used.



### Water Usage Resulting from Store Operations



## Stores with Hydrogen Stations

SEJ has signed a comprehensive agreement with Iwatani Corporation regarding the installation of hydrogen stations together with convenience stores. The companies opened two stores with hydrogen stations in Ikegami, Ota-ku, Tokyo Metropolis and Kariya City, Aichi Prefecture in February 2016.

Looking ahead, we will install pure hydrogen fuel cells at the stores with hydrogen stations and conduct a trial test on the environmental impact reduction to verify the potential for the use of fuel cells in retail stores. Moreover, the project also aims to promote the creation of "close-by, convenient stores" that are closely tied to local communities, while creating sites that can serve as social infrastructure able to provide products, services, and clean energy at a single point.

SEJ will continue actively striving to make total energy savings while creating environmentally friendly stores through "energy saving, energy creation, and energy storage."





SEJ's store with hydrogen station at Ota-ku Ikegami 8-chome

## Installation of Electric Vehicle Chargers

Seven & i Holdings and NEC Corporation have installed 2,700 chargers for electric vehicles (EV) and plug-in hybrid vehicles (PHV) in parking lots at 45 stores in Japan, including IY, Ario, and Sogo and Seibu department stores to provide a fee-based charging service as of August 31, 2016.

This project is the largest scale introduction of EV and PHV chargers ever attempted in Japan. The initiative aims to increase the convenience of the commercial facilities and establish a pattern for using EVs and PHVs of charging them while shopping, as well as to contribute to the realization of a low-carbon society by promoting the spread of environmentally friendly, next-generation cars.

The charging service is a commercial service and will accept payment with a charging card issued by Nippon Charge Service LLC, a joint venture established by four Japanese automakers, as well as credit cards.



Electric vehicle charger

### Reducing Environmental Impact in the Supply Chain

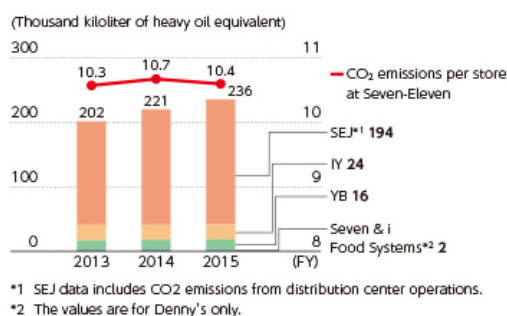
Seven & i Holdings is promoting various initiatives such as working together with original product manufacturing plants and delivery service providers and others to save energy at factories and introduce eco-friendly vehicles.

#### Reducing CO<sub>2</sub> Emissions from Deliveries

In addition to promoting the introduction of ecofriendly vehicles, Seven & i Holdings is working to improve fuel efficiency and reduce store delivery frequencies. Furthermore, progress is also being made in the introduction of drive-data terminals in trucks, which record driving conditions. Based on the collected data, drivers are instructed and eco-driving seminars carried out.



#### CO<sub>2</sub> Emissions by Delivery Trucks



#### Introduction of Eco-Friendly Vehicles

We are replacing delivery vehicles with hybrid trucks at SEJ. These are capable of recuperating energy generated during deceleration and then using it as secondary power to drive motors when pulling away and accelerating. Through this technology, we hope to realize fuel-efficiency improvements and reduced CO<sub>2</sub> emissions, etc. There are 5,329 delivery vehicles in the fleet, as of May 31, 2016, and hybrid trucks account for 660 of these. We plan to replace 20% of the total fleet with eco-friendly trucks by 2020.



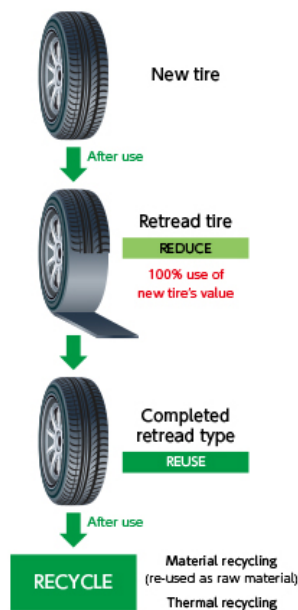
#### Number of Hybrid Vehicles Introduced



#### Promoting Introduction of Eco-Friendly Tires

SEJ is promoting the introduction of eco-friendly tires that reduce the rolling resistance of the tires of delivery vehicles. As of May 31, 2016, we have installed eco-friendly tires on 5,289 delivery vehicles, representing approximately 99% of the total fleet. Moreover, SEJ has also introduced retread tires to 8,000 vehicles\*1, as of May 31, 2016. These tires are made from tires that have finished their service life by removing a certain amount of the tire surface that contacts the road and applying new rubber and tread. In this way, they can be re-used as rear tires for delivery vehicles. SEJ will promote the use of retread tires to contribute to resource conservation and waste reduction by reusing them.

\*1. Tires may be removed and refitted several times for each vehicle, so the number is the total number of vehicles.



## Introduction of Energy-Saving Equipment at Distribution Centers

SEJ is promoting efforts to reduce wasted power usage at its distribution centers by introducing "demand controllers" that monitor the electricity usage of each unit of equipment and apply controls to the equipment in use to ensure that the usage does not exceed a certain range. As of May 31, 2016, the controllers have been introduced at 69 of SEJ's 149 distribution centers.



## Promoting Environmental Information Management at Manufacturing Plants

SEJ has its original daily products manufactured by several contract manufacturers. These manufacturers have organized the Nihon Delica Foods Association, which reports on the CO<sub>2</sub> emissions, waste emissions, and the food recycle rate associated with plant operations. We work to ascertain environmental information shared by our contract manufacturers and hold study seminars in conjunction with the Environment Countermeasures Committee of the Nihon Delica Foods Association, where we share environmental measures such as energy-saving with each manufacturer in an effort to reduce energy use at their plants.



### Promoting Food Recycling and Reducing Waste

At Seven & i Holdings, food products account for a significant portion of net sales at around 60%. Improving food recycling rates has therefore been an important theme for us. We are also addressing waste emissions associated with store operations by promoting measures to curb waste generation as well as reuse and recycle waste.

#### Recycling-Oriented Farms (Seven Farms)

Ito-Yokado established "Seven Farm Tomisato" as an agricultural production corporation in Tomisato City, Chiba Prefecture, thereby becoming the first player in the retail sector to engage in "recycling-oriented agriculture."

"Recycling-oriented agriculture" is a system for composting food residues (garbage) generated by IY stores and using them at Seven Farms. The produce that is grown at the farms is then harvested and sold at the stores from which the food residues were generated. In July 2015, the 11th agricultural production corporation in Japan, "Seven Farm Niigata," was established.



#### Seven Farms Outline



Seven Farm

#### Converting Food Waste into Feed and Fertilizer

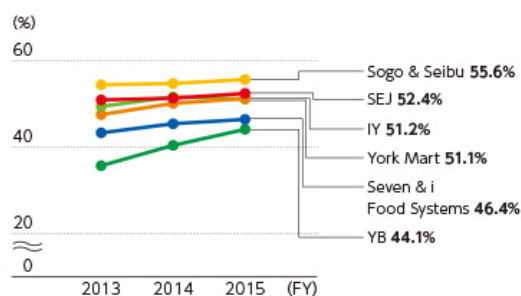
SEJ has been promoting "Eco Distribution\*" since 1994 as a system for appropriate processing and recycling of waste. Under this system, we work to recycle food products that have passed their sell-by dates into feed and fertilizer. The system is operating in 24 prefectures in Japan. In the fiscal year ended February 29, 2016, the combined recycle rate for products that had passed their sell-by dates and discarded food oil was 52.4%. We will continue to promote recycling with the understanding and cooperation of franchise stores and suppliers.

\* Eco Distribution: SEJ's original waste recycling system.

A recommended waste disposal provider for franchisees in each region collects all of the waste from 7-Eleven stores for appropriate processing and recycling.



#### Major Company Food-Waste Recycling Rates (FY2016)



#### Installing Systems to Treat Garbage

At IY, a "biodegradable garbage processor" system that breaks down garbage using microorganisms was introduced in October of 2011 and has been installed in 18 stores. Through the power of microorganisms, the devices break down into water and CO<sub>2</sub> garbage that is ill-suited to

recycling (such as highly fibrous substances, etc.). This process results in reduced CO<sub>2</sub> emissions compared to incineration processing, and it offers an effective reduction of waste volumes. A miniature version of the biodegradable garbage processor that uses the action of microorganisms has also been in test operation at SEJ since 2013.



Garbage processor

## Reducing Waste Products

IY is working to curtail the generation of waste and to promote reuse and recycling, with a view to reducing waste emissions. For example, in product deliveries, we recommend the use of reusable containers and the use of hangers for delivery of apparel. At stores, we promote understanding of recycling, and store employees are encouraged to rigorously sort waste for recycling purposes.



Reusable containers for store deliveries

## Reuse of Fixtures and Building Materials from Closed Stores

At SEJ, when stores are to be rebuilt or closed rather than disposing of the product shelving, fixtures, chiller cases, and lights, they are reused at other stores. Furthermore, reusable steel frames and recyclable sashes are used in construction of stores to reduce the amount of waste emitted during store demolition. In the fiscal year ended February 29, 2016, there were 34,549 items of store equipment recovered and re-used.





## Reduce Packaging Material

Seven & i Holdings is reducing waste from packaging materials used for supplying products by recycling and simplifying packaging.

### Installing Automatic PET Bottle Collection Machines

IY, YB, and York Mart have had automatic PET bottle collection machines installed at stores since 2012. Because PET bottles inserted into the machines undergo an automatic process of foreign-matter removal and volume-reduction (by either compression or crushing), large volumes of bottles for recycling can be sent to recycling plants on each occasion, which reduces the delivery frequency from stores. Moreover, by utilizing Seven & i Holdings logistics routes, more efficient transportation is possible and the volume of CO<sub>2</sub> emissions resulting from the operations can be reduced.

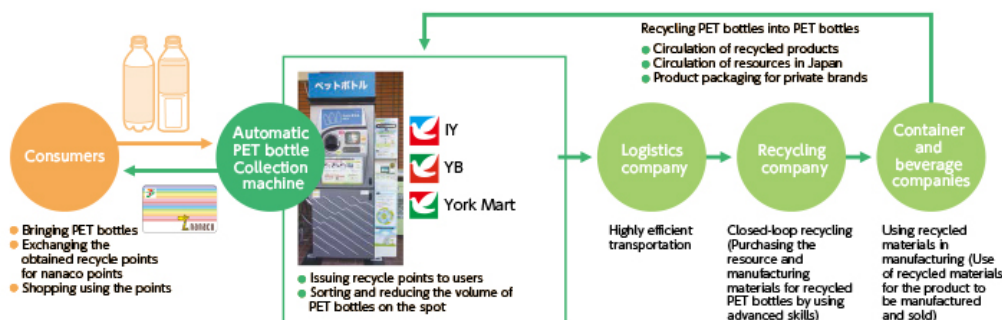
Some of the collected PET bottles are made into new PET bottles for the domestic market. This "closed-loop recycling" system of recycling PET bottles into new PET bottles is the first attempt by a major retail chain in Japan to be implemented on such a large scale. As of the end of February 2016, collection machines have been installed in 314 stores across the three companies, and approximately 4,000 tons of PET bottles have been collected.

We are promoting an initiative to recycle material from PET bottles recovered at stores and use it in packaging for Seven Premium private brand products. Moreover, we have printed a note explaining the process from recovery to recycling on the product packaging.

In December 2015, a 7-Eleven store in Koto-ku, Tokyo, became the first convenience store to install an automatic PET bottle collection machine as part of a trial demonstration by the Ministry of the Environment.



#### PET Bottle Recycling System Using an Automatic Collection Machine

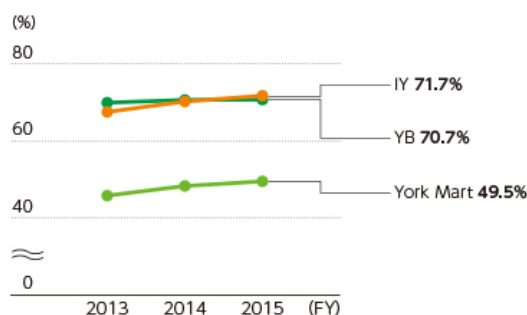


### Reducing the Use of Disposable Plastic Bags

Seven & i Holdings promotes the reduced use of disposable plastic bags by asking customers whether they need a bag at the register and displaying posters and POP signs, and by holding events to encourage customers to bring their own shopping bags when shopping at stores. Moreover, IY has discontinued the free distribution of plastic bags on the food floors of all its stores and YB has followed suit at around 90% of its stores.



#### Plastic Bag Turndown Rate (Food Floors)



## Innovating Sales Methods to Reduce Containers and Packaging

At IY, YB, and York Mart, we have devised sales methods for fresh food and delicatessen items that reduce the use of containers and packaging, such as selling by weight or selling individual loose items. At our delicatessen sales areas, we are increasingly using paper bags rather than plastic containers for selling items such as croquettes and fried chicken. In other areas, some fresh meat sales areas have adopted the method of packing meat for sale in plastic bags without a polystyrene tray.



### Development of Eco-Friendly Products

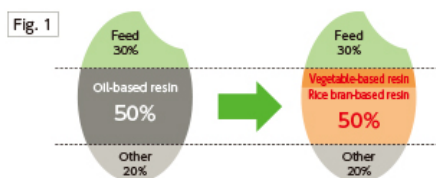
Seven & i Holdings is approaching the development and manufacture of the products it supplies to customers by developing and selling eco-friendly products that use recycled materials or materials that have a low environmental impact.

#### Environmentally Friendly Rice Ink

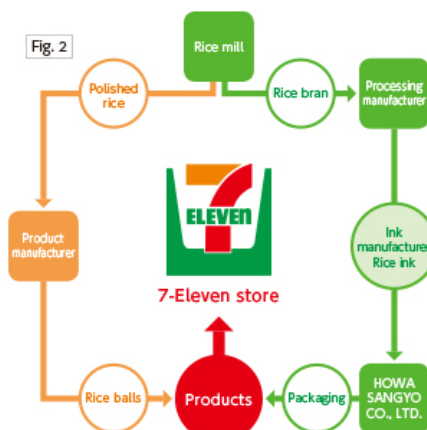
In April 2016, SEJ introduced environmentally friendly rice ink for printing the packaging of rice balls sold at its stores. Rice ink is made from rice bran oil, a non-edible part of the plant extracted from rice bran. This ink reduces the company's annual CO<sub>2</sub> emissions by around 60 tons compared with conventional oil-based inks and is therefore expected to help reduce environmental impact. Around 50% of SEJ's rice ball packaging is printed with this technology. Moreover, the packaging is also contributing to our efforts to promote local production for local consumption by using domestically produced rice bran oil, which is one of the raw materials.



#### About Rice Ink



The resin in this ink has been changed from an oil-based to a vegetable-based resin derived from rice bran, which comprises around 50% of the ink coating film.



Rice ink is made from the rice bran produced at a rice mill when polishing rice, which is the main raw material for SEJ's products.

#### Use of Forest Thinning Materials in SEVEN CAFÉ Cups

Forest thinning materials are being phased in for use in the outer sleeve section of the hot cups used for SEVEN CAFÉ, which is sold mainly at 7-Eleven stores throughout Japan. This is the first such initiative undertaken in convenience store coffee.



A SEVEN CAFÉ cup and the Forest Thinning Material Mark

## Change to Recyclable Packaging

In July 2015, we changed the paper cartons used for Seven Premium alcohol products from the previous aluminum carton material to a non-aluminum carton material. This change enables the cartons to be recycled as paper. Moreover, the volume of CO<sub>2</sub> emissions per carton from the raw material procurement and manufacturing process is around 12% lower compared with the aluminum cartons. Furthermore, the CO<sub>2</sub> reduction effect from this initiative is projected to be 170 tons per year, the equivalent of the CO<sub>2</sub> absorbed by approximately 12,000 cedar trees.



The identification mark also changed from the Paper Mark to the Paper Carton Mark

## Products Using Recycled PET Bottles

Seven & i Holdings sells everyday household products as environmentally friendly merchandise, including Seven Premium Refillable Body Soap, featuring containers made using recycled material from PET bottles recovered at the Group's stores.



Products Using Recycled Material from PET Bottles

## Introduction of Biodegradable Materials

SEJ is replacing the original Salad Cup Container sold in the chilled cases of its stores with containers that use environmental PET made from recycled or biomass PET rather than oil-based PET. The changeover was fully completed within the fiscal year ended February 29, 2016. The CO<sub>2</sub> emission reduction resulting from the change for that fiscal year was 1,790 tons. In future, SEJ plans to expand the range of products featuring containers made using recycled PET materials and plant-derived materials.



Example of Salad Cup Container using environmentally friendly PET

## Introduction of Recycled Materials

IY is introducing recyclable trays. In the fiscal year ended February 29, 2016, approximately 600 types of recyclable tray were introduced (an increase of 10% year on year by weight). The reduction in CO<sub>2</sub> emissions from the introduction of recyclable trays was approximately 2,928 tons. Moreover, the containers for cut fruit and boxed lunches are made from bioplastic, which partially uses plant-derived material.



Recyclable tray

## Change to Eco Materials for Product Labels

The Seven & i Group private brand Seven Premium Select Fresh Eggs package label includes CO<sub>2</sub>-adsorbing material. By using this CO<sub>2</sub> adsorbent, consisting of nanovesicle capsules which capture the carbon emitted during combustion as ash, CO<sub>2</sub> emissions can be reduced by around 20% compared with ordinary labels.



Example of product labels using CO<sub>2</sub> absorbing agents

### Support and Awareness-Raising Activities Within and Outside the Company

Seven & i Holdings is working to raise the awareness of Group employees through environmental education and other activities. At the same time, we are emphasizing communication with stakeholders outside the Company and encouraging every employee to be aware of our social responsibilities as a corporate citizen and to co-exist in harmony with the global environment and local communities.

#### Promoting Environmental Education of Employees and Taking the "Certification Test for Environmental Specialists"

Seven & i Holdings regularly holds training for new recruits and newly appointed corporate officers with the aim of instilling basic knowledge and facilitating their understanding of environmental matters. In addition, since 2014 we have been conducting a campaign to encourage all employees to take the Certification Test for Environmental Specialists (Eco Test) as a training tool for systematically imparting a broad knowledge about an expansive range of environmental problems.

In this campaign, the Company provides a certain amount of support subsidies for those who pass the Eco Test, with the aim of encouraging participants to voluntarily obtain a broad knowledge about the environment by studying to obtain the certification. At the test conducted in July 2015, 963 people from 17 Group companies took the test, and 765 passed. (The pass rate for employees taking the test was 79.4%, compared with a pass rate of 62.3% for all test-takers nationwide.)



#### Holding Environmental Events

Seven & i Holdings holds environmental events both within and outside the Company to provide opportunities to raise the environmental awareness of employees. For example, Group employees and 7-Eleven franchisees regularly participate in volunteer activities organized by the Seven-Eleven Foundation. Major activities include events such as forest care operations ranging from tree planting to tree thinning and undergrowth cutting at "Seven Forests" in 15 locations throughout Japan; marine afforestation initiatives to increase eelgrass, which purifies water and reduces CO<sub>2</sub> in Tokyo Bay, thereby enriching the bay's marine environment; and clean-up activities on Mt. Fuji. In the fiscal year ended February 29, 2016, a total of 1,869 people took part in such events, comprising both Group employees and personnel from Seven-Eleven Japan franchised stores.



➤ [For more details about "Seven Forest" \(Japanese Only\)](#)

➤ [For more details about the Tokyo Bay UMI Project \(Japanese Only\)](#)

#### Support for NPOs and Other Environmental Organizations

Seven & i Holdings has long been supporting various environmental organizations such as the Keidanren Nature Conservation Fund, which promotes wider awareness of biodiversity, along with the nature protection projects of environmental and wildlife preservation group WWF Japan, and various NGOs in and outside of Japan.

In addition, SEJ has been conducting environmental contribution activities together with franchised stores through the Seven-Eleven Foundation since 1993. Based on contributions\*1 from customers collected through collection boxes placed at the counters of 7-Eleven stores, along with donations from SEJ and other funds, the Seven-Eleven Foundation assists environmental NPOs\*2 through environmental citizenship activity subsidies, and also supports initiatives to prevent global warming, activities for protecting and conserving the natural environment, and other such efforts.

The Seven-Eleven Foundation operates nature schools based on the principle of "Learning from nature: how to promote co-existence and mutually beneficial relationships between people and nature and the natural environment and local communities," with the aim of protecting and conserving Japan's precious nature and ecosystems. The Kujuu Furusato Nature School located in Oita Prefecture is working to preserve marshland environments, such as the Tadehara and Bougatsuru areas registered under the Ramsar Convention, and is taking action to preserve grassland butterflies. It is also promoting efforts to protect and conserve rural areas through activities such as creating rice paddies that harmonize with nature and making charcoal to help preserve wooded areas. We have prepared programs to enable members of the general public to participate in these activities and through them many people have learned about the importance of nature. The Takao Forest Nature School, a second nature school, was opened in Hachioji City, within Tokyo Metropolis, in April 2015 as a collaborative project with the metropolitan government. The school provides a wide range of programs, including forest care activities, outdoor environmental workshops, and the development of forest care personnel.

A program to create rice paddies that harmonize with nature and nurture life run by the Kujuu Furusato Nature School has been designated as a collaborative project of the Japan Committee for UNDB. In November 2015, the program was awarded a Certification of Gratitude from the committee based on a strong evaluation of its activities.



\*1. Store-front donations collected in the fiscal year ended February 29, 2016 amounted to ¥430,926,053.

- \*2. Assistance for environmental NPOs through public aid in the fiscal year ended February 29, 2016 (including recipients of ongoing support): 264 aid projects; ¥169,311,877 provided in total



Collection box placed on counters in stores



Kujuu Furusato Nature School

## Responding to Opinions and Requests

We receive and respond to opinions and requests relating to the environment from customers and civic groups at the customer service offices at each Group company and at the CSR Department of Seven & i Holdings. In 2014, when we identified the material issues that Seven & i Holdings should address, we incorporated the opinions of stakeholders including customers, business partners, shareholders and other investors, as well as those of CSR experts.

➤ [For more details about the selection process for material issues](#)

## Policy Recommendations

Seven & i Holdings makes policy recommendations at the stage of drafting laws and regulations by participating as necessary in meetings organized by government organizations, central government ministries and agencies, and industry groups, as well as in other forums. For example, Seven & i Holdings made policy recommendations on issues and other matters related to regulations on transporting PET bottles collected at stores from the standpoint of a retailer. In Japan, supermarkets usually have a box at the storefront for collecting used PET bottles, which are then passed to a recycling operator, in order to promote the recycling of resources. However, under this method, the PET bottles collected at the store are categorized as industrial waste, which cannot in principle be transported without an industrial waste collection and transportation permit. This makes the cost of transporting the PET bottles around twice that of an ordinary transport operator. In addition, longer transport distances create an environmental burden.

To solve these problems, Seven & i Holdings participated in a regulation revision conference of the Cabinet Office in 2014. Seven & i Holdings submitted that the PET bottles are collected for the purpose of recycling, and not as waste. Based on both cost and environmental considerations, we continuously proposed that delivery trucks be allowed to load their truck beds with used PET bottles and transport them after unloading products at stores. As a result of this proposal, in certain areas the regulation has now been relaxed to allow ordinary transport operators to carry the bottles after making an application to the local municipality.



## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Approach to Material Issue

Seven & i Holdings has close to 150,000 employees working throughout the Group. Workplaces also include part-time employees and employees working short hours due to childcare responsibilities, so we recognize that we have a duty as a corporation to support diverse working formats. We support the careers of our employees and strive to create appealing workplaces that make work worthwhile. This enables us to steadily acquire diverse human resources, and also drives us to incorporate completely new ways of thinking and generate new value. It is therefore a source of competitiveness.

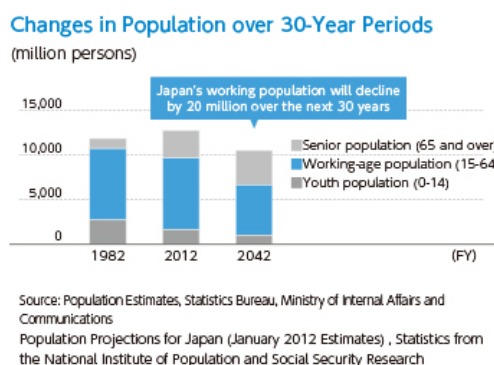
#### Policy Regarding CSR

➤ [Seven & i Holdings Corporate Action Guidelines](#)

### Background to Material Issue

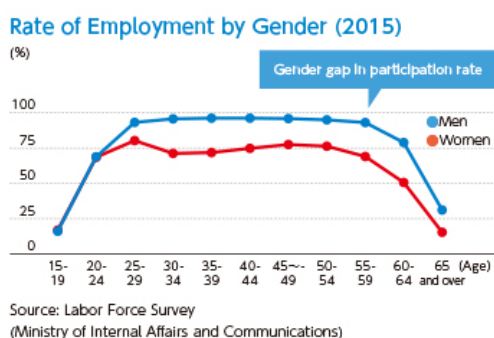
#### Population Aging and Decline in Productive-Aged Population

In Japan, the birth rate is in decline, and the population is advancing in age, leading the productive-aged population to decline. Over the next 30 years or so, the productive-aged population is projected to decline by over 20 million. For this reason, raising productivity by bolstering employee capacities and developing diverse personnel will help vitalize Japan's economy and society.



#### Supporting Active Roles for Women

With the productive-aged population in decline, it is essential to promote active participation by women. However, many women are denied the opportunity to work, for example, because it is not possible to balance work with raising children, or because they have been unable to return to work after raising children. Furthermore, the ratio of women in management in Japan is relatively low by international standards at 12.5% (2015). Creating workplaces where women can play an active role is therefore an important task.



### Promotion System for Material Issue

This material issue is the responsibility of Seven & i Holdings Director, Executive Officer and Senior Officer of the Corporate Social Responsibility Department. The CSR Management Committee and its Corporate Ethics and Culture Subcommittee coordinate with Group companies and related divisions to create environments that allow all employees to perform to their full potential and promote the development of appealing, fulfilling workplaces.

### Contribution to SDGs

Though its engagement in this material issue, Seven & i Holdings provides pleasant working conditions for people inside and outside the company regardless of gender or age, thereby contributing to the achievement of Sustainable Development Goals (SDGs) 4, 5, 8 and 10.



## Seven & i Holdings' Initiatives

### Making Use of Diverse Human Resources

We aim to enhance our corporate competitiveness through active participation of diverse human resources, with the goal of becoming a company with a sustainable competitive advantage.

[➤ More](#)

### Achieving a Work-Life Balance

We are working to revise employee programs and increase eligibility periods in order to enhance work environments for employees.

[➤ More](#)

### Support for Fostering More Capable Employees

We are helping to improve the skills and abilities of every employee by having each Group company develop training systems tailored to the business characteristics of each company and work to develop its human resources.

[➤ More](#)

### Assuring Fair Assessment and Treatment of Employees

We are operating various assessment systems for employees to maximize their individual abilities and ensure fair assessments free of unreasonable discrimination.

[➤ More](#)

### Consideration for Occupational Safety and Health

We are taking a range of measures to maintain safe and comfortable workplaces and promote better health among employees.

[➤ More](#)

### Employee Opinion Survey

We conduct an anonymous employee survey every two years in order to gauge employees' workplace satisfaction and their awareness of compliance.

[➤ More](#)

### Sound Labor-Management Relations

We recognize various rights of workers based on international norms, such as the right of workers to organize, as we strive to enhance the workplace environment through dialogue with employees.

[➤ More](#)

### Support for Childcare and Child-Raising

We offer various types of assistance related to childcare through our stores and establishments.

[➤ More](#)

## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Making Use of Diverse Human Resources

Seven & i Holdings has positioned supporting active roles for women, youth, and seniors as a material issue, and aims to enhance its corporate competitiveness through active participation of diverse human resources, with the goal of becoming a company with a sustainable competitive advantage.

#### Enhancing Sustainable Competitive Advantage through Active Participation of Women

Seven & i Holdings established the Diversity Promotion Project in 2012 and has promoted initiatives with a focus particularly on women's participation and advancement, based in part on the thinking that incorporating the perspectives and sensibilities of women into product and service development and sales floor arrangements translates into higher customer satisfaction given that a majority of customers that visit the Group's stores and other establishments are women. As the next steps in the initiative, in 2012 we created a promotion system and in 2013 conducted measures for awareness-raising among women themselves and revised operation of the system. In 2014, we moved to the stage of raising the awareness of management-level employees. In addition, since 2015 we have promoted initiatives to support the balancing of work and family care responsibilities, and we continue to conduct a variety of measures to achieve our targets for diversity promotion by 2020. At the same time, we have also reviewed working formats for greater productivity, focusing on rectifying long working hours, which have been a barrier to the further advancement of diverse personnel, and on achieving employee work-life balance. By promoting initiatives in line with the business formats at each Group company, including organizing work process improvement teams to raise the efficiency of store operations, visually representing overtime work and leave days used, and establishing no-overtime days, we have successfully reduced overtime work and increased the rate of leave taken. Our next step will be to aim for even greater productivity gains while promoting initiatives to enable flexible work styles that allow diverse human resources to play active roles.

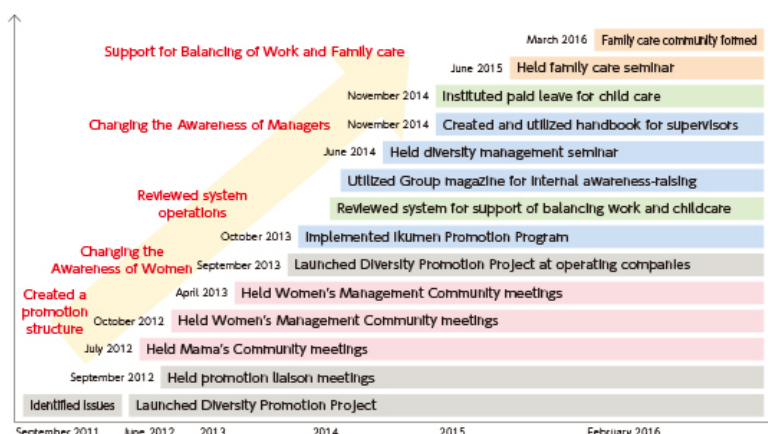


#### Diversity Promotion Targets (revised January 2016)

By 2020

1. Raise percentage of female managers: 30%
2. Encourage male employees to participate in childcare
3. Eliminate retirements resulting from need to provide family care
4. Improve employee satisfaction
5. Improve external evaluation

#### Steps to Diversity Promotion



#### Fostering a Culture Where Diverse Personnel Can Play an Active Role

Seven & i Holdings is working to promote active roles for women by conducting community activities and seminars targeting various levels within the Group.





## Mama's Community

Internal interviews conducted in 2012 to identify issues for the further participation and advancement of women revealed concern about balancing work and childcare responsibilities. In response, in July 2012 Mama's Community meetings were held to build a network of women involved in raising children. The group uses lunch breaks to hold discussions on balancing work and child-raising and strives to raise employee motivation while eliminating anxieties. In the fiscal year ended February 29, 2016, a career planning sheet was created based on feedback received that indicated a desire for discussion on balancing a career with having children. Community participants conducted self-analysis of their own strengths and weaknesses and the skills they have acquired and created their own career plans based on a life plan, which served to foster greater career awareness.



Mama's Community

## Women's Management Community

The Women's Management Community meetings have been held since October 2012 to create a network of female managers and further refine managerial abilities. The community invites speakers from inside and outside the company and holds seminars on improving skills and other management topics. In addition, the community promotes the further participation and advancement of women by leveraging Group strengths to build networks with various female role models.



Management Community

## Ikumen Promotion Program

Women's participation and advancement requires that men become more involved in housework and childcare. For this reason, the Ikumen Promotion Program was established in October 2013. It brings in outside lecturers from organizations such as the NPO Fathering Japan, reaffirms the necessity of participation by men in housework and childcare, supports awareness-change among men, and promotes review and revision of existing work formats.



Ikumen Promotion Program

## Diversity Management Seminars

The Diversity Management Seminars have been held since June 2014 to change the awareness of managers. The seminars were held four times in fiscal 2016, and approximately 1,000 people from 21 Group companies participated. Led by outside lecturers, the seminars cover such issues as management of diverse staff members, reforming work formats, and leadership. They provide the opportunity for managers to think about diversity from a number of different perspectives. The Diversity Management Handbook is also distributed to managers to promote communication with staff members working to balance work and childcare or family care responsibilities in order to further train managers to make good use of their diverse personnel to generate results.



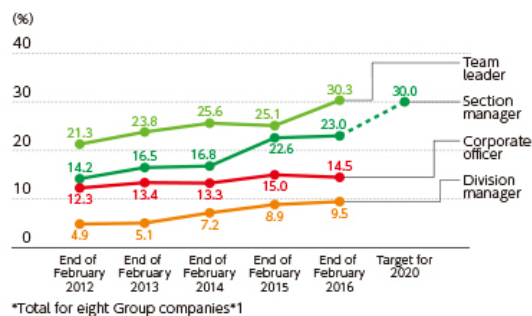
A Diversity Management Seminar

## Extending the Ratio of Female Managers

We are working to promote highly capable women and further bolster personnel training to meet the goal of a 30% ratio of female managers by 2020, one of our targets for diversity promotion. As a result of this initiative, female manager ratios, which were 21.3% for team leaders and 14.2% for section managers at the end of February 2012 before the project started, have risen to 30.3% for team leaders and 23.0% for section managers as of the end of February 2016. There has also been progress in changing awareness among women employees and managers in general, and there are now actually numerous managers in the short working hours program. At present, we are working to further train and promote women by holding selective training at Group companies and having career plans shared with supervisors during individual meetings.



### Trends in the Percentage of Female Managers



\*1 Seven & i Holdings, Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York Benimaru, Seven & i Food Systems, Akachan Honpo, Seven Bank

## Improving Employee Satisfaction

Seven & i Holdings administered an employee opinion survey in May 2015 to employees at 28 Group companies. With regard to promoting women's active roles, there was an 11.3% increase in respondents who agreed fully or in part that "It is relatively easy to continue working even while raising children" compared to the survey conducted in 2013. Also, there was a 12.6% increase in respondents who agreed fully or in part that

"I am able to advance my career even while raising children." These changes demonstrate that the consciousness of employees is changing as well due to the various internal awareness-raising activities that have been conducted.

## Improving External Evaluation

Seven & i Holdings has established specific targets for promoting the active role of women, and the entire Group has worked together to make progress on them. The Group's high ratios of female corporate officers and female managers, and its disclosure of the active roles of women, as well as efforts such as changing the awareness of women, men, and management, respectively, have been highly rated. In February 2014 we were awarded the Grand Prize at the first Empowerment Awards sponsored by the Working Women's Empowerment Forum, which is part of the Japan Productivity Center. In addition, in January 2015, we were awarded the Prime Minister's Award at the Leading Companies Where Women Shine Awards, recently established by the Cabinet Office. Moreover, we placed No. 2 overall for the second consecutive year in the "100 Best Companies Where Women Play Active Part" ranking for fiscal 2016 sponsored by "Nikkei WOMAN" magazine and the Nikkei Womanomics Project.



Ceremony for the Leading Companies Where Women Shine Awards (January 2015)

## Initiatives at Group Companies

Since September 2012 Seven & i Holdings had held quarterly diversity promotion liaison meetings with diversity managers at the Group's 8 core operating companies (including Seven & i Holdings) to rapidly develop out horizontally initiatives proposed for the Diversity Promotion Project at the operating companies. Participation was expanded in 2015 to 12 companies and through the meetings Group synergies continue to be generated.

In addition, dedicated diversity teams have been launched at each operating company since September 2013. To achieve the Group's targets, individual targets have now also been set in line with operating company characteristics and initiatives are under way. For example, at SEJ, the training and hiring of women in the sales division has been identified as an issue, and the company is reviewing its hiring practices, improving working conditions, and promoting systematic hiring of women. In addition, IY has identified as an issue the promotion of women to managerial positions and has been working to train women managerial candidates, raise the awareness of managers by holding lectures on diversity management at store manager meetings, for example, and promote greater participation by men in childcare. Sogo and Seibu are having women actively participate in management training for further development and promotion.



## Promoting Employment of People with Disabilities

Seven & i Holdings is assisting people with disabilities to demonstrate their abilities at their workplaces based on its commitment to provide an environment where everyone can play an active role. To this end, all operating companies consult 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. In this way, people with disabilities work in various divisions.

In recruitment, we coordinate with special-needs schools to provide onsite training in stores and participate in job interviews organized by local employment agencies and partner with vocational schools. Furthermore, all Group companies are provided with the Seven & i Holdings Normalization Support Guide, which contains basic knowledge and practical recruitment methods when employing people with disabilities, to ensure that all people who are responsible for recruitment and education at Group companies are aware of considerations regarding disabilities and that they implement them.

Furthermore, Terube\*1, which is a special subsidiary established to foster the employment of people with severe disabilities, employs 17 people with disabilities as of June 1, 2016. As a result, the Group's employment rate of people with disabilities\*2 including those employed by Terube came to 2.47% (as of June 1, 2016)

\*1. Established in 1994 through joint investments from Seven & i Holdings, Seven-Eleven Japan, Ito-Yokado, York-Benimaru, Seven & i Food Systems, and the City of Kitami in Hokkaido Prefecture. The company offers secure, long-term employment for people with disabilities and carries out activities to raise awareness about the concept of normalization

\*2. The Group's employment rate of people with disabilities covers the five companies of Seven & i Holdings, Terube, Seven-Eleven Japan, Ito-Yokado, and Seven & i Food Systems.



▶ [Terube Website \(Japanese only\)](#):

## Creating Local Employment Opportunities

With the birthrate declining, society aging, and the working-age population decreasing, SEJ is creating employment opportunities for seniors who want to work. The company actively participates in joint company presentations on senior employment held by municipalities and promotes the hiring of seniors.

For people concerned about working at a convenience store, SEJ strives to provide detailed information and maintain conditions that are conducive to working with confidence. For international students and people of foreign nationalities, the company promotes hiring at its stores and dedicated manufacturing facilities.



Joint company presentation

## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Achieving a Work-Life Balance

Seven & i Holdings has assistance systems to enable employees, including part-time employees, to continue working while attending to childcare and family care. These systems exceed the minimum legal requirements. We have also revamped the systems and extended applicable periods to make it even easier for employees to continue working.

#### Enhancing Childcare and Family Care Assistance Systems

Since November 2014, Seven & i Holdings has been phasing in a childcare leave system to promote participation in childcare by men. The system is for employees with pre-school aged children, and the leave is available in units of one day, and is paid. The system allows employees to take leave for general reasons related to childcare, such as nursing a sick child, or attending events at day care or kindergarten. With increasing awareness among men regarding childcare and a rise in the number of households with two working parents, the childcare leave system has been used effectively since its introduction.

At IY, which has some 40,000 employees, the most among the Group's operating companies, there is a childbirth and childcare program and a family care program that can be utilized by employees, both men and women, who have worked at the company for a least a year; the programs are also available to part-time employees. The programs may be freely selected for use by individual employees, and combining a leave program with a short working hours plan is also possible.



#### Ito-Yokado's Childcare and Family Care Assistance Systems

	Childcare Assistance System	Family Care Assistance System
Reduced work hours	Employees can work reduced hours until April 15 of the year their child starts junior school. *Can be combined with other leave programs	Employees can work reduced hours for up to three years following the initial reason. *Can be combined with other leave programs, but any leave taken is included in the three-year limit
Work until 7:00 p.m.	Full-time employees can end their workday at 7:00 p.m. until April 15 of the year their child starts junior high school	None
Leave	Employees can return to work after taking leave for up to two years. *Up to three years depending on the circumstances (Can be combined with short working hours)	Employees can take up to a one year of leave following the initial reason. The leave can also be split up and taken at different times. *Can be combined with short working hours
Re-employment	Employees resigning to focus on childcare are given priority in hiring for three years.	Employees resigning to focus on family care are given priority in hiring for three years.

#### Platinum Kurumin Certification

IY has become the first company in the Tokyo Metropolitan Area to receive "Platinum Kurumin" Mark certification from the Ministry of Health, Labour and Welfare, following a revision of the Act on Advancement of Measures to Support Raising Next-Generation Children. "Platinum Kurumin" is awarded to companies that have already received "Kurumin" certification and have advanced use of systems to support balancing work with childcare to a significant degree while implementing measures at a high level. The system was established in 2015 to promote continued initiatives. IY has already received the "Kurumin" certification twice, and has actively utilized its Re-Challenge Plan, a personnel system for supporting childcare to help workers balance work and childcare. Other initiatives include holding opinion exchange events with employees who are involved in childcare, diversity seminars at store manager meetings, and promoting the taking of annual paid leave by employees, especially part-time workers. These activities were highly rated. IY will make even further efforts to create an environment where employees can work with peace of mind going forward.





Corporate certification ceremony (June 2015)

## Promotion of Participation by Men in Housework and Childcare

To promote greater participation by men in childcare, a childcare leave program has been phased in at Group companies since November 2014. The program provides five special vacation days per year that can be used in one-day increments to employees with pre-school aged children. Since the program was started, it has been used by many employees for various reasons involving their children, such as when their spouse gives birth, or to attend kindergarten entrance and graduation ceremonies or participate in field day events. In addition, SEJ has created a handbook on utilizing childcare and nursing care leave to promote understanding of the programs. It introduces the significance of the programs and how to apply to utilize them in an easy-to-understand manner. Moreover, at IY, a community has been established for male employees involved in childcare. It provides participants the opportunity to think about their own work-life balance as well as consider the productivity and working formats of their divisions.



## Aiming to Eliminate Retirements Resulting from Need to Provide Family Care

Along with promoting active roles for women since the fiscal year ending February 28, 2015, Seven & i Holdings also works to help employees balance their jobs with family care responsibilities. In the near future, approximately 70% of employees may be involved in balancing these two responsibilities, so it is expected to become a major issue going forward. Given this expectation, since June 2015 we have conducted seminars with outside experts on preparing in advance for family care responsibilities since it is important to be ready before the need for care arises. Employees have been extremely interested in the topic and many have participated in the seminars. The issue of balancing work and family care has also been taken up at the diversity management seminars held for managers, and outside instructors lecture on how supervisors can provide support for staff members facing the issue to help create workplace conditions that make a balance possible. Further, a family care community has been established as of November 2015 for employees engaged in balancing work and family care. It works to eliminate anxiety by identifying issues related to the balance and by building networks.



## Volunteer Leave System

To support employee participation in local community activities for people with disabilities, family care support, environmental beautification, disaster reconstruction support, and other objectives, Seven & i Holdings, SEJ, IY, York Mart, Seven & i Food Systems, and Seven Bank have instituted a volunteer leave system under which employees can take five days off per year for volunteer work. In the fiscal year ended February 29, 2016, 15 Group employees took volunteer leave.



## Telework System

Seven Bank established a telework system in the fiscal year ended February 29, 2016, that allows employees with difficulty commuting due to pregnancy, childcare or family care responsibilities, an injury or other reason continue to perform their jobs.

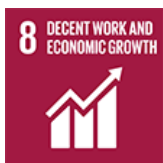


## Reducing Overtime

Through the CSR Management Committee's Corporate Ethics and Culture Subcommittee, Seven & i Holdings is working to improve the working environment by sharing measures implemented at Group companies for reducing overtime work by employees.

### Example Measures

- A weekly "no overtime" day
- Office lighting turns off automatically when standard working hours end
- Notifying senior managers of individual overtime hours every week to encourage them to redistribute the workload of people working excessive overtime to other people in the same department



### Support for Fostering More Capable Employees

Seven & i Holdings conducts human resources development with training systems refined by Group companies to match their respective business characteristics and supports the skill development of each individual employee.

#### Enhancing the Training System

For our approximately 110,000 employees working nationwide, Seven & i Holdings engages in human resources development through training systems refined by Group companies to match their respective business characteristics. The Group focuses particularly on the essential task of improving the skills of store employees who interact with customers. To this end, we hold regular group training by position and also work to enhance the skills and develop the careers of individual employees, including part-time employees.

The Ito Training Center was established in Yokohama, Kanagawa Prefecture in March 2012 to support the acquisition of technical knowledge on sales, food preparation, and other areas. It is an example of a training system refined to match business characteristics. The training center is equipped with meeting rooms as well as display practice rooms with recreated sales areas, cash register practice rooms, and skills rooms for personnel that handle fresh fish, meat and produce (including sozai prepared dishes, fresh fish, sushi, processed meat, and produce). The skills rooms have large monitors to provide a close-up view of what the instructor is doing and devices capable of sending video to the stores, creating an environment that facilitates learning and skill acquisition. There is also an accommodation facility within the training center with 65 rooms for overnight stays, including four universal design rooms that are wheelchair-ready. In the fiscal year ended February 29, 2016, 59,543 Group members received training at the facility, bringing the total number since it was opened to 218,681.

In addition, given the large number of the Group's operating companies, we actively leverage the human resources development know-how of each company at other the operating companies as well. For example, at IY, new employee training is held for all employees, including part-time employees, to teach job basics and required retail skills and knowledge. Further, training is held to provide basic knowledge of products handled by affiliated division and to improve skills related to customer service and fresh food preparation. In this way, the company assists employees in continuing to upgrade their skills.

Additionally, training is also held for everyone from new hires to sales floor staff, sales floor supervisors, assistant store managers, and store managers, to provide knowledge of sales floor management in stages and in line with their respective positions.

Training is divided into newly appointed, post-appointment, and career development stage for each position and a training system has been established with a curriculum to match the growth of each individual employee.



Employees in training

#### Target Achievement Charts Clarify Training Areas and Goals

YB uses target charts that clarify the individual employee's current skills and abilities as well as skills to be acquired and training targets between individual employees and their managers. The charts include detailed items necessary for job performance, such as customer service, sales area management, ordering, and food preparation techniques, with the skills and abilities of the employee assessed on a six-step scale from 0 to 5. In the "skills version" for staff members and part-time employees, items are determined for each division depending on duties, job characteristics and products handled for each analysis item. There is also a "management version" for store managers, assistant store managers, customer satisfaction managers and division managers that is intended to help raise and standardize management abilities.

Based on the chart, employees confirm their skill levels with their supervisors and twice a year share the progress they have made with their supervisors and establish the next set of goals.



#### Ito-Yokado Training System

Position	Training content		Information sharing
Part-time employees	Training for new employees	<ul style="list-style-type: none"> <li>• Merchant fundamentals, corporate fundamentals</li> </ul>	
New employees	Training for new employees	<ul style="list-style-type: none"> <li>• Merchant fundamentals, corporate fundamentals</li> </ul>	Group training for new employees
	Customer service training	<ul style="list-style-type: none"> <li>• Importance of customer service and methods</li> </ul>	
	Service training	<ul style="list-style-type: none"> <li>• Features and formats of gift products</li> </ul>	
	Item-by-item management training	<ul style="list-style-type: none"> <li>• Sales methods</li> <li>• Selecting and selling products</li> </ul>	
	Divisional training	<ul style="list-style-type: none"> <li>• Basic knowledge and technologies by division</li> </ul>	
Staff	Management training	<ul style="list-style-type: none"> <li>• Knowledge, techniques and management skills necessary for sales area management</li> </ul>	
Floor managers	New manager training	<ul style="list-style-type: none"> <li>• Knowledge necessary for sales area supervisors, management</li> <li>• Numerical analysis, personnel training</li> </ul>	Floor manager conferences
	Management training	<ul style="list-style-type: none"> <li>• Knowledge and management necessary for assistant store manager candidates</li> </ul>	
Assistant store managers	New assistant store managers training	<ul style="list-style-type: none"> <li>• Knowledge necessary for store management, management</li> </ul>	
	Assistant store manager training	<ul style="list-style-type: none"> <li>• Operational improvements in target division</li> </ul>	
	Management training	<ul style="list-style-type: none"> <li>• Knowledge necessary for senior management, management</li> </ul>	
Store managers	New store manager training	<ul style="list-style-type: none"> <li>• Basic knowledge about the company, store operation from a management perspective</li> <li>• Sales floor management learned from senior store managers, management</li> </ul>	Store manager conferences

Divisional training on customer service and fresh food skills

Personal development support (correspondence courses, etc.)

## Open Recruitment System for Human Resources

Seven & i Holdings implements an open recruitment system for human resources that encompasses all of its operating companies to respect the will of each individual employee and ensure the right person is placed in the right job to fully leverage their abilities and to invigorate the organization.

Group companies have also instituted internal recruitment systems. For example, at IY, employees who have worked at the company for at least two years can become candidates for managerial positions and jobs regardless of business experience or seniority. In the fiscal year ended February 29, 2016, 230 people applied through this system and 58 were appointed to their preferred positions or jobs.

Going forward, we intend to further enhance the conditions that raise motivation and allow employees to fully demonstrate their abilities.



## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Assuring Fair Assessment and Treatment of Employees

Seven & i Holdings implements various assessment systems for employees to maximize their individual abilities and ensure fair assessments free of unreasonable discrimination, such as social status, birthplace, race, creed, or gender.

#### Fairness Based on Self-Evaluations

Seven & i Holdings has instituted a self-check program to maximize individual employee abilities and help ensure fair evaluations. Twice a year at each operating company (three times a year at SEJ), employees first assess their own job performance, which is then evaluated by their supervisor. After that, the employee and supervisor meet to discuss the results. This direct dialogue helps the employee to identify their own achievements, strengths, and challenges while also ensuring the transparency and fairness of evaluations. In addition, through individual meetings with supervisors, issues at the workplace related to management levels, knowledge, skills and the like are confirmed, and this leads to further career development. Since it is not a simple one-sided evaluation by the company, employees are more willing to accept the system and find it motivating. The system is helping to steadily improve operational levels.



#### Employee Compensation System

IY has an employee classification system that allows employees to choose which region to work in based on their individual life plans and values. Based on this system, employees are evaluated based on a qualifications system, which ranks them by job performance ability and skill, and by job responsibilities, taking into account their current duties and job assignment. In addition, individual evaluations, which are determined based on job achievement, level of contribution and other factors, are directly incorporated into salary and bonus levels.



#### Selection of Various Work Styles

Seven & i Holdings' operating companies also focus on establishing systems that allow employees to choose various work styles to increase their motivation for work. For example, IY has a program enabling part-timers to choose from diverse working styles. Under this system, part-timers may elect to step up a rank after acquiring a certain level of evaluation and sales skill. There is also a program in place where part-timers designated as highest level can be hired as a monthly salaried permanent employee or contract worker. To date (as of February 29, 2016), 17 part-timers have become monthly salaried permanent employees. A large number of part-timers have also been hired on in managerial roles, such as sales floor manager or chief. This initiative has received formal recognition as IY received the grand prize (Health, Labour and Welfare Minister's Award) at the Awards for Enterprises Promoting Part-time Workers to Play Active Roles at Work, which was established recently by the Ministry of Health, Labour and Welfare.



#### IY Step Up Elective System



Award ceremony (January 2016)

## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Consideration for Occupational Safety and Health

Seven & i Holdings conducts a variety of initiatives for maintaining safe and comfortable working conditions and promoting the health of employees, including convening safety and health committees and promoting the Seven & i Health Declaration 2018.

#### Occupational Safety and Health

Seven & i Holdings convenes safety and health committees at each Group company and conducts measures to prevent occupational accidents in order to maintain safe and comfortable working conditions. For example, at IY, training is conducted on the handling of knives and other implements for employees that work with fresh food products. Also, at SEJ, top management gives reminders at meetings on safe driving to Operations Field Consultants, who use vehicles for their jobs, to help maintain awareness of the need for care. At Seven & i Food Systems, awareness-raising posters and other campaign materials are posted at stores twice a year to bring attention to the prevention of workplace accidents. At stores where workplace accidents have occurred, interviews are conducted and the causes of the accident and specific prevention measures are shared with other stores.



#### Workplace Accident Data for Eight Group Companies for the Fiscal Year Ended February 29, 2016

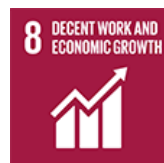
	Seven & i Holdings	Seven-Eleven Japan	Ito-Yokado	Sogo & Seibu	York-Benimaru	Seven & i Food Systems	Akachan Honpo	Seven Bank
Workplace accident frequency	0.00	0.15	1.53	0.29	3.74	0.87	0.00	1.04
Workplace accident severity	0.00	0.01	0.03	0.01	0.02	0.02	0.00	0.00

\* No workplace accidents resulted in deaths

#### Promoting Employee Health

When employees are healthy both mentally and physically, it not only makes their own lives more fulfilling but is also a source of vitality for the Company, and makes management more efficient. Based on this understanding, we launched the "Seven & i Health Declaration 2018" in October 1, 2014 in partnership with Seven & i Holdings Health Insurance Union. The Health Management Committee, chaired by the President of Seven & i Holdings, was established in July 2014. Its members include human resources and labor relations supervisors and labor representatives (labor unions) at each Group company, and it is administered by the Seven & i Holdings Personnel Planning Dept., Health Management Center and Health Insurance Union. Through this promotional organization, the progress of initiatives is confirmed and Group measures are planned and reviewed. The Seven & i Health Declaration 2018 establishes targets in such areas as reducing the risk of lifestyle diseases, reducing the smoking rate, raising awareness of cancers that affect women, and promoting work-life balance. The MY HEALTH WEB Health Management System, an online portal site, was created as a support measure for these targets. We also hold mental health training and health-themed events, provide health-related information through internal newsletters and other media, and help employees maintain and manage their own health.

The MY HEALTH WEB Health Management System in particular allows individuals to browse the past five years of their own diagnostic data on the Internet, and serves as a tool for checking and goal-setting on health status, and for receiving advice on how to improve health. Participants receive points for the degree of their participation, which includes site access, quitting smoking, receiving breast cancer exams, and participating in walks and other events organized by the company to help prevent metabolic syndrome. There are also campaigns that provide health-related merchandise based on the number of points earned. Since it started, the program has covered approximately 60,000 employees and their family members over age 30, and has drawn attention as one of the largest of its kind in the industry.



#### Seven & i Health Declaration 2018

Targets	Specific Targets to Be Achieved by March 31, 2018			
1. Maintain appropriate bodyweight and reduce lifestyle diseases	Ratio of People with a BMI over 25			
		FY2016 Seven & i	FY2014 National average (20 years and older)*	March 31, 2018 Seven & i Target
	Male	34.5%	28.7%	28% or less
	Female	25.0%	21.3%	18% or less
2. Reduce smoking rate	Overall Employee Smoking Rate			
		FY2016	FY2014	March 31, 2018

	Seven & i	National average*	Seven & i Target
	Overall 31.3% (Male employees: 42.6%, female employees: 22.9%)	19.6% (Reference - male employees: 32.2%, female employees: 8.5%)	24% or less
3. Raise awareness of women's cancers	Increase employees receiving breast cancer exams		
4. Raise employee vitality (mental health)	<ul style="list-style-type: none"> <li>• Increase employee knowledge of mental health related issues</li> <li>• Help employees with mental health issues recover their health</li> </ul>		
5. Promote work-life balance	<ul style="list-style-type: none"> <li>• Reduce overtime and make working hours amenable to health and work-life balance</li> <li>• Encourage employees to take days off and vacation time for health promotion and reinvigoration</li> </ul>		

\*Source: Ministry of Health, Labor and Welfare 2014 "Health and Nutrition Survey" result



MY HEALTH WEB Health Management System

## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Employee Opinion Survey

Seven & i Holdings conducts an anonymous survey of employees once every two years on topics such as working conditions and compliance awareness.

### Employee Opinion Survey

The employee opinion survey gauges employee satisfaction levels through questions on job satisfaction, growth and development through work, acceptability of performance evaluations and other issues. In the fiscal year ended February 29, 2016, the survey was administered to approximately 44,000 employees at 28 companies in Japan, and approximately 39,000 people responded.

After the survey, human resources and CSR personnel from Group companies met to analyze their companies' survey results and held special meetings to identify issues and consider and propose improvement measures. Based on advice from outside consultants and discussions among meeting attendees, individual company problems were identified through in-depth analysis of underlying causes, and proposals were made for issues and countermeasures. The proposals were reported back to the management teams at each Group company along with the survey results, and the companies are now individually promoting initiatives to execute the improvement measures. In addition, issues common to the Group that came out of the survey are being taken up through various projects under the Corporate Ethics and Culture Subcommittee, including projects for promoting diversity and thoroughly ensuring compliance.



### Sound Labor-Management Relations

Seven & i Holdings respects workers' rights such as the freedom of association, the right to organize and collective bargaining. In the Seven & i Group Corporate Action Guidelines, we have established the following principle: "The Company respects workers' rights, such as the right to organize, based on international norms and efforts to further improve the work environment."

#### Respect for Freedom of Association and Collective Bargaining

At Seven & i Holdings, the Group's 11\* labor unions form the Federation of Seven & i Group Labor Unions, which as of June 2016 has approximately 63,000 members. The federation carries out a variety of activities for union members based on the thinking that "no water can be drawn from a dry well." It also coordinates activities by holding discussions on organizational management, labor conditions and other issues pertaining to union members.

The member unions autonomously create their own independent organizations, and then they coordinate and join together for common causes. They complement one another's strengths and also work to improve shared labor conditions on a unified basis, which further reinforces both the individual unions and the federation itself. This is the basic approach through which activities are conducted. Seven & i Holdings and the labor unions work through numerous active discussions between labor and management to improve issues related to labor conditions and employees' workplace environments.

For example, at Ito-Yokado, a collaborative project has been established for making work improvements, including encouraging employees to make use of holidays and leave and by reducing long working hours. In the fiscal year ending February 28, 2017, labor and management are negotiating the establishment of a dedicated labor relations committee related to compliance and the optimization of operating hours based on market data and worker productivity.

\* The 11 companies are Ito-Yokado, York-Benimaru, York Mart, SHELL GARDEN, Marudai, Sanei, Sogo & Seibu, Seven & i Food Systems, Akachan Honpo, THE LOFT and Life Foods.



## Material Issue 4 Supporting the Active Role of Women, Youth and Seniors across the Group and in Society

### Support for Childcare and Child-Raising

With the trend toward nuclear families, there are often fewer people parents can easily turn to with questions about raising their children. In light of this, Seven & i Holdings offers various types of assistance related to childcare through its stores and establishments.

#### Childcare Counseling Service

Ito-Yokado and Sogo & Seibu provide maternity and childcare consultation offices (at 119 stores as of February 29, 2016) and Pre-Mama Stations (at 6 stores as of February 29, 2016), respectively, where public health nurses and midwives give counseling free of charge to pregnant women on their health and to mothers on childcare. They also provide rest areas equipped with booths for breast-feeding, hot-water suppliers, and toilets for children.



Childcare consultation office

Number of Ito-Yokado Childcare Consultations (Users)

FY2013	FY2014	FY2015	FY2016
265,788	247,422	235,017	237,336

#### Childcare Support Events

Ito-Yokado holds a range of events to provide childcare advice and encourage parents to interact and socialize, starting with free maternity and childcare consultation offices staffed by licensed specialists. The Company also actively takes part in events with universities, municipalities and product manufacturers to maintain and promote the health of mothers, offer techniques for relaxation and rejuvenation and provide helpful childcare-related information. The overarching theme of the events is "enjoyment at home through public-private-academic partnerships," and through these events, we are helping to expand community childcare support networks.



Smile training

## Providing Opportunities for Workplace Experiences

Seven & i Holdings, at the request of elementary, junior high, and high schools in the communities where it operates, supports workplace experience learning at its Group stores, where children have the chance to take part in running a retail store in their community. We provide students with the chance to visit the workplaces of our employees, stock shelves in sales areas, provide customer service, and bag customers' products.

Furthermore, SEJ has a store in Shinagawa Student City, which has been run jointly by the City of Shinagawa and Junior Achievement Japan since 2003. The concept behind Shinagawa Student City is to create a virtual town inside an elementary school, with various companies setting up shops and providing work experience. The children working in the Seven-Eleven store experience customer service, sales space creation, and other operations to learn about the systems of a company. In the fiscal year ended February 29, 2016, 2,174 elementary school students staffed our store and learned about the joys and challenges of working through customer service and retail sales.



Shinagawa Student City

## Outreach Classes for Company-School Exchange

SEJ held an outreach class at Osaka Gakugei Secondary School in June 2015 as a part of the Yomiuri Education Network, which seeks to increase interactions between companies and schools.

The class involves a game in which Seven-Eleven stores are established in fictitious towns on a map. Through the game the students come to understand in a fun way the roles that Seven-Eleven plays in society. At the same time, they learn about some of the changes taking place in Japanese society, including the aging population, declining birthrate, women's advancement in society, and decreasing number of retail stores. The class provides a good opportunity for students to think about their society from the everyday perspective of a convenience store.



Outreach class in progress

## Picture Book Storytelling Sessions

Seven Bank supports the publication of "Bonolon, Warrior of the Forest," a picture book that parents can read to their children to foster communication. The bank also distributes picture books free of charge and holds storytelling sessions. Storytelling sessions are also held at Denny's restaurants, which are managed by Seven & i Food Systems.



Storytelling session led by employee volunteers

## Support for Dietary Education

Seven & i Holdings promotes dietary education activities for children to raise people who understand foods through various experiences and can practice a sound, healthy diet.

For example, Seven & i Food Systems hands out a booklet called "Bonolon and Food" at its chain of Denny's restaurants. The booklet contains important information about food manners and knowledge and teaches children about the correct eating habits using games and quizzes.



©NSP2005, © Together with Bonolon, 2007  
Free dietary education booklet "Bonolon and Food"

## Material Issues 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

### Approach to Material Issue

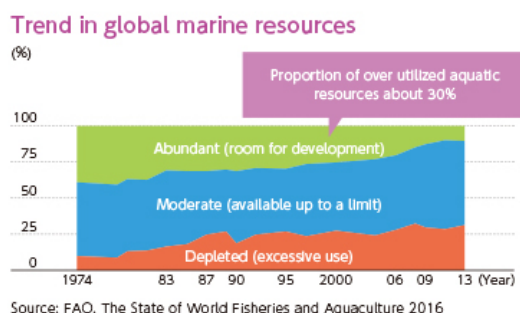
In the course of supplying a vast amount of products and services, Seven & i Holdings believes that the Group has an important role to play in providing socially and environmentally responsible products and services, thereby helping to build an ethical\* society. In every process from procuring raw materials for products to delivering products to customers, Seven & i Holdings believes that it must supply valuable products that not only comply with laws and regulations, but also show consideration for society and the environment. Doing so will contribute to improving the sustainability of resources, in addition to being crucial to enhancing the strengths of supply chains and ensuring business continuity. Moreover, awareness of ethical consumption has been increasing among customers in recent years. Addressing this awareness will also help to strengthen Seven & i Holdings' competitiveness. For these reasons, Seven & i Holdings will advance initiatives targeting the entire supply chain, including business partners.

\* The word "ethical," in addition to its conventional meaning, has been increasingly associated with environmental preservation and social contribution in recent years.

### Background to Material Issue

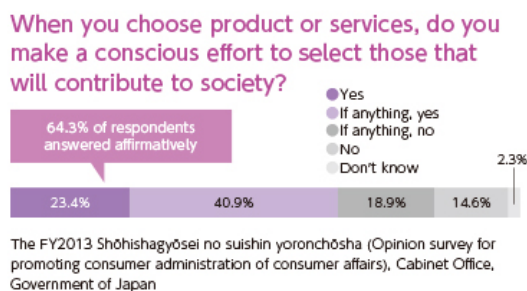
#### Decline and Depletion of Fisheries Resources

Amid increasing consumption of seafood in recent years, activities such as overfishing and environmentally destructive resource usage have taken place. As a result, sound marine resources have been steadily declining, while an increasing number of resources face the risk of extinction. Among familiar seafood items in Japan, Pacific Bluefin tuna and Japanese eel are endangered species in danger of extinction.



#### Heightened Interest in the Social and Environmental Impact of Supply Chains

Against the backdrop of a multitude of social issues around the world, an increasing number of consumers are seeking to purchase goods produced through fair business practices. With this heightened awareness of ethical consumption, it has become crucial to build sustainable business models across the entire supply chain.



### Promotion System for Material Issue

The entire Group is working to address this material issue, with specific measures being examined and formulated by the following committees and subcommittees. The Consumer Affairs and Fair Business Practices Subcommittee, and its parent organization, the CSR Management Committee, which is headed by the Senior Officer of the CSR Management Department of Seven & i Holdings, examines the themes of "Fair and impartial business practices" and "Addressing the social and environmental impacts of the supply chain." The Environment Subcommittee addresses themes related to product procurement and business partners, including the "Depletion of natural resources" and the "Loss of biodiversity."

### Contribution to SDGs

By addressing this material issue, Seven & i Holdings will achieve sustainable food production and consumption patterns through the entire supply chain, and will contribute to achieving Sustainable Development Goals 2, 4, 12 and 14.



## Seven & i Holdings' Initiatives

### Strengthening the Business Partner Action Guidelines

We are strengthening the implementation of the Business Partner Action Guidelines in order to provide customers with safe and reliable products and to fulfill our societal responsibilities in cooperation with our suppliers on matters such as human rights, labor issues, and the environment.

[➤ More](#)

### Sustainable Forest Conservation Activities

We are conducting the Seven Forest project to contribute to the prevention of global warming and conservation of biodiversity.

[➤ More](#)

### Sustainable Procurement of Raw Materials

We are working to implement the Basic Policy on Sustainable Procurement in response to the need to ensure sustainable procurement for future generations with respect to the procurement of products made using natural resources.

[➤ More](#)

### Promotion of Ethical Consumption

We will create business models that contribute to the creation of a sustainable society through the supply of products friendly to people, society, and the global environment, along with promoting ethical consumption, about which recently awareness has been increasing.

[➤ More](#)

## Material Issues 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

### Strengthening the Business Partner Action Guidelines

Seven & i Holdings is strengthening implementation of the Business Partner Action Guidelines to provide customers with safe, reliable products and fulfill our societal responsibilities in cooperation with our suppliers on matters such as human rights, labor issues and the environment.

#### Ensure Implementation of Business Partner Action Guidelines

Seven & i Holdings has formulated the Seven & i Holdings Business Partner Action Guidelines (the "Guidelines") and requires all business partners to understand and comply with them. These guidelines are designed to not only guarantee the safety and quality of products and services, but also consideration for promote legal compliance, environmental conservation and labor conditions throughout the supply chain so that we can fulfill our corporate social responsibility together with our business partners. The Guideline is communicated to business partners of Group companies through various meetings.



#### Seven & i Holdings Business Partner Action Guidelines (Excerpt)

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



At a briefing on the Business Partner Action Guidelines for business partners

► For details about the Seven & i Holdings Business Partner Action Guidelines:

#### Compliance with the Guideline through the Self Check Sheet

To ensure that business partners understand the Guidelines and to assist with effective CSR initiatives, Seven & i Holdings administers a self-check sheet for business partners, explaining all of the specific requirements of the Guidelines.

In drafting the check sheet, we referred to sources such as the ISO 26000 standard, the Japanese Business Federation's Charter of Corporate Behavior, and the OECD Guidelines for Multinational Enterprises. Business partners asked to submit the check sheet annually include manufacturers of the Group's universal strategic private-brand products Seven Premium and Seven-Eleven original daily manufacturers, as well as distribution centers and IY's direct import suppliers overseas. We administer these check sheets to ascertain the status of our business partners' CSR activities.

In the check sheets, the respondents answer 61 questions, including whether there are any breaches in compliance, whether a consulting desk is available to plant workers, whether a business partner requests that its own suppliers comply with the Seven & i Holdings Business Partner Action Guidelines, and whether the formation of labor unions is permitted. The check sheet also asks business partners to confirm the CSR-related certifications (SA8000, BCSI, SMETA, ICS, ICTI, WRAP, EICC) that its factories have obtained.

Responses to this check sheet are entered into a database, and can be confirmed at any time by all employees in the relevant departments, not

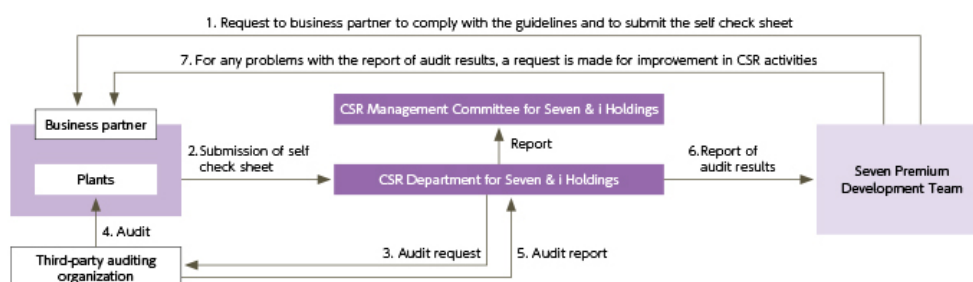
just the buyers directly involved in transactions with a given plant. Buyers determine whether or not to continue doing business with a business partner based partly on the business partner's level of engagement in CSR, which is shown in the database.

## Self Check Sheet Items (Excerpt)

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

(Questions about whether a business partner has prepared documentation and implementation records that prove compliance with the Guideline.)

## The Flow of Business Partner Action Guidelines: Seven Premium as an example



## Conducting Business Partners' CSR Audits

Since the fiscal year ended February 28, 2013, Seven & i Holdings has conducted CSR audits to determine the status of compliance with the Guidelines at a selection of factories of the business partners we have asked to submit check sheets. The CSR audits are performed annually, mainly targeting factories of business partners producing private-brand products in developing countries. The CSR audit is performed by an external third-party auditing organization based on our independently established CSR audit program (about 114 items in 16 categories.) The CSR audit items are based on the content of ISO 26000, and the audit examines whether a factory complies with the principles laid out in the Business Partner Action Guidelines in the following 16 categories. These categories are aligned with the international labor standards established by the International Labour Organization (ILO).

## CSR Audit Category (16 Categories)

### ■ 1. Implementation of Management System and Rules

- Organizations must implement and maintain a system in compliance with all items of the Business Partner Action Guidelines of Seven & i Holdings.
- To the extent feasible, organizations should expand the Guidelines to their own supply chains.
- Organizations must monitor and comply with the relevant laws and regulations, as well as international treaties and so forth.

### ■ 2. Forced Labor

- There must be no forced, bonded or coerced prison labor.
- Employers must not force workers to make a financial deposit or submit their identification documents. After giving adequate notice, workers may resign freely as they wish.
- National and regional laws pertaining to forced labor are recognized.

### ■ 3. Freedom of Association

- Workers have the right to establish or join labor unions of their own choosing without being subject to discrimination, and hold the right to collective bargaining.
- Local laws and workers' rights concerning freedom of association are recognized.

### ■ 4. Health and Safety

- Safety protection measures must be applied to equipment and machinery and preventive maintenance must be undertaken.
- Chemicals must be handled and stored appropriately.
- All necessary protective equipment must be purchased and regularly replaced.

### ■ 5. Child Labor and Young Underage Workers

- Children must not be put to work.
- Children and young workers under the age of 18 must not be put to work at night, or in a hazardous environment. This work includes tasks using chemical substances, work near such substances, or work where there is hazardous machinery, heavy labor, or excessive noise. Night shifts and work for long hours are also included.

### ■ 6. Wages

- Overtime allowances must be paid at the required statutory ratio.
- All allowances and benefits must be provided to workers as required by law.

### ■ 7. Working Time

- Workers must not be habitually required to work over 48 hours per week. On average, workers must be given a rest period of one day every 7 days. Overtime must be voluntary and must not exceed 12 hours per week. Overtime must not be habitually requested and additional fees must always be paid.

## ■ 8. Discrimination

- Discrimination in the course of recruitment, remuneration, provision of training, pay raises, dismissal and retirement is prohibited with respect to race, class, nationality, religion, age, disability, gender, marital status, sexual orientation, union membership, or political party affiliation.

## ■ 9. Regular Employment

- To the extent possible, operations must be executed on the basis of generally accepted employment relationships based on national laws and regulations.

## ■ 10. Subcontracting Agreements, Domestic Industry, Outsourced Processing

- Subcontracting is not permitted without the prior consent of customers.

## ■ 11. Disciplinary Action

- Physical abuse or punishment, threats of physical abuse, sexual or other forms of harassment, or verbal abuse or threats, must be prohibited.
- Disciplinary methods must be fair and effective and must not be arbitrary.
- Employers must show respect for the mental, emotional and physical health of workers in connection with the necessary disciplinary action.

## ■ 12. Environment

- Organizations must pursue continuous improvement in their environmental performance and, at the very least, comply with local requirements and international laws and regulations.
- Chemical substances prohibited by international treaties, or laws and regulations, must not be used.

## ■ 13. Fair Business Practices

- Laws and regulations related to fair business practices must be understood and complied with.

## ■ 14. Ensuring Product Safety

- Products delivered to each Seven & i operating company must comply with the quality standards requested by each relevant operating company and comply with relevant legal standards established in Japan.

## ■ 15. Security Management

- Security systems must be in place to ensure protection from access with malicious intent.

## ■ 16. Interests of Local Communities

- Relationships with anti-social forces must be severed.

Factories are given prior notice before being visited for audits, and compliance with CSR audit items is confirmed through interviews with managers and workers. If the audit finds items that do not comply with the audit program (unacceptable items), the external audit organization provides guidance to the business partner concerned. The business partners must submit a corrective action plan (CAP) to the auditing organization within 10 days of the audit being completed, and must take immediate action to improve the items. After receiving a report on the completion of improvements for the relevant items, the completion of improvements is confirmed based on the submission of photos showing the improvements, guarantee documents and other materials. However, in cases that exceed certain standards, such as when numerous serious unacceptable items are found, the resolution of issues is confirmed by performing a re-audit, in which conditions are verified by revisiting the factory.

When the unacceptable items are remedied or the auditing organization and Seven & i Holdings judge that the content of the CAP to be satisfactory, a Certificate is issued to the relevant business partner.



Compliance certificate

## Audit Results for the Fiscal Year Ended February 29, 2016

In the fiscal year ended February 29, 2016, CSR audits were conducted at 322 factories in 11 countries, including China, Vietnam, Thailand, Indonesia, Cambodia and Myanmar. The average compliance rate across all audited factories was 90%, with re-audits at 31 factories. The majority of items for improvement were due to insufficient recognition or misinterpretation of items required under local laws and regulations, and mainly involved labor environment, safety and hygiene, and approvals and authorizations. After their audits, each factory provided a CAP that included photos showing the improvements, guarantee documents, and a re-audit, enabling us to confirm that improvements were successfully made.

## Examples of Cases Requiring Re-audits in the Fiscal Year Ended February 29, 2016

(All problem items have now been remedied)

- Non-notification of long work hours or hours in excess of legal limits
- Incorrect handling and storage of hazardous chemicals
- Operation and driving of machinery without a license
- Non-performance of environmental assessment
- Use of an unlicensed waste disposal contractor

	Number of factories for audit	Number audited	Re-audit rate	Number of re-audits
FY2013	374	17	5.9%	1
FY2014		29	20.7%	6
FY2015		256	11.3%	29
FY2016	322	322	9.6%	31
FY2017 target	281	281		

## Employee Education and Incentives

Buyers and all other employees involved in procurement-related duties receive training on the Seven & i Holdings Corporate Action Guidelines. They are also educated about the Company's CSR audit requirements to enable them to consider product manufacturing sites in terms of environmental, social, and governance aspects.

The evaluation standard used for all buyers in the quarterly personnel evaluation review includes questions not only about product quality, but also about the manufacturing site audit results. In this way, the level of CSR performance at the business partners covered by each buyer is reflected in the buyer's compensation.

## Material Issues 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

### Sustainable Forest Conservation Activities

Seven & i Holdings conducts the Seven & i Forest project to contribute to the prevention of global warming and conservation of biological diversity.

#### "Seven Forest" forest conservation project

Working mainly with the Seven-Eleven Foundation\*, Seven & i Holdings conducts forest management activities at 15 locations across Japan to help prevent global warming and contribute to the maintenance and conservation of biodiversity.

Japan has many planted forests that have been neglected without being managed properly, and they are not adequately fulfilling their forest functions such as the absorption of CO<sub>2</sub>. Under the "Seven Forest" project, we aim to create healthy forests by conducting not only tree-planting, but also systematic undergrowth clearing, thinning and other operations in collaboration with forest managers such as forestry cooperatives. In addition, Group employees and franchisees of SEJ also conduct volunteer activities to help maintain the forest. The forest is also used to enhance the environmental awareness of employees. During the fiscal year ended February 29, 2016, a total of 1,629 volunteers participated in 21 maintenance activities.

Another forestry issue in Japan is the need to encourage greater use of wood materials collected from thinning activities. Wood material collected from these activities in the Nagano area is used within the Group for store materials and office supplies, as well as commercialization to promote use of national resources.



Seven Forest

#### Overview of "Seven Forest" Forest Conservation Project



▶ For details about "Seven Forest" (Japanese only) [📄](#)

### Seven-Eleven Foundation

The Seven-Eleven Foundation was established in 1993 for Seven-Eleven stores and Head Office to work together as one on environmentally themed CSR activities. Using money collected from in-store donation boxes and donations from Head Office, the foundation assists civic environmental groups that are active in various regions across Japan, in conjunction with addressing the themes of support for environmental citizenship activities, protection and conservation of the natural environment, disaster reconstruction assistance and public relations. In the fiscal year ended February 29, 2016, in-store donations totaled around ¥430 million and around ¥170 million was used to give grants to 264 environmental citizenship grant projects (including ongoing projects.)

▶ Seven-Eleven Foundation website (Japanese only): [📄](#)

## Material Issues 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

### Sustainable Procurement of Raw Materials

Sustainable procurement across future generations is essential to the procurement of natural capital products. Accordingly, at the request of various stakeholders, Seven & i Holdings has been implementing a Basic Policy on Sustainable Procurement.

#### Sale of International Aquaculture Certification (ASC Certification) Products

Ito-Yokado has joined a project advanced by the Tokura Office of Miyagi Prefecture to restore and achieve a sustainable marine industry in terms of economic and other aspects in tandem with protecting the bountiful marine environment. The project has been underway since the Great East Japan Earthquake struck in March 2011. As part of the project, in October 2016 Ito-Yokado commenced the sale for the first time in Japan of farmed oysters that have obtained Aquaculture Stewardship Council (ASC) certification, an international certification system for environmentally and socially responsible aquaculture businesses. The farmed oysters were grown a local fishery cooperative.



#### Handling of Alaska Seafood

Seven & i Holdings sells Alaska Seafood products, which are sourced through environmentally friendly sustainable fishing practices. In Alaska, the source region of the Alaska Seafood brand of natural marine products, Alaska Seafood carries out sustainable fishing by strictly managing resources and fisheries to ensure that the ecosystem that nurtures these natural marine resources is not impaired. The Group's shared private brand Seven Premium Benizake No Shioyaki (salt-grilled sockeye salmon) is prepared from wild-caught Alaskan sockeye salmon. Going forward, Seven & i Holdings will consider expanding the range of Alaska Seafood items handled by Group companies.



Seven Premium Benizake No Shioyaki

\* The main fisheries of Alaska are certified fisheries of the Alaska Responsible Fisheries Management Certification Program, the world's first program to be recognized by the Global Sustainable Seafood Initiative (GSSI) through an evaluation based on certain standards.

➤ [Alaska Seafood website](#):

#### Procurement of Organic Products

In response to rising consumer interest in product safety and reliability in recent years, Seven & i Holdings started selling 100% Organic Cotton Innerwear products for women under the Seven Premium private brand in December 2015. These products are sold at around 200 Ito-Yokado (IY) and York Benimaru (YB) stores throughout Japan and the Group's integrated portal website, omni 7. The cotton used as raw materials in these products are only organic cotton that meets Organic Content Standards (OCS). Apart from these products, Seven & i Group companies also sell items such as organic cotton towels and apparel, as well as organic coffee and loose leaf tea.

\* Organic Content Standards (OCS) is an organic certification body that evaluates and verifies organic material content claims on products based on the OE Blended Standard established by the Organic Exchange, a U.S.-based non-profit business organization.





Seven Premium 100% Organic Cotton Innerwear

## Handling of Low-Agrichemical Products

IY and YB sell private brand products that use fewer agrichemicals than the statutory limits. Examples include the "Fresh Vegetables with Traceability" and "Fresh Fruits with Traceability" private brand products sold at IY. Although these products are not completely organic, they are grown with fewer agrichemicals, and assure traceability of the growing region and growing history. Sales of these products in the fiscal year ended February 29, 2016 were approximately ¥12.9 billion.

The methods and frequency of use of agricultural chemicals vary by region and crop. The "Fresh Vegetables with Traceability" category and certain other products comprise foods grown with the goal of applying agrichemicals with half or lower of the usual frequency of each growing area (the average number of applications for each crop stipulated by local government organizations and other public bodies).

In addition, at our "Seven Farms," which are engaged in agriculture operations, and under our "Fresh Vegetables with Traceability" and "Fresh Fruits with Traceability" brands, we aim to ensure safe agriculture produce, correct farm management, and so forth, and have acquired Japan Good Agriculture Practice (JGAP) certification. JGAP is an agricultural production management method recommended by the Ministry of Agriculture, Forestry and Fisheries of Japan. It provides a set of standards to be followed in daily farm management to increase food safety and ensure environmental conservation. Since JGAP includes standards relating to "food safety" and "environmentally sustainable agriculture," these products use the minimum necessary level of agricultural chemicals.



"Fresh Vegetables with Traceability"

## Five Promises of "Fresh Vegetables with Traceability" and "Fresh Fruits with Traceability"

1. Only stock domestically grown agricultural products.
2. Producers who properly grow vegetables on suitable land are carefully selected from all over Japan.
3. Products are delivered to customers under the name of each individual producer.
4. Discerning techniques and personalities are introduced on the website and on sales floors.
5. Agrichemical reduction targets are set and continuous checks are performed.

## JGAP Guidelines

### Food Safety

- Management of soil, water and propagation materials
- Fertilizer management
- Plant protection product management
- Hygiene management during harvesting and transport
- Produce handling

### Environmentally Sustainable Agriculture

- Water conservation
- Soil conservation
- Consideration for surrounding lands
- Waste management, reduction and recycling
- Energy efficiency
- Environmental awareness and biodiversity

## Material Issues 5 Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners

### Promotion of Ethical Consumption

Seven & i Holdings will create a business model that contributes to the development of a sustainable society through the provision of products that are considerate of people, society, and the global environment. We will also promote "ethical consumption," which has come to the fore in recent years.

#### Use of Forest Thinning Material

Seven & i Holdings sells environmentally friendly Seven Premium private brand products with packaging that incorporates forest thinning material from the Nagano Seven Forest at approximately 18,000 Group stores such as Seven-Eleven stores. We are now promoting the use of this material beyond beverages and cup soup offerings as an initiative to promote forest development and prevent global warming. Forest thinning material is also used in paper containers for SEVEN CAFÉ products, which are sold primarily at Seven-Eleven stores throughout Japan. For each of these products, the packaging contains a printed message indicating the use of forest thinning material.



Products that use forest thinning materials

#### Sales of Rice Cultivated while Protecting the Environment and Biodiversity

7Y sells a rice series that not only uses fewer agrichemicals and chemical fertilizers, but also encourages "biodiversified farming," in which rice fields also service as wildlife habitats. Part of the sales are donated for environmental improvements; in the fiscal year ended February 29, 2016, sales of Koshihikari Rice Nurturing White Storks provided approximately ¥100,000 for nurturing oriental white storks, while sales of Sado, Niigata Prefecture-Produced Koshihikari Rice Certified by the Creating Villages Coexisting with Crested Ibis Program provided approximately ¥200,000 to the Fund for the Improved Habitat for the Japanese Crested Ibis.



Rice cultivated while protecting the environment and biodiversity

#### Green Wrapping

Sogo & Seibu is promoting the use of "green wrapping," for customers when they order gifts. This involves the purchase of a wrapping ribbon with a leaf-shaped mascot for an additional price of ¥100, of which ¥50 is donated to tree planting and growing activities. In this way, the giver can also provide the recipient a chance to think about the environment. One tree is planted for every 80 ribbons sold. In addition, customers purchasing ochuugen and oseibo (summer and winter) gifts who agree to simple packaging also contribute to tree planting, with one tree planted for every 4,000 gifts that use the simple packaging option. (Between 2009 and August 31, 2016, 9,775 trees were planted).



Green Wrapping



Employees carefully plant seedlings provided by the kindness of customers

## Animal Testing and Welfare

Seven & i Holdings sells the Botanical Force series of skin care products jointly developed with FANCL CORPORATION under the Seven Lifestyle private brand of cosmetics at Seven-Eleven, Sogo & Seibu (certain stores), and other outlets. These products have been developed without any use of animal testing—their safety has been confirmed by collecting information from raw material manufacturers and other documents, and through safety checks made using cultured cells and human volunteers.



Botanical Force series

## Ethical Fashion Event Held

Sogo & Seibu held the ethical fashion item event, "WHAT'S ETHICAL-Let's Embrace Ethical Fashion!" event at the Sogo Yokohama store in May 2015. Each product featured a display providing a clear explanation of its ethical nature, while talk shows and workshops were also held for participating customers to promote interest in ethical products in a fun setting.



A collection of ethical fashion items on display

## Social Contribution Activities

Seven & i Holdings fulfills its responsibilities as a member of many local communities by fostering coordination and cooperation with each community. At the same time, the Group supports society overall by contributing to community development and the creation of prosperous living environments through its businesses, in conjunction with making appropriate donations in consideration of the benefits to society and the general public.

The Seven & i Group conducts activities in local communities are being promoted by collaboration between the Group companies and the respective divisions, which is headed by the Senior Officer of the CSR Management Department of Seven & i Holdings.

### Social Contribution Activities Costs (FY2016)

The social contribution activities provided by the Seven & i Group in the fiscal year ended February 29, 2016, including the provision of financial assistance or the donation of goods, and the personnel costs of employees involved in these activities, amounted to approximately ¥2.0 billion when converted into monetary terms. Of this total, cash donations were approximately ¥0.3 billion.

#### Social contribution activities costs in FY2016

(Thousands of yen)

Category	Amount
Administration cost	1,024,135
Personnel costs of employees participating in activities during work hours	644,039
Cash donations	328,368
Cost of providing access to company facilities	67,126
Donation of goods	1,285



\* Total for Seven & i Holdings, Seven-Eleven Japan, Ito-Yokado, Sogo & Seibu, York-Benimaru, Seven & i Food Systems, Seven Bank, York Mart, and Akachan Honpo. Calculated based on Fiscal 2011 Key Points Regarding the Implementation of CSR Activity Surveys (Keidanren (Japan Business Federation)). However, political contributions are excluded.

### Effect Measurement Method

Seven & i Holdings seeks to mitigate the environmental impact associated with its business activities, and to contribute to making a better society through those activities. When selecting external partners for activities, we always ensure that they have a philosophy that is compatible with that of Seven & i Holdings, and that they have sufficient specialist expertise.

We measure the effect of our social contribution activities based on five perspectives. Moreover, we plan to revise our measurement methods in the future, to enable an even more accurate measurement of the inputs for an activity, the respective outputs for the Company and society after the activity, and the final impacts on the Company and society, respectively.

Effect Measurement Method	Detail
1. Verification of the Social Contribution Activity Cost Over One Year	The activity cost is verified by type and format of activity.
2. Verification with KPIs	The effect of the initiatives is measured numerically against established key performance indicators (KPIs). For example, we conduct "shopping support" services to assist seniors (Seven-Meal, Net Supermarket, mobile store service, etc.) The effect of these activities is verified by using the number of stores involved, the number of operational vehicles, the amount of sales and other metrics as KPIs. In addition to these numbers, we also reflect feedback from service users in our planning for the following fiscal year. <a href="#">➤ For more details about shopping support, see here</a>
3. Dialogue with Organizations We Support	We confirm the results of activities reported by NPOs and other organizations to whom we give financial assistance. We verify the effects of activities based on reported information such as the number of beneficiaries and the positive impact on them, as well as direct feedback obtained through dialogue with the assisted organizations. We also refer to these reports and feedback when deciding on the next round of recipients and projects that we will assist.
4. Survey of Employees Who Participate in Activities	We conduct questionnaire surveys of employees who participated as volunteers in activities we have planned, asking them about their level of satisfaction with the activity, and points for improvement. The results are used to measure the effect of the activity, and in planning our next activities.
5. Survey of Employees Overall	Every second year we conduct an anonymous employee survey of a sample of employees from 28 Group companies. (Certain companies conduct sampling surveys.) Through the results of the survey, we confirm employees' awareness of their own companies. The results are used in our verification of the activities for two years, and for formulating plans for the next period. <b>■ Sample question :</b> I believe my company : <ul style="list-style-type: none"> <li>• Builds good relationships with local communities.</li> <li>• Conducts environmentally friendly business activities.</li> </ul>

- Is actively engaged in social contribution activities.

## Encouraging Employee Participation in Social Contribution Activities

Seven & i Holdings believes that employee participation in social contribution activities is also crucial. Based on this belief, we plan and implement activities such as opportunities to experience nature and disaster reconstruction support programs. Moreover, to encourage employee participation in volunteer activities, Seven-Eleven Japan, Ito-Yokado, and Seven & i Food Systems have instituted a volunteer leave system under which employees can take five days off per year for volunteer work. At Ito-Yokado, part-time workers may also take volunteer leave.



## Placing Collection Boxes in Stores to Help Solve Social Issues

In March 2016, Ito-Yokado commenced activities to encourage customers and employees to donate funds throughout the year by placing collection boxes next to almost all of its approximately 6,000 POS registers at stores nationwide. This fund collection drive is the first of its kind to be held at a general supermarket chain throughout the year and is being undertaken to help solve various social issues on a revolving basis every three months.

From the 45-day period from March 2016, Ito-Yokado conducted fund collection activities with the aim of donating all of the collected proceeds to the "Fund to Support Children's Futures," which was set up as part of a national movement to address child poverty. The project was undertaken in collaboration with the National Movement to Support Children's Futures (comprising the Cabinet Office as the promoting entity, along with the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Welfare and Labour, and The Nippon Foundation). Led by the Cabinet Office and other organizations, this campaign aims to break the so-called chain of poverty.

For this storefront fund collection drive, donations collected from customers and employees totaled ¥2,777,461. The funds were delivered to Mr. Katsunobu Kato, Minister of State for Special Missions.



### Fund Collection Results for the First Half of FY2017

(Yen)

March 1 to April 14 "Fund to Support Children's Futures"	2,777,461
April 15 to May 31 "2016 Kumamoto Earthquake Disaster"	38,224,580
June 1 to August 31 "Guide Dog Donation"	10,714,850



Donations accepted at approximately 6,000 POS registers



A prospectus is presented to Mr. Mitsuo Takekawa, Acting Director General for Policies on Cohesive Society (former post, currently Vice-Minister for Policy Coordination) (pictured on the right).

## Support for Training Guide Dogs

Seven & i Holdings supports the training of guide dogs for blind people and collects donations for this purpose at Ito-Yokado, Sogo & Seibu and York Mart stores.

Sogo & Seibu has placed permanent dog-shaped fund collection boxes at all stores to encourage customers to support guide dog training activities. In addition to in-store donations collected from customers, Sogo & Seibu makes donations collected through the "Woof! Coin Club," which accepts monthly voluntary donations by employees, and the Sogo & Seibu Fund set up by the company and its labor union (cumulative donations from March 2003 to August 31, 2016 were ¥512.78 million). Besides fund collection activities, Sogo & Seibu also conducts awareness-raising activities for customers. All Sogo & Seibu stores conduct events twice a year in the spring and autumn to improve public understanding toward people with visual impairments and their guide dogs. Ito-Yokado also held an awareness-raising event for three assistance dog training organizations (Japan Guide Dog Association, The Japanese Association for the Promotion of Hearing Dogs, Japan Service Dog Association) on Assistance Dog Day on May 22.

## Amount of Support for Organizations Supporting the Training of Guide Dogs

(Yen)

FY2013	FY2014	FY2015	FY2016
37,688,109	38,802,321	40,361,027	40,832,986



Campaign for coming in contact with guide dogs

## Donating Shoes to Children in Zambia

Sogo & Seibu works with the Japanese Organization for International Cooperation in Family Planning (JOICFP)\*'s project for sending shoes to children in Zambia. They have established areas for accepting donated children's shoes in their stores. The shoes they receive from customers help to prevent tetanus and parasitic infections resulting from foot injuries, and are sent through JOICFP to children in Zambia. As of August 31, 2016, Sogo & Seibu had sent about 620,000 pairs of shoes since 2009.

\* JOICFP is an international cooperation NGO that was started in Japan to protect the health and lives of women and children in the developing world.



## Cooperation with the White Ribbon Campaign

Akachan Honpo and Sogo & Seibu have been providing sponsorship for the White Ribbon Campaign launched by JOICFP to protect the health of pregnant women and babies throughout the world. The Group companies have been working in partnership with JOICFP on the Community Safe Motherhood Project (which involves the donation of funds to establish Maternity Waiting Houses in Zambia). Besides accepting donations on behalf of JOICFP through its stores and online, the two companies have also installed 73 White Ribbon Campaign Vending Machines at locations throughout Japan (Akachan Honpo 49 machines, Sogo & Seibu 24 machines) as of February 29, 2016. For every beverage purchased from one of these machines, the companies donate ¥2 to JOICFP (¥1 from the beverage manufacturer and ¥1 from the store where the machine is installed). In addition, Sogo & Seibu has created a White Ribbon pin badge for sale, from which all proceeds are donated to the White Ribbon Campaign.





A White Ribbon beverage vending machine



A White Ribbon pin badge

## Sports Promotion

Seven & i Holdings works to promote sports by co-sponsoring the Tokyo Marathon.



Tokyo Marathon

## Overseas Initiatives

### Business Operations in North America

Seven & i Holdings operates convenience stores in North America.

#### 7-Eleven, Inc.



Net sales : ¥2,950,422 million (Total store sales)  
Number of stores : 8,500

[▶ More](#)

#### SEVEN-ELEVEN HAWAII



Net sales : ¥31,953 million  
Number of stores : 63

[▶ More](#)

\* Exchange rate \$1 = ¥121.10

\* Number of stores as of December 31, 2015

### Initiatives in China

Seven & i Holdings operates convenience stores and superstores in China.

#### Convenience Store Business

[▶ More](#)

##### SEVEN-ELEVEN(BEIJING)



Net sales : ¥21,781 million  
Number of stores : 187  
Established: January 2004

##### SEVEN-ELEVEN(TIANJIN)



Net sales : ¥4,623 million  
Number of stores : 70  
Established: November 2012

##### SEVEN-ELEVEN(CHENGDU)



Net sales : ¥4,036 million  
Number of stores : 60  
Established: December 2010

#### Superstore Business

[▶ More](#)

##### Chengdu Ito-Yokado



Net sales : ¥79,686 million  
Number of stores : 6  
Established: December 1996

##### Hua Tang Yokado Commercial



Net sales : ¥24,066 million  
Number of stores : 5  
Established: September 1997

\* Exchange rate of CNY1 = ¥19.23

\* Net sales does not include value added tax

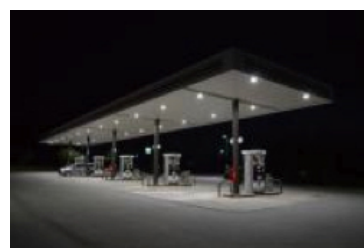
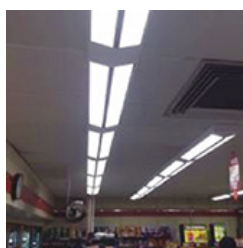
\* Number of stores as of December 31, 2015

## Reducing Environmental Impact

Reducing environmental impact is a priority issue for 7-Eleven, Inc. The company is undertaking various initiatives to increase energy efficiency and reduce electricity consumption. In the fiscal year ended February 29, 2016, the company reduced its CO<sub>2</sub> emissions by around 300,000 tons.

### Promoting Energy Saving

7-Eleven, Inc. has introduced LED lighting and an energy management system (EMS) in stores to reduce energy consumption. The EMS monitors, controls, and optimizes the performance of heating, ventilation, and air conditioning (HVAC) and refrigeration equipment, which significantly contribute to energy consumption. It also enables remote control of the equipment. Real-time data obtained from the EMS is analyzed to reduce energy consumption and manage costs. Currently, more than 5,600 stores have installed the EMS, with an average annualized reduction in energy use of 16,323 kWh per store. Furthermore, LED lighting has been installed at around 5,650 stores as of December 31, 2015. The switch from fluorescent lighting to LED has resulted in an annualized reduction in electricity use of 38,756 kWh per store.



### Water-Saving Measures at Stores

To reduce water usage, new stores have water-saving faucets installed. These faucets are standard features at new stores and are currently installed at over 4,000 stores.



#### Number of 7-Eleven, Inc. Stores and Environmental Data Associated with Store Operations

	FY2014	FY2015	FY2016	FY2017 Target
Number of stores	8,292	8,297	8,500	8,700
Electricity consumption*1 (GWh)	2,099	2,161	2,142	2,243
CO <sub>2</sub> emissions*1, 2 (1,000 t-CO <sub>2</sub> )	1,011	1,040	948	989
Water usage (1,000 m <sup>3</sup> )	8,966	9,084	8,878	9,485
Shopping bag usage (t)	2,985	3,231	2,969	3,041

\*1. Calculations are based on estimated electricity consumption for stores where data was not available

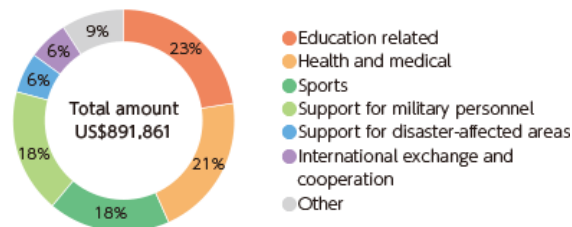
\*2. Data audited by a third party

### Coexisting with Local Communities (U.S.)

7-Eleven, Inc. aims to uphold its responsibilities as a good corporate citizen and contribute to local communities where it has opened stores. The Head Office and franchisees work together to promote social contribution activities. The main fields for these activities are support for youth development and military personnel.

In the fiscal year ended December 31, 2015, 7-Eleven, Inc. provided assistance to over 1,600 organizations totaling more than US\$3.7 million in monetary terms through donation drives, provision of supplies, volunteer activities, and so forth provided by customers, franchisees, employees, and Head Office.

Cash donation amounts in the U.S. by 7-Eleven, Inc.\* (Fiscal year ended December 31, 2015)



\* Projected amount

## Support for youth development

When called to stop by the police, young people may refuse to respond to questions or try to run away, making the problem worse. Building trust between young people and the police helps to reduce the incidence of crime by minors and improves their future and that of the community. To improve the relationship between the police and youth, 7-Eleven, Inc. has been implementing "Operation Chill," which involves distributing coupons for free Slurpee products to the police. The police use the vouchers to "ticket" youngsters who are caught in random acts of kindness or good deeds. In the fiscal year ended December 31, 2015, 7-Eleven provided over 1.2 million coupons to approximately 894 police organizations. Over 14 million coupons have been distributed over the 20 years since the program started.



Schools and youth sports organizations often face funding shortages to cover costs for operations and essential supplies for their activities. To enable children to experience worthwhile activities, 7-Eleven, Inc. implements "Project A-Game" as a joint support program by franchisees and Head Office.

Store managers apply to Head Office for a grant to support local schools or youth sports organizations that are in need. Grants are jointly funded by local franchisees and the Head Office, and are used to provide financial assistance to enable children to continue enjoying school. This system enables franchisees to provide financial assistance to their local neighborhoods. In the fiscal year ended December 31, 2015, around US\$435,000 was donated to 740 recipients, and was used to support robot-building teams, sports teams, a greenhouse gas project, and extra-curricular activities. Since the start of the project in 2012, around US\$900,000 has been donated to 1,750 recipients.



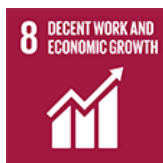
## Creating Fulfilling Workplaces

Employees with strong abilities are vital for 7-Eleven, Inc. to achieve its business goals and objectives. 7-Eleven, Inc. understands the value of learning and development to build employee competencies for personal growth and to maximize employee potential.



## In-Store Experience for Head Office Employees

7-Eleven, Inc. has provided the In-Store Experience (ISE) program for Head Office employees. Voluntary participants in the program, including managers, undergo two-week or five-week ISE programs at corporate stores where they have direct experience with customer service and other aspects. Moreover, to enable them to learn about store operations that relate to their work at the Head Office, employees in the Accounting Division can spend an extended time working in the accounting process for the store. This program affords the participants a deeper understanding of how their work in the Head Office impacts store operations, employees, and customers. It also promotes new networks within the Head Office by allowing the participants to become acquainted with other Head Office personnel as they work together. In the fiscal year ended December 31, 2015, a total of 251 employees participated in the program.



## Promoting an Active Role for Women

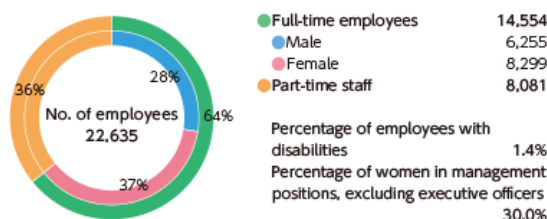
7-Eleven, Inc. is making a concerted effort to develop female leaders within the company. Over half of 7-Eleven, Inc.'s personnel are women, and boosting the capabilities of female employees is also essential to ensure competitiveness from the customer's perspective. In the fiscal year ended December 31, 2015, the company continued to develop female leaders through participation in two well-known organizations.

### Memberships

- **Network of Executive Women (NEW)**  
The mission of NEW is to help advance women in the consumer products and retail industry through education, leadership and business development. 50 of 7-Eleven, Inc.'s top female leaders participate in NEW programs to help them grow as professionals by, for example, networking with peers and industry leaders. They are also able to access a host of benefits and resources, including leadership development, best practices and free learning programs.
- **The Women's Foodservice Forum (WFF)**  
WFF is the foodservice industry's premier leadership development organization advancing women in the industry. Approximately 20 7-Eleven, Inc. female leaders participate in regional conferences. Through highly effective and educational leadership programs and events and networking opportunities, WFF provides the competence and strategic connections needed to make a positive difference in the careers of women in the foodservice industry.



Personnel data in the U.S. and Canada (as of December 31, 2015)



## Expanding Healthier Food Options

7-Eleven, Inc. has expanded its food offerings with the introduction of 7-Select GO!Smart. These products were developed for customers looking for better-for-you options while on the go and include great-tasting snacks and beverages. Products are formulated to deliver health benefits to customers and have prominent callouts on the packaging to aid customers in selecting the product that best fits their lifestyle. In the fiscal year ended February 29, 2016, 7-Eleven, Inc. launched more than 15 7-Select GO!Smart better-for-you products. Product categories launched include sprouted chips, organic teas such as black tea and green tea, coconut water, nutrition bars, nut mixes and popcorn.

### Product Examples

- **Sprouted chips**  
Some studies suggest that sprouted grains may improve absorption of nutrients and be more easily digested. 7-Eleven, Inc. offers three different flavors of sprouted chips.
- **Nutrition bars**  
7-Eleven, Inc. offers two varieties of nutrition bars including berries and nuts. According to the USDA, berries are one of the best sources of antioxidants. Nuts are high in fiber, protein and heart-healthy fats, and when eaten in moderation, may promote better weight control, help control blood sugar and improve heart health and cholesterol.
- **Popcorn**  
7-Select GO!Smart All Natural, Light Popcorn has just 37 calories per cup.



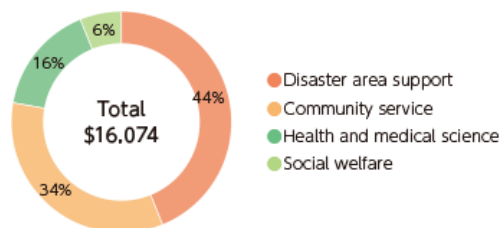


## Thriving with Local Communities

As a good corporate citizen, SEVEN-ELEVEN HAWAII supports activities and organizations involved with children, education, public welfare and health. In the fiscal year ended February 29, 2016, an equivalent of approximately \$30,828 in support was carried out for 48 organizations through fundraising, donations of goods, and volunteer activities on the part of SEVEN-ELEVEN HAWAII customers, member stores, employees and the company.



Amount of cash donations by SEVEN-ELEVEN HAWAII (FY2016)

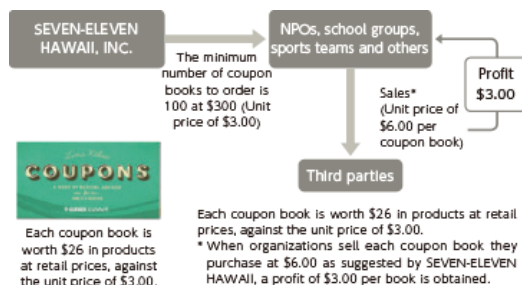


## Social Contribution through the Sale of Coupon Books

Since 2001, SEVEN-ELEVEN HAWAII has sold Lima Kokua (Helping Hands) Coupon Books to schools, sports teams, and other non-profit organizations. The organizations that purchased these coupon books, which can be used in all Hawaii stores, earn a profit by selling them to third parties. Over 55 organizations have used the system each year, and SEVEN-ELEVEN HAWAII has supported the activities of these organizations through the sale of the coupon books. In the fiscal year ended February 29, 2016, 61 organizations used the system.



### Lima Kokua Coupon Book System



## Support for Children

In July 2015, SEVEN-ELEVEN HAWAII participated in the 53rd Hawaii State Farm Fair. The fair is an annual event that was started in 1962 by the Hawaii Farm Bureau as a way to promote awareness of Hawaii's agriculture and ranching industries. SEVEN-ELEVEN HAWAII took part in an interactive attraction where children and their families were educated about various aspects of farm life such as how chicks are born and how honey is made. After completing the course, the children were allowed to choose one item from the 7-Eleven Hawaii Country Market.



## Support for Sports Events

SEVEN-ELEVEN HAWAII supported the fiscal year ended February 29, 2016 Honolulu Century Ride held in September 2015. In this event, participants ride bicycles around Honolulu and enjoy the city's scenery. The Honolulu Century Ride annually attracts approximately 1,700 riders. SEVEN-ELEVEN HAWAII hosted an aide station that provided first aid assistance and acted as a refueling stop to ensure that participants were safe, hydrated and nourished. Stores along the course ensured that there was sufficient staffing and fresh food to serve the bicyclists as they made their pit stops.



## Reducing Environmental Impact

SEVEN-ELEVEN HAWAII has been working on an initiative labeled the Energy Smart Program to reduce energy consumption since the fiscal year ended February 28, 2013. Under the program, SEVEN-ELEVEN HAWAII has carried out many kinds of initiatives, such as establishing a standard temperature to be set on all store air conditioning systems, which consume the largest amount of energy, along with installing energy-efficient fan motors in the vaults and freezers and changing vault lighting to LED. To raise energy conservation awareness among employees, the company has provided them with environmental education.

In the fiscal year ended February 29, 2016, SEVEN-ELEVEN HAWAII continued to stress the importance of energy conservation to store staff. As a result, in the fiscal year ended February 29, 2016 (the program's fourth year), energy usage was reduced to 99.6% of that used in the fiscal year ended February 29, 2012, although the number of stores increased. The company also installed energy-efficient equipment during the renovation project that contributed to the reduction.



Number of SEVEN-ELEVEN HAWAII stores and store operation environmental data

	FY2012	FY2013	FY2014	FY2015	FY2016
Stores	58	59	59	60	63
Electricity consumption (MWh)	18,468	18,079	17,848	18,246	18,399
Water consumption (1,000 m <sup>3</sup> )	-	-	48,166	44,196	45,981

## Chinese Convenience Store Business

### Providing Safe and Reliable Products

In China, where concerns over food safety and integrity have been mounting, SEVEN-ELEVEN(BEIJING), SEVEN-ELEVEN(TIANJIN) and SEVEN-ELEVEN(CHENGDU) work to provide safe and reliable products by leveraging quality management and product development capacities cultivated in Japan.

#### Quality Management Measures at Plants

For the Group's private-brand products in China, strict standards are applied in selecting ingredients, and processing plants that maintain high quality levels are selected through a screening process based on whether they have experience exporting to Japan and other criteria.

We have strengthened quality management at dedicated plants producing only the Group's products by incorporating international food safety management systems and measures implemented at plants in Japan. At JEANAVICE Factory, a dedicated plant of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), Chinese plant managers and quality control managers are required to attend the HACCP\*1 inspections for daily food processing plants that are implemented annually by Seven-Eleven Japan. Moreover, the manager of the quality assurance department has also obtained qualification as an internal inspector for FSSC 2200\*2.

\*1. HACCP (Hazard Analysis and Critical Control Point) food sanitation management method

\*2. A food safety management system certification

#### Healthy Food Choices

In response to an increase in health-conscious customers, the three companies are working to develop products containing abundant vegetables and boxed lunches featuring many different ingredients. One priority is to reduce the use of trans-fatty acids, which are said to increase the risk of heart disease, in the original room-temperature bread products of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN). In the first half of 2015, certain products contained trans-fatty acids, but from the second half of the year, trans-fatty acids were reduced to zero by revising the ingredients used in room-temperature breads. In 2016, we plan to keep these products free of trans-fatty acids. Based on these activities, SEVEN-ELEVEN (CHENGDU) also plans to start taking steps in 2016 to reduce trans-fatty acids.



### Improving Customer Satisfaction

The three companies are working to collect customer feedback in order to improve quality and services from the standpoint of customers. Feedback obtained from customers is communicated to departments and stores on a daily basis. In addition, stores conduct customer surveys annually in order to grasp changes in customer needs and reflect them in products. In the fiscal year ended February 29, 2016, SEVEN-ELEVEN (TIANJIN) received customer survey responses from 624 people, while SEVEN-ELEVEN (CHENGDU) received responses from 2,250 people. This customer feedback was put to good use in developing and improving products.

In order to further improve the customer service provided by employees, the three companies conduct training and have also established award programs to recognize employees who have done outstanding work. We will strive to enhance motivation by presenting awards to recipients at meetings and other such forums in conjunction with striving to enhance the customer service level of all employees by making the award-winning activities widely known.

### Thriving with Local Communities

Each company conducts social contribution activities as members of their local communities.

#### Environmental Preservation through In-Store Fundraising

SEVEN-ELEVEN (BEIJING) has placed collection boxes in stores since November 2006 to accept contributions from customers for donation to the Beijing Green Foundation, a government-approved environmental organization. The foundation uses donations from citizens to plant trees and develop erosion control forests in Beijing and its surroundings so as to protect against sandstorm damage and desertification.



#### Funds Raised

(Yuan)

FY2014	112,406
FY2015	147,755
FY2016	147,763

#### Community Cleanup Activities and Support for Children

Since 2012 SEVEN-ELEVEN (CHENGDU) has recognized July 11 and November 7 as "7-11 Days," with activities geared toward contributing to maintaining clean and beautiful city environments. On November 7, 2015, employees cleaned and picked up trash in areas around the Head Office.



Since 2013, the company has provided support for Benevolence House, a home for children with mental disabilities. In December 2015, six employees, including the vice president, and two members of the general public who responded to a call for volunteers visited the facility. They participated in a Christmas event, delivering donations of oranges, picture books and stationery to the facility from the company.



### Helping to Provide Work Experiences for Young People

SEVEN-ELEVEN (TIANJIN) actively accepts junior college and university students as interns. For these internships, the company has developed a tailored training curriculum to make the program useful to the students' job hunting activities. The curriculum is structured to provide job experience in combination with lectures and training seminars. Interns performing well on the job earn promotions and commendations just as if they were full-time employees, which provide them with a sense of accomplishment. In the fiscal year ended February 29, 2016, 70 students were accepted as interns, of whom 7 students were granted award certificates.



### Creating Fulfilling Workplaces

In continuing to expand our network of stores in China, it is essential that we hire and train local employees. The three companies are focused therefore on raising the communication abilities of employees and training them to be able to think and act with autonomy. To this end, the three companies are working to provide various training seminars and create workplaces where employees are able to demonstrate their abilities to the fullest.

### Systems to Raise Employee Motivation

The three companies provide opportunities for employees to resolve issues they may face in the workplace. SEVEN-ELEVEN (TIANJIN) holds employee meetings every quarter, as a chance for employees to resolve any difficulties or problems by interacting and socializing more closely and sharing positive experiences with one another. At SEVEN-ELEVEN (CHENGDU), labor relations staff hold interviews with employees and work to resolve issues in coordination with the relevant departments. New employees are interviewed 15 days, 60 days and 120 days after they join the company. SEVEN-ELEVEN (BEIJING) is working to solve the issues faced by employees by setting up a contact desk to receive consultations from employees via e-mail.

SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU) have instituted internal hiring programs that allow employees to apply for desired positions. They are selected on the basis of interviews between the applicants and the relevant Head Office divisions, the Human Resources Department and so forth. In the fiscal year ended February 29, 2016, two people at each company were appointed to new positions through these programs.



### Fair Evaluation and Remuneration

The three companies have adopted an employee evaluation system that combines monthly interview evaluations and yearly evaluations. Monthly interviews are conducted between employees and their direct supervisors to discuss the rate of progress toward their performance goals. After self-assessments are carried out by each employee, yearly interviews and evaluations are then conducted by the direct supervisor and a secondary, higher-level supervisor. From the second half of 2015, SEVEN-ELEVEN (CHENGDU) has switched its monthly evaluations to evaluations based on company, divisional and individual performance.

For managers who perform evaluations, regular training is carried out on matters such as monthly evaluation methods for subordinates and on determining pay in accordance with these evaluations. The training helps to ensure that managers have obtained the correct knowledge on these matters.



## Promoting the Advancement of Women

In China, the Labour Contract Law requires employers to provide generous maternity and child-raising leave to both male and female workers. A confluence of factors, including this legal framework and the appointment of managers based on performance, has accelerated the appointment of women to management positions at each company. In 2012, SEVEN-ELEVEN (TIANJIN) appointed its first female Chinese director, followed in 2013 by the appointment of a female vice president at SEVEN-ELEVEN (BEIJING). In 2014, SEVEN-ELEVEN (CHENGDU) also appointed a female vice president. The appointment of women to management positions has continued in 2015. For example, at SEVEN-ELEVEN (BEIJING), the ratio of women in management positions, excluding executives, was 56% in both 2014 and 2015, meaning that women account for more than half of all the managers at the company.



### Employee-Related Data (As of December 31, 2015)

	SEVEN-ELEVEN (BEIJING)	SEVEN-ELEVEN (TIANJIN)	SEVEN-ELEVEN(CHENGDU)
Full-time employees(Male and female)	575(355·220)	261(125·136)	237(111·126)
Part-time staff	927	724	325
Number of employees	1,502	985	562
Ratio of employees with disabilities	2.3%	2.3%	4.4%
Ratio of women in management positions, excluding executives	56.3%	37.5%	55.0%

## Reducing Environmental Impact

In China, there is growing concern regarding air pollution and other environmental problems. In November 2014, the Chinese government announced the U.S.-China Joint Announcement on Climate Change, which states that China intends to achieve the peaking of CO<sub>2</sub> emissions around 2030 and to make best efforts to peak early. In 2012, the Beijing government initiated a pilot project for an emissions credit trading scheme. Under this scheme, companies that emit more CO<sub>2</sub> emissions than their allotted emissions limit must purchase CO<sub>2</sub> emissions credits on the market in the amount of the excess emissions. The three companies are implementing measures to reduce electricity consumption, including installing LED lighting and other energy-efficient equipment, along with raising the environmental awareness of employees.

### Energy Conservation Measures at Stores

#### ■ SEVEN-ELEVEN (BEIJING)

In the fiscal year ended February 29, 2016, LED lighting was installed in refrigeration equipment. Moreover, heaters for walk-in cases were not used during winter. As a result of these measures, electricity consumption in the fiscal year ended February 29, 2016 was reduced by 6% from the previous fiscal year.

#### Store Environmental Data

	FY2014	FY2015	FY2016
Number of stores	150	175	187
Electricity consumption (MWh)	19,648	19,366	18,122
Water usage (1,000 m <sup>3</sup> )	69	73	75

#### ■ SEVEN-ELEVEN (TIANJIN)

In the fiscal year ended February 29, 2016, LED lighting was installed in store signage and sales area lighting when opening new stores or remodeling existing ones. As a result of these measures, electricity consumption was reduced by 14% from the previous fiscal year. In the fiscal year ending February 28, 2017, plans call for converting backroom lights to LED lighting and installing curtains in walk-in refrigerators (right photo) at all stores, including franchised stores.



#### Store Environmental Data

	FY2014	FY2015	FY2016
Number of stores	56	60	70
Electricity consumption (MWh)	8,472	6,164	5,278
Water usage (1,000 m <sup>3</sup> )	21	20	18

#### ■ SEVEN-ELEVEN(CHENGDU)

In the fiscal year ended February 29, 2016, lighting for chilled cases and walk-in refrigerators were replaced with LED lighting at three new stores. However, additional double boiler cases and heated product cases were installed in stores. As a result, electricity consumption in the fiscal year ended February 29, 2016 rose by 6% from the previous fiscal year. In the fiscal year ending February 28, 2017, SEVEN-ELEVEN (CHENGDU) plans to reduce electricity consumption by using LED lighting in various places (3,786 units) at all stores.

#### Store Environmental Data

	FY2015	FY2016
Number of stores	66	60
Electricity consumption (MWh)	7,319	7,746
Water usage (1,000 m <sup>3</sup> )	28	24



#### Environmental Measures at Dedicated Plants

In order to avoid wasting resources, efforts are being made at the Wang-Yang Factory and the JEANAVICE Factory, both of which are dedicated plants of SEVEN-ELEVEN (BEIJING) and SEVEN-ELEVEN (TIANJIN), to utilize unneeded food materials generated by each plant. The Wang-Yang Factory reuses unneeded food as feedstock for a pig farm, whereas the JEANAVICE Factory has a nursery collect residual bread under contract. Both plants use wastewater treatment facilities that clean water to the same or higher standard than government standards to ensure that polluted water is not discharged from the plants.

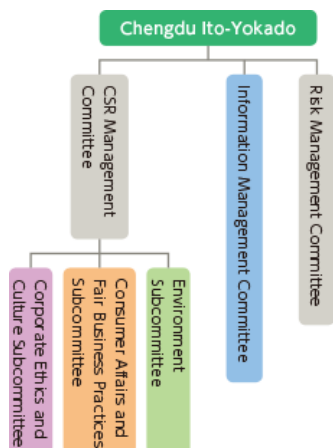


## Promotion of CSR Activities

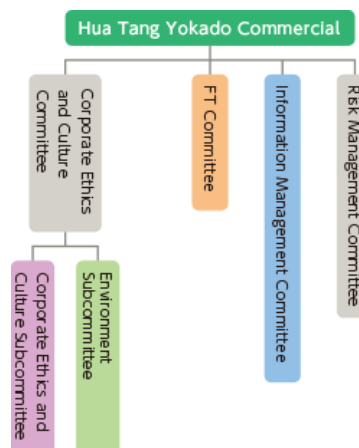
### CSR Promotion Structure

In recent years, public interest in CSR has been rising sharply in China. Environmental and labor issues have emerged in step with rapid economic development. Also, under the policies of the Chinese government, CSR implementation guidelines and assessment benchmarks have been formulated, and CSR assessment rankings have been published. Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been taking steps to supply safe and reliable products, along with enhancing the job satisfaction of employees, contributing to communities and reducing environmental impact. In 2013, in order to advance more comprehensive measures, we established CSR promotion structures at the two companies that are modeled on those of our operating companies in Japan.

#### CSR Promotion Structure of Chengdu Ito-Yokado



#### CSR Promotion Structure of Hua Tang Yokado Commercial



### Publication of CSR Reports

In July 2016, Chengdu Ito-Yokado published its first CSR Report compiling its social and environmental activities. In the course of preparing the report, the company referred to the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) developed by the Chinese Academy of Social Sciences and the international Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI). There is a comparison table between both guidelines at the back of the report.

Chengdu Ito-Yokado has published 1,000 copies of the report in booklet format. The report was distributed to participants at the 2016 Sichuan Province CSR Report Presentation. It is also available on the company's website, and will be used as a tool to communicate with many different stakeholders. The report will also be distributed to employees in order to increase their understanding of CSR activities.



➤ For details about the CSR Report of Chengdu Ito-Yokado [click here](#)

## Improving Customer Satisfaction

### Quality and Freshness Management

Amid rising public interest in food safety and reliability, Hua Tang Yokado Commercial and Chengdu Ito-Yokado are working to ensure rigorous quality and freshness management by leveraging expertise developed in Japan.

Chengdu Ito-Yokado has set proprietary freshness management standards (storage and temperature management and sales periods for products) in order to deliver fresh products to customers. In the fiscal year ended February 29, 2016, Chengdu Ito-Yokado held a training session attended by guests from government-related organizations and external experts based on the theme of new or revised laws, regulations and other rules beginning with the Food Safety Act. In parallel, the company worked to increase the awareness of employees by actively dispatching them to government study sessions. Approximately 530 employees participated in these training events.

In the fiscal year ended February 29, 2016, Hua Tang Yokado Commercial worked to raise awareness by distributing the new Standard Work

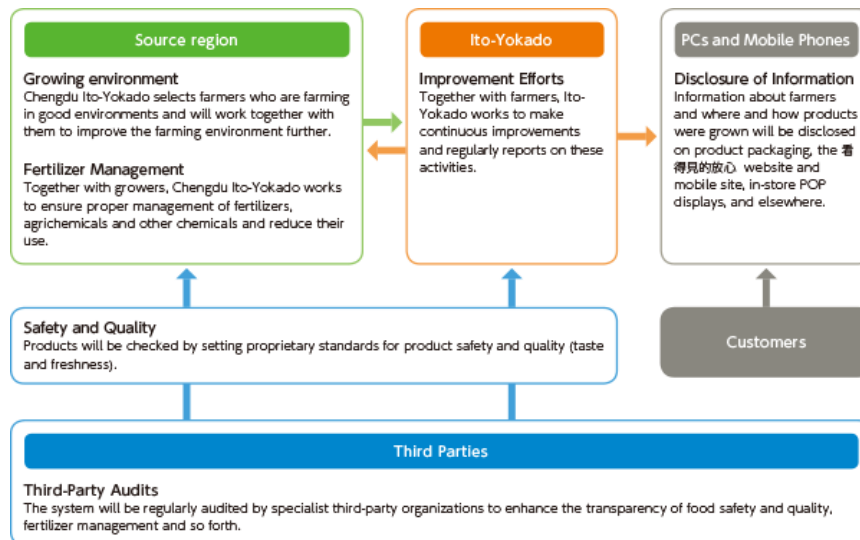
Manual prepared for each time of day and each sales space, to every employee. In addition, managers from the Head Office regularly visited stores to check and provide guidance on store operations. Elsewhere, as part of employee education initiatives, the company held four training sessions on the Food Safety Act, the Standard Work Manual prepared in 2015 and other matters for food sales area managers and product and quality assurance managers. Approximately 100 employees participated in these training sessions. In other areas, Chengdu Ito-Yokado and Hua Tang Yokado Commercial performed 20 and 10 audits of business partners, respectively, thereby confirming the sanitation management, production structure, and other aspects of plants.

## Developing Products to Meet Customer Needs

Chengdu Ito-Yokado launched sales of "看得見的放心" food products, which are based on the same concept as the Foods With Traceability products launched in Japan in March 2013. With these products, consumers are able to confirm who the farmers are, along with where and how the products were grown, on a dedicated website. Therefore, these products have proven popular with customers who have a particularly strong interest in food safety and reliability, including customers with children and expectant mothers. In the fiscal year ending February 28, 2017, Chengdu Ito-Yokado will newly add rice, shrimp and flounder to the product lineup.

Hua Tang Yokado Commercial provides the "放心肉項目" meat products, for which customers are able to use consoles installed in sales areas to confirm the meat producer. This system was set up based on instructions from the Beijing Municipal Commission of Commerce. In other areas, since April 2014, the company has been selling organic foods in cooperation with farmers by confirming their food safety management systems and drawing up annual cultivation plans.

### 看得見的放心 System



## Net Supermarket

Chengdu Ito-Yokado provides a Net Supermarket service that enables customers to place orders for the products of stores from their PCs or mobile phones. The service provides a convenient shopping experience to customers with small children who cannot easily go out shopping and customers seeking to purchase large or heavy products. In addition, customers who have difficulty operating a PC are able to place orders from home by telephone or from mobile phones within the store.



## Considering the Needs of a Diverse Range of Customers

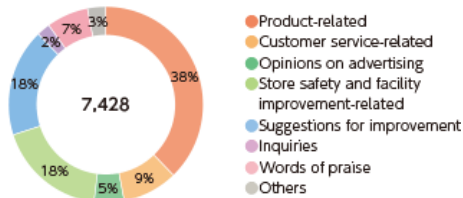
Chengdu Ito-Yokado and Hua Tang Yokado Commercial have been working to improve their facilities so that diverse customers can shop comfortably, including customers with children and customers with disabilities. For example, entrance ramps and restrooms for people with disabilities are being added, and baby lounges and child play areas are being set up for customers with children.



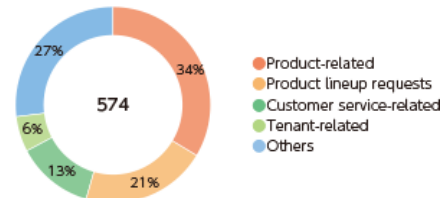
## Using Customer Feedback

In order to improve products and services from the customer's standpoint, Chengdu Ito-Yokado and Hua Tang Yokado Commercial have set up customer feedback boxes in all stores, and their Head Offices have established customer feedback departments to take customer feedback via telephone and the companies' websites. The customer feedback is shared internally and used to make improvements. At Chengdu Ito-Yokado, the Customer Satisfaction Committee comprising executive staff from all stores meets every month to determine company response policies based on customer feedback that is compiled monthly. Hua Tang Yokado Commercial holds weekly meetings with persons in charge of customer feedback from each store. Monthly feedback received from customers is used on posters (after redacting the customer's personal information) that are displayed in stores along with the store's response and measures taken. Customer questionnaires are administered at each store to obtain feedback from customers on the products and stores. In the fiscal year ended February 29, 2016, Chengdu Ito-Yokado and Hua Tang Yokado Commercial received responses from 24,908 and 6,027 customers, respectively. Moreover, Chengdu Ito-Yokado visited 1,330 customers living close to its stores to obtain their feedback, and put this feedback to good use in developing private-brand products and other activities.

### Breakdown of Customer Feedback



Chengdu Ito-Yokado



Hua Tang Yokado Commercial

## Quality Supervision System and Meetings with Customers

Since 2008, Chengdu Ito-Yokado has been appointing 10 customers per store as Quality Supervisors in order to improve products and stores from the customer's perspective. Meetings are held with Quality Supervisors for each individual store on a quarterly basis in order to obtain their feedback. The Quality Supervisors also share their observations with the company on a regular basis.

In addition, Chengdu Ito-Yokado and Hua Tang Yokado Commercial hold meetings with customers every year as an opportunity to obtain feedback directly from customers. In the fiscal year ended February 29, 2016, Chengdu Ito-Yokado held a meeting in March 2015, with a total of 29 customers in attendance. At the meeting, customers were asked to provide their feedback on products, store facilities, customer service and other matters, as they took part in activities such as sampling new food products and viewing displays and presentations on private-brand apparel by buyers. Hua Tang Yokado Commercial also held meetings in April and June 2015, both of which were attended by 15 customers.



Food sampling

## Social Contribution Activities

### Donations

Chengdu Ito-Yokado is involved in providing support in the event of a disaster, such as educational support, and in supporting households in poverty, among others. For example, to support Sichuan University, over the last 18 years the company has donated scholarships for students studying Japanese language that have supported 500 students. Furthermore, Chengdu Ito-Yokado has a vice chairman on the Chengdu City Next Generation Support Fund founded by Chairman Saegusa in December 2014, and has decided to donate 3 million yuan to it. To date, the company donated 1.5 million yuan to the foundation as education fees and living assistance children.

Chengdu Ito-Yokado also provides ongoing support for six elementary schools around Chengdu City through the Chengdu City Next Generation Support Fund. In the fiscal year ended February 29, 2016, the Company offered condolences and donations on Children's Day (June 1) and held a summer camp event. A total of 30 people participated in the camp, which took place over one night and two days, and featured a visit to a museum and a fun experience of being a store manager for a day. Through such activities, the company donated 1.17 million yuan during the fiscal year ended February 29, 2016.





Participants in the summer camp

## Volunteer Activities

Chengdu Ito-Yokado and Hua Tang Yokado Commercial continually promote volunteer activities by employees as a member of the communities where they have opened stores.

Chengdu Ito-Yokado visits households in the neighborhoods of its stores to donate food products and other items. Hua Tang Yokado Commercial supports households living in poverty and those that have people with disabilities. During the fiscal year ended February 29, 2016, for example, on International Women's Day (March 8) the company visited women raising children with disabilities and gave gifts of flowers and food.

Chengdu Ito-Yokado has designated the third week of each month as Environmental Protection Week. During this week, all of the stores conduct cleanup activities in their surrounding areas. This activity is ongoing, and over the years it has helped to develop employees' volunteer spirit. Hua Tang Yokado Commercial employees also clean the area around the store every day.



Donations of Flowers and Food (Hua Tang Yokado Commercial)



Clean-Up Activities (Chengdu Ito-Yokado)

## Creating Fulfilling Workplaces

### Appointing Local Employees

Since opening our first stores in China, we have been actively appointing local employees with the aim of developing "Stores of the Chinese people, by the Chinese people, and for the Chinese people." At Chengdu Ito-Yokado, Chinese employees have been appointed to all store manager posts, and the ratio of Chinese employees in management positions, excluding executives, is 85.4%. As of December 31, 2015, Hua Tang Yokado Commercial had appointed Chinese store managers to all five stores, and the ratio of Chinese employees in management positions, excluding executives, was 87%.

In addition, we have been making progress on the appointment of women in China. The ratio of women in management positions, excluding executives, was 55.1% at Chengdu Ito-Yokado and 47.8% at Hua Tang Yokado Commercial.



Employee Data (As of December 31, 2015)

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
No. of employees	3,017	1,053
Part-time employees	252	234
Full-time employee turnover (%)	22	15.6
Ratio of Chinese employees in management positions (%)	85.4	87.0
Ratio of women in management positions (%)	55.1	47.8

	Chengdu Ito-Yokado	Hua Tang Yokado Commercial
Number of employees with disabilities	53	19

### Athletic Meet to Foster Interaction Within and Outside the Company

Since 2011, Chengdu Ito-Yokado has held a yearly athletic meet attended by all company employees, as well as tenant employees at all stores. Each store forms a team, fostering employee unity by competing in various group events and cheering each other on. Moreover, executives of partner companies, local customers and the students of elementary schools supported by Chengdu Ito-Yokado are also invited to participate in the athletic meet. The event has been held five times since 2015, with attendance reaching 13,059 employees and 2,626 people from outside the company, including business partners and local customers, on a cumulative basis. The athletic meet fosters interaction among people within and outside the company.



### Human Resources Development

Training programs have been established, along with introducing various contests and awards programs that enable employees to compete with one another. This is to boost the motivation of local employees and enable them to demonstrate their abilities to the fullest. In 2011, Chengdu Ito-Yokado set up the Chengdu Ito-Yokado Job Training Institute Net Platform, with the company president serving as the head of the institute and experienced corporate employees serving as instructors to educate employees. In July 2015, Chengdu Ito-Yokado officially began operating an Internet-based training platform, creating an environment where all employees are able to learn over the Internet. At present, approximately 13,000 people are training on this platform, including employees as well as sales personnel at business partners. Employees learn about the company's policies, approaches and sales techniques via the Internet, and their learning is then reinforced by on-the-job training (OJT). In addition, starting in the fiscal year ended February 28, 2014, Chengdu Ito-Yokado introduced an executive employee training program led by external instructors for the purpose of raising communication abilities and honing leadership skills among executive employees.



### Main Contests (Examples from Hua Tang Yokado Commercial)

Results presentations	<ul style="list-style-type: none"> <li>Held every six months</li> <li>Participants report on individual and departmental achievements in customer service, sales promotion, cost control, and environmental improvement, with the most exceptional achievements receiving awards.</li> </ul>
Distinguished employee awards	<ul style="list-style-type: none"> <li>An award for exemplary employees, business partners and tenant employees who contributed significantly to the company.</li> <li>Award recipients are sent to two Outward Bound sessions in June and October. Outward Bound is an outdoor education program designed to enhance the personal character of participants by having them overcome various outdoor tasks in cooperation with their fellow team members.</li> </ul>
Sales skills contest	<ul style="list-style-type: none"> <li>Stores compete against each other in areas such as increased holiday sales</li> <li>Awards are given to the top three stores in the company</li> <li>Store-by-store awards for excellence are also given in five fields</li> </ul>
Business improvement proposal presentations	<ul style="list-style-type: none"> <li>Proposals for business improvements are sought, with one person selected from each store/department to present their proposal</li> </ul>



Results presentation



Skills contest

## Self-Recommendation System

In April 2015, Chengdu Ito-Yokado began operating a Self-Recommendation System as a show of respect for the autonomy of employees and to provide an outlet for their motivation. The system is for employees who have worked for the company for at least one year, and allows them to put themselves forward as candidates for the jobs they seek. Applicants who pass assessments are assigned to their desired workplace after a training period. In the fiscal year ended February 29, 2016, 15 people were assigned to their desired workplace out of 45 applicants.



## Reducing Environmental Impact

### Promoting Energy Conservation

Concern over air pollution and other environmental problems is growing in China, and the government is also strengthening regulations. Chengdu Ito-Yokado and Hua Tang Yokado Commercial are working to reduce their environmental impact through measures such as installing energy-efficient equipment.

Under an agreement with the city of Chengdu, Chengdu Ito-Yokado was required to reduce energy consumption by 750 standard carbon tons in the fiscal year ended February 29, 2016. The installation of LED lighting at the Chun Xu and Shuang Nan stores resulted in an annual reduction of 642 standard coal tons\*. In addition, Chengdu Ito-Yokado implemented rigorous management based on energy management standards, such as reducing the electricity consumption of freezer systems at night and turning off the lights of chilled cases at night. Despite these efforts, annual energy consumption rose by 383 standard coal tons from the fiscal year ended February 28, 2015, to 9,886 standard coal tons. Hua Tang Yokado Commercial has signed a Statement of Responsibility for Energy Conservation Targets with the city of Beijing. Based on this statement, Hua Tang Yokado Commercial was required to reduce energy consumption by 356 standard coal tons in the fiscal year ended February 29, 2016. Hua Tang Yokado Commercial achieved its target by reducing energy consumption by 3,125 standard coal tons mainly through the installation of LED lighting at the Sanlitun store in February 2015 and the Yayuncun, Fengtai Beilu, and Shilipu stores in May 2015.

Apart from this, in order to reduce their environmental impact, Chengdu Ito-Yokado and Hua Tang Yokado Commercial have set up a system where products delivered from business partners are first gathered at delivery centers and then sorted for delivery to each store. Centralizing products at delivery centers has a number of benefits, including reducing CO<sub>2</sub> emissions by using fewer delivery vehicles, along with helping to alleviate traffic congestion, noise and air pollution in urban areas. Moreover, Chengdu Ito-Yokado's delivery center uses a lighting system that harnesses natural sunlight and LED lighting. The system has successfully reduced electricity consumption by approximately 80% compared with conventional lighting equipment.

\* Energy use is converted into standard units of coal.



#### Chengdu Ito-Yokado

	FY2014	FY2015	FY2016
Number of stores	5	6	6
Energy consumption (standard coal tons)	10,342	9,503	9,886
Electricity consumption (MWh)	77,169	75,197	78,582
Gas usage (1,000 m <sup>3</sup> )	645	198	200
Water usage (1,000 m <sup>3</sup> )	678	808	747

#### Hua Tang Yokado Commercial

	FY2014	FY2015	FY2016
Number of stores	9	6	5
Energy consumption (standard coal tons)	9,035	7,465	4,340
Electricity consumption (MWh)	56,232	41,738	24,765
Gas usage (1,000 m <sup>3</sup> )	899	812	448
Water usage (1,000 m <sup>3</sup> )	359	309	177

## Environmental Events

### ■ (1) Earth Hour

Chengdu Ito-Yokado supports Earth Hour, an international environmental event led by the World Wide Fund for Nature (WWF) and has participated in Earth Hour since 2010. For the event on March 28, 2015, Chengdu Ito-Yokado turned off lights in half of its backrooms and one-third of its sales spaces for one hour, from 20:30 to 21:30.

## ■ (2) Greenification Activities

Chengdu Ito-Yokado planted 20 pansies and daisies each in the Chengdu Botanical Garden together with 20 local families in Chengdu. The event was also attended by Chengdu Ito-Yokado President Tomohiro Saegusa.



Planting flowers at the Chengdu Botanical Garden

## ■ (3) Cooperation on Environmental Events

Hua Tang Yokado Commercial is cooperating with a campaign sponsored by the Beijing Municipal Commission of Development and Reform. In the fiscal year ended February 29, 2016, the company put up banners and posters encouraging environmental protection and energy conservation in front of and inside its stores. Eco-friendly shopping bags were also distributed free of charge at storefronts.



Distributing eco-friendly shopping bags at a storefront



## Raising Employees' Environmental Awareness

In order to improve employees' environmental awareness, Chengdu Ito-Yokado communicated the importance of frequently turning off lights, switching chilled cases to energy-saving mode at night and implementing other measures through meetings and in-house notifications. Hua Tang Yokado Commercial held a training session on energy conservation management methods led by external experts, along with calling on employees to conserve energy through posters, at morning meetings and in other ways.



## Award History (FY2016)

Chengdu Ito-Yokado	2014 Business Leader List Department Store Category	Tianfu Newspaper
	Top 10 Innovative Companies in China (by Industry)	Asia Brand Association
	2014 Stores with Superior Shopping Experiences	Chengdu Daily Newspaper and Chengdu Municipal Financial Services Administration Office Chengdu Municipal Commission of Commerce Chengdu Municipal Consumers' Association
	2014 Stores with Best Services for Parents with Children (store location in Jianshe Road)	Chengdu Business Daily
	Contribution Award for the Construction of "Shopping Paradise" (購物樂園)	Chengdu Retailers' Association
	Annual Top 10 Ranking of Retail Companies	Chengdu Retailers' Association
	Annual Public Business Contribution Award	Chengdu Retailers' Association
	Store Offering a Distinctive Experience	Chengdu Retailers' Association
	Top Taxpayer	Wuhou People's Government

	Top 10 Ranking of Modern Commerce & Trade Businesses by Taxes Paid	Wuhou People's Government
	Companies with Key Advantages	Wuhou People's Government
	Top Taxpayer (store location in Jianshe Road)	Chenghua People's Government
	Complaint Processing Desk for Protection of Lawful Rights and Interests (store location in Gaoxin)	Consumers' Association in Gaoxin District, Chengdu Consumers' Association
<b>Hua Tang Yokado Commercial</b>	2015 Leading Companies with Safest Production Systems	Chaoyang District Xiaoguan Subdistrict
	FY2016 Exemplary Company in Complaint Processing	Beijing Administration for Industry and Commerce

## Awards and Recognition by Outside Parties

### Major Awards and Recognition in the Fiscal Year Ended February 29, 2016

Recognition or award name	Award sponsor	Reasons for recognition	Recipient
First place, NICES Comprehensive Corporate Ranking	Nikkei Inc.	Recognized for proactively opening new stores with strong consumer support for private-brand products, among other factors.	Seven & i Holdings
2nd place overall, 100 Best Companies Where Women Play an Active Part	Nikkei Inc., Nikkei Woman	Recognized for track record of appointing women, along with efforts to change the mindset of women and revise systems and to change the mindset of men and management personnel, with the goal of raising the ratio of women in management positions to 20% or more for section manager or higher and 30% or more for team leader or higher by the end of February 2016.	Seven & i Holdings
Fujisankei Communications Group Prize, 24th Grand Prize for the Global Environment Award	Fujisankei Communications Group	Recognized for selling environmentally friendly products using forest thinning materials and recycled PET bottle materials under the Seven Premium private brand.	Seven & i Holdings
Manufacturing Industries Bureau Prize, Ministry of Economy, Trade and Industry, Japan Packaging Competition	Japan Federation of Printing Industries	Recognized for selling environmentally friendly products using forest thinning materials and recycled PET bottle materials under the Seven Premium private brand.	Seven & i Holdings
Good Packaging Prize, Japan Packaging Contest	Japan Packaging Institute	Recognized for selling environmentally friendly products using forest thinning materials and recycled PET bottle materials under the Seven Premium private brand.	Seven & i Holdings
Special Award, Product Development and Usage Category, Forest Good 2015 – Forest Thinning and Thinning Materials Usage Contest	Forest Thinning and Thinning Material Usage Promotion Network	Recognized for developing environmentally friendly products and raising the environmental awareness of consumers. Forest thinning materials from the Seven Forest project, which seeks to promote sound forest development and wood materials, were used in some containers for Seven Premium private-brand products.	Seven & i Holdings
Award of Excellence, Distribution and Brand Product Category, 64th Nikkei Advertising Awards	Nikkei Inc.	Recognized for how it expressed its message of contributing to society through its core businesses in an advertisement about the five material issues that Seven & i Holdings should tackle to achieve a sustainable society. This message was expressed against the backdrop of a delivery made by the Seven-Meal home meal delivery service.	Seven & i Holdings
Outstanding Performance Prize (Chief Judge's Award), 19th Environmental Communication Awards	Ministry of the Environment, Global Environmental Forum	Recognized for covering all of the basic items of environmental reports, particularly for its easily readable and clear reporting on the social aspects of environmental management.	Seven & i Holdings
7th Japan Tourism Agency Commissioner Award	Japan Tourism Agency	Recognized primarily for being first in the convenience store industry to proactively undertake initiatives to address the needs of inbound foreign visitors to Japan, including offering Seven Spot free in-store Wi-Fi services, installing ATMs that accept overseas-issued cards, and launching tax-free services at around 1,000 stores.	Seven-Eleven Japan
Grand Prize, Brand Japan 15th Anniversary Awards	Nikkei BP Consulting, Inc.	Recognized for attaining broad penetration of the "close-by, convenient stores" brand based on consumer recognition of consistent, steadfast product development, including the Seven Premium private brand and SEVEN CAFÉ, for which sales began in January 2013. In the first nine months of the fiscal year ended February 28, 2015, SEVEN CAFÉ sales surpassed around 450 million cups, which was the annual sales volume for the previous fiscal year.	Seven-Eleven Japan
METI Minister's Award, Best Contributors to Product Safety,	Ministry of Economy, Trade and Industry	Recognized for formulating Group-wide quality policies and developing quality	Ito-Yokado

Large Retailer Category, FY2015 Ninth METI Minister's Awards		standards, providing employee training using internal training tools, taking steps to raise the level of product safety measures at plants and business partners, and implementing measures to prevent the spread of harm to consumers in the event of a problem with apparel.	
Grand Prize (Minister of Health, Labour and Welfare's Award), First Awards for Companies Promoting Part-Time Workers to Play Active Roles at Work	Ministry of Health, Labour and Welfare	Recognized for measures related to promoting the success of part-time workers, including fair, impartial and acceptable performance reviews and remuneration, a career advancement system that is easy for workers to select, proactively reflecting the opinions of part-time workers, and building a detailed system for entrenching measures.	Ito-Yokado
Company and Organization Category Award, Dementia Supporter Caravan FY2015 Awards and Briefing	The National Caravan-Mate Coordinating Committee	Recognized for roles and actions undertaken as a company closely tied to the lives of the elderly, including giving dementia supporter training to employees such as tenant, security and cleaning personnel; fostering collaboration between each store and the local community; sharing information with comprehensive community support centers; and participating in neighborhood watch activities.	Ito-Yokado
KIDS DESIGN AWARD 2015, Designs to Support Comfortable Child-Rearing - Individuals and Households Category	KIDS DESIGN ASSOCIATION	Recognized for designs that assist with parenting, including a transparent toilet seat that allows parents to monitor how children are using the toilet, barley tea that can be consumed by infants from around one month after birth, and baby wipes containing a 99% or greater concentration of ultra-pure water.	AKACHAN HONPO
Gold Award and Silver Award, International High-Quality Trophy, Monde Selection 2015	Monde Selection	Recognized for supplying products with reliable quality based on rigorous quality inspections to ensure confidence in products offered to customers.	Nissen Holdings

### Inclusion in socially responsible investing (SRI) Indices (As of October 31, 2016)

Seven & i Holdings has been selected as a component of the following SRI indexes.



Dow Jones Sustainability Index:Member of DJSI Asia-Pacific.

The Dow Jones Sustainability World Index was launched in 1999 as the first global sustainability benchmark. It is offered by RobecoSAM and S&P Dow Jones Indices. The series tracks the stock performance of the world's leading companies in terms of economic, environmental and social perspectives. Seven & i Holdings has been selected as a component of the DJSI Asia Pacific index, which focuses on the Asia-Pacific region.



**FTSE4Good**

FTSE4Good

FTSE4Good is a stock index provided by the FTSE Group, a wholly owned subsidiary of the London Stock Exchange. Companies that earn a high evaluation from an environmental, social and governance (ESG) perspective are selected as component stocks of the index. In Japan, 176 publicly listed companies have been selected as component stocks of FTSE4Good (as of December 2015). Seven & i Holdings has also been selected as a component stock of this index.



Morningstar  
Socially Responsible  
Investment Index

MS-SRI (Morning Star Socially Responsible Investing Index) is Japan's first domestic SRI stock price index, created by Morningstar Inc. and comprised of 150 companies listed in Japan, which are selected for the superior social responsibility. Seven & i Holdings has also been selected as a component stock of this index.

# GREENHOUSE GAS EMISSIONS VERIFICATION STATEMENT

To: Seven & i Holdings Co., Ltd.



BUREAU  
VERITAS

September 16, 2016

Bureau Veritas Japan Co., Ltd.  
System Certification Services Headquarters

Bureau Veritas Japan Co., Ltd. (Bureau Veritas) was engaged by Seven & i Holdings Co., Ltd. (Seven & i) to conduct independent verification of the greenhouse gas (GHG) emissions reported by Seven & i in its CSR Report 2016.

## 1. Scope of Verification

Seven & i requested Bureau Veritas to verify, to a limited level of assurance, the accuracy of the following GHG information:

• Scope 1 and Scope 2 emissions:

CO2 emissions from energy use through the following store operations within Japan, U.S.A (excluding stores operated by domestic licensees of 7-Eleven, Inc.) and Canada:

Name of company	Number of stores covered within scope	Reporting period covered
Seven-Eleven Japan Co., Ltd.	18,613	April 1, 2015 through March 31, 2016
Ito-Yokado Co., Ltd.	184	
York-Benimaru Co., Ltd.	201	
Sogo & Seibu Co., Ltd.	24	
Seven & i Food Systems Co., Ltd.	613	
York Mart Co., Ltd.	82	
THE LOFT CO., LTD.	88	
AKACHANHONPO CO., LTD.	108	
SHELL GARDEN CO., LTD.	27	January 1, 2015 through December 31, 2015
7-Eleven, Inc.	8,628	

## 2. Methodology

Bureau Veritas conducted the verification in accordance with the requirements of the international standard 'ISO 14064-3(2006): Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions'.

As part of Bureau Veritas' assurance, the following activities were undertaken:

- Interviews with relevant personnel of Seven & i responsible for the identification and calculation of GHG emissions;
- Review of Seven & i's information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and
- Audit of a sample of source data to check accuracy of quantified GHG emissions.

## 3. Conclusion

Based on the verification work and processes followed, there is no evidence to suggest that the GHG emissions assertions shown below:

- are not materially correct and are not a fair representation of the GHG emissions from activities within the scope of work
- are not prepared in accordance with the methodology for calculating GHG emissions established and implemented by Seven & i.

Verified greenhouse gas emissions	
Scope 1 106,449 t-CO <sub>2</sub>	Scope 2 3,339,810 t-CO <sub>2</sub>

### 【Statement of independence, impartiality and competence】

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with over 180 years history in providing independent assurance services. No member of the verification team has a business relationship with Seven & i, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest. Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes.