

## Company Profile

Name : Seven-Eleven Japan Co., Ltd.

Business : Convenience store business in Japan by franchise system

Representatives : Toshifumi Suzuki, Chairman and Chief Executive Officer  
Ken Kudo, President and Chief Operating Officer

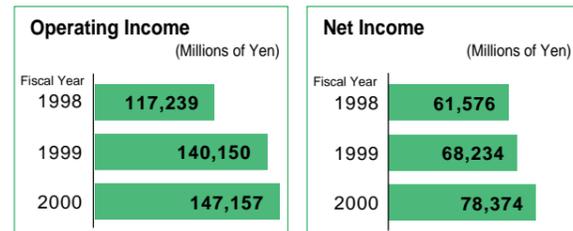
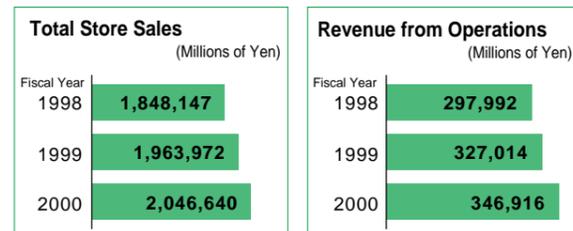
Date of Establishment : November 20, 1973

Capital : ¥17.2 Billion

Number of Employees : 3,820

Number of Stores in Japan : 8,602

Listing : Common stock is listed on the Tokyo Stock Exchange, First Section



(As of End of February, 2001)



Seven-Eleven Japan Co., Ltd.

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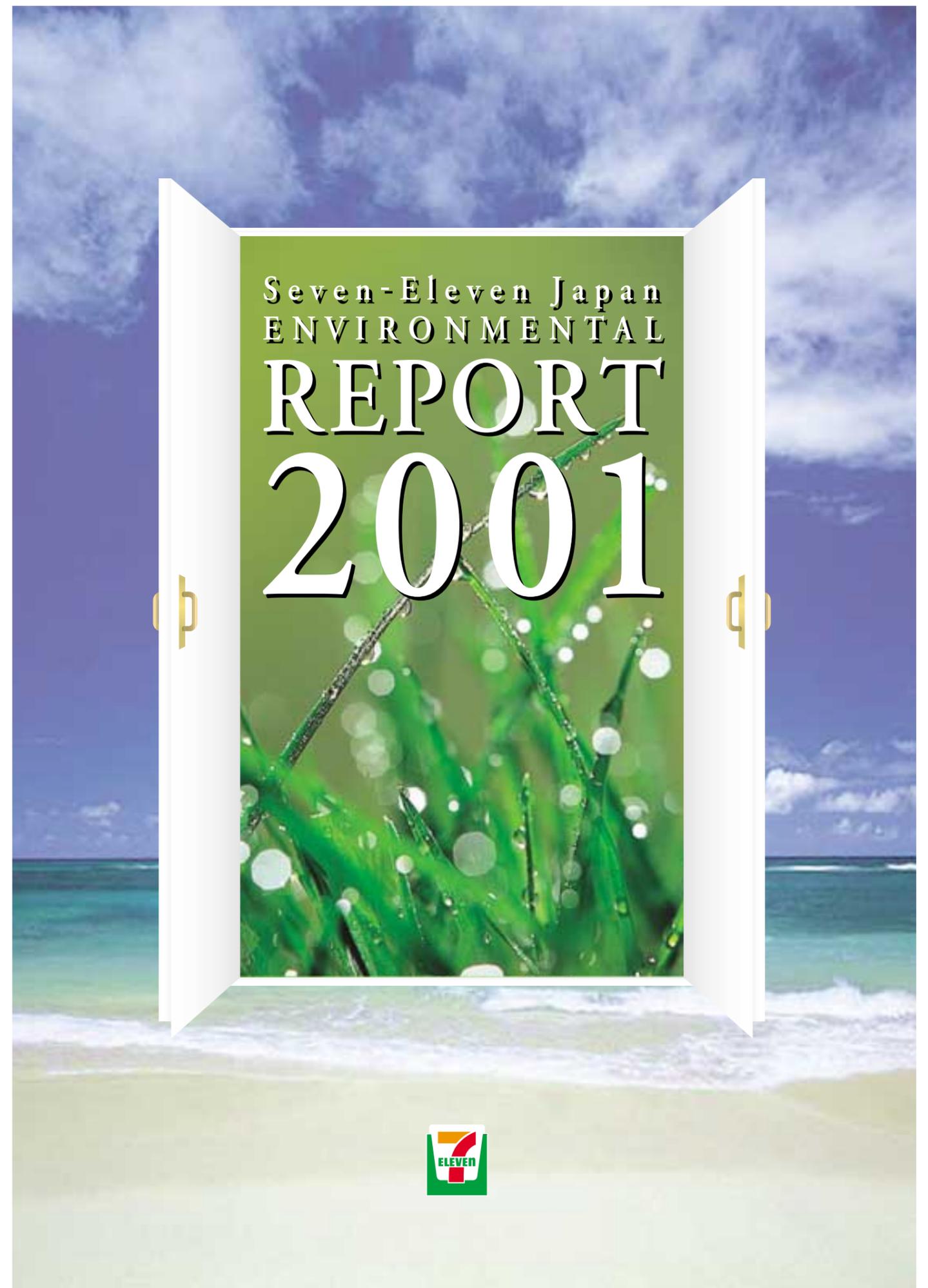
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# Message

## From the Corporate Management

Issues such as waste from daily household and industrial business activities, genetically modified produce, and mad-cow or foot-and-mouth disease in Europe are now the concern of every consumer, who seeks health and safety.

In May 2000, the Basic Law for the Promotion of Formation of a Recycling-Oriented Society was enacted, and the Law for Recycling Containers and Packaging, the Electrical Appliances Recycling Law and the Construction Materials Recycling Law came into force. Meanwhile, global warming, ozone-depletion, as well as water and soil contamination by chemical substances, are becoming even more serious, and the 21st century is positioned as the "Century of the Environment."

At Seven-Eleven Japan, we believe that global environmental conservation in the 21st century is an important risk-management area in our business activities.

We will look into the environmental impact on the total merchandising cycle; that is "Production - Distribution - Sales - Consumption" in the business development of our convenience stores, where the franchisees play the key role. We will disclose proper environmental information and will also provide information on the activities and results in each business sector.

Under our slogan of "Adjusting to the Changes and Thorough Execution of the Basics," we will provide our customers with safe and high-quality products, while promoting our basic corporate philosophy of "Seeking the Absolute" in our environmental measures.

Our belief is to fulfill our responsibility as a corporate citizen by aiming at the optimum integration of environmental consciousness and economic sustainability, as well as continuing our efforts to contribute to society.

We would appreciate your continued support.



鈴木 敏文  
Toshifumi Suzuki  
Chairman and Chief Executive Officer  
Seven-Eleven Japan Co., Ltd.



工藤 健  
Ken Kudo  
President and Chief Operating Officer  
Seven-Eleven Japan Co., Ltd.

# From the Environmental Management

Seven-Eleven Japan Co., Ltd. as a corporation, which conducts convenience store business with franchisees, places a point of view on the consistency of the life cycle of "Production - Distribution - Sales - Consumption," and has been working on global environmental issues, such as the reduction of CO<sub>2</sub> emissions to prevent global warming and the proper treatment of CFCs to protect the ozone layer. At the same time, efforts are being made to establish a solid social system by implementing measures in compliance with laws and regulations such as the Law for Recycling Containers and Packaging.

Also, controversial issues such as endocrine disruptors and genetically modified produce are studied, and information and our activities in each area are disclosed.

Based on our waste management system, we will make additional efforts together with our daily staples suppliers and our franchisees, to reduce animal and plant waste in compliance with the Foods Recycling Law.

Our customer's donations at the storefront for "Seven-Eleven Greenery Fund" amounted to over ¥200 million during fiscal year 2000. The contributions for disaster funds of Mt. Usu Volcanic Eruption and Izu Island Earthquake have exceeded ¥100 million.

These results show not only our customers' concern about environmental issues, but every consumer's desire for a healthier and safer life.

We recognize the importance of a proper environment for the current and future existence of mankind and the corporation, and aim for the optimum integration of environmental consciousness and economic sustainability. We will continuously disclose our environmental report and present our measures taken with franchisees and suppliers.

萬歳 敬公

Noritomo Banzai  
Managing Director  
General Administrative Department Chief  
Seven-Eleven Japan Co., Ltd.

## Seven-Eleven's Environmental Policies

### 1 Responsibility towards Our Business Activities

We seek to fulfill our responsibilities as a corporation in all our business activities. These include protecting the environment, reducing loss, making effective use and reuse of resources, conserving energy, and reducing waste and environmental pollution.

### 2 Cooperation with Customers and Information Disclosure

We listen to the voices of our customers and cooperate with them in our efforts to protect the environment. By auditing the results of our activities and recording them, we disclose such information freely to our customers and employees.

### 3 Cooperation with the Local Community and Contributions to Society

We study the environmental issues within the communities with the local residents and contribute through a variety of on-going activities concerning the environment in order to fulfill our responsibilities as a corporate citizen.

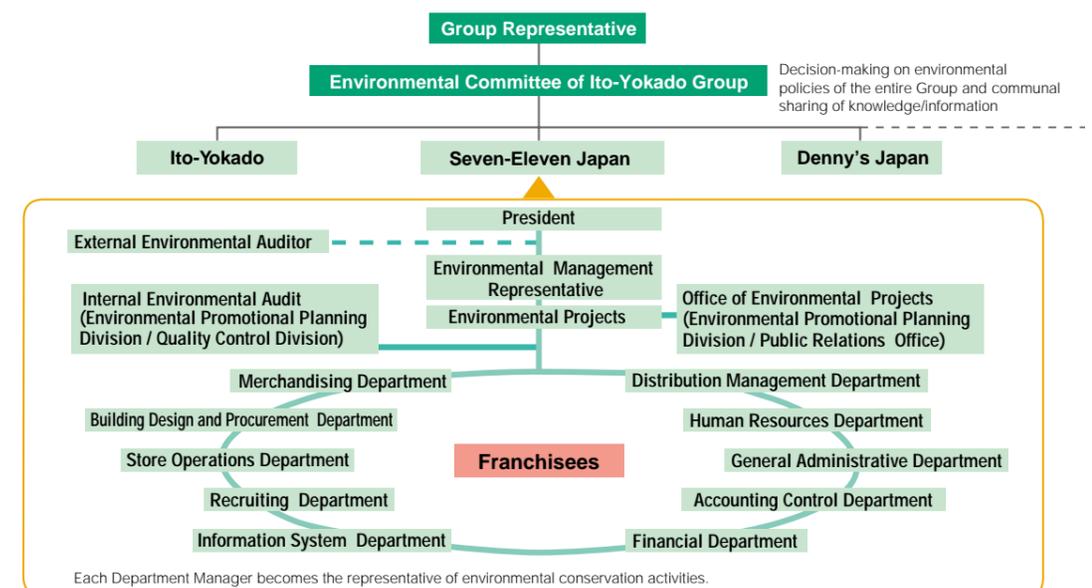
### 4 Responsibilities and Awareness among the Franchisees and Employees

Based on these environmental policies, we have the responsibility to consider the environmental problems as members within the corporation and this society, making an effort to be aware of the role each of us is playing to take appropriate actions.

### 5 Establishment and Revision of Environmental Targets

We continue our efforts to improve our environmental activities year after year, complying with the legal regulations concerning the environment, establishing goals in each area of corporate operations voluntarily, and reviewing these goals on an annual basis.

## Environmental Management System



# Outline of Business Operations and Impact on the Environment

**FRANCHISEE**

- Personnel Management**  
(Employment, education, personnel management, etc.)
- Merchandising Management**  
(Orders, sales promotions, etc.)
- Operations Evaluation Management**  
(Sales, operations management, etc.)



**HEADQUARTERS**

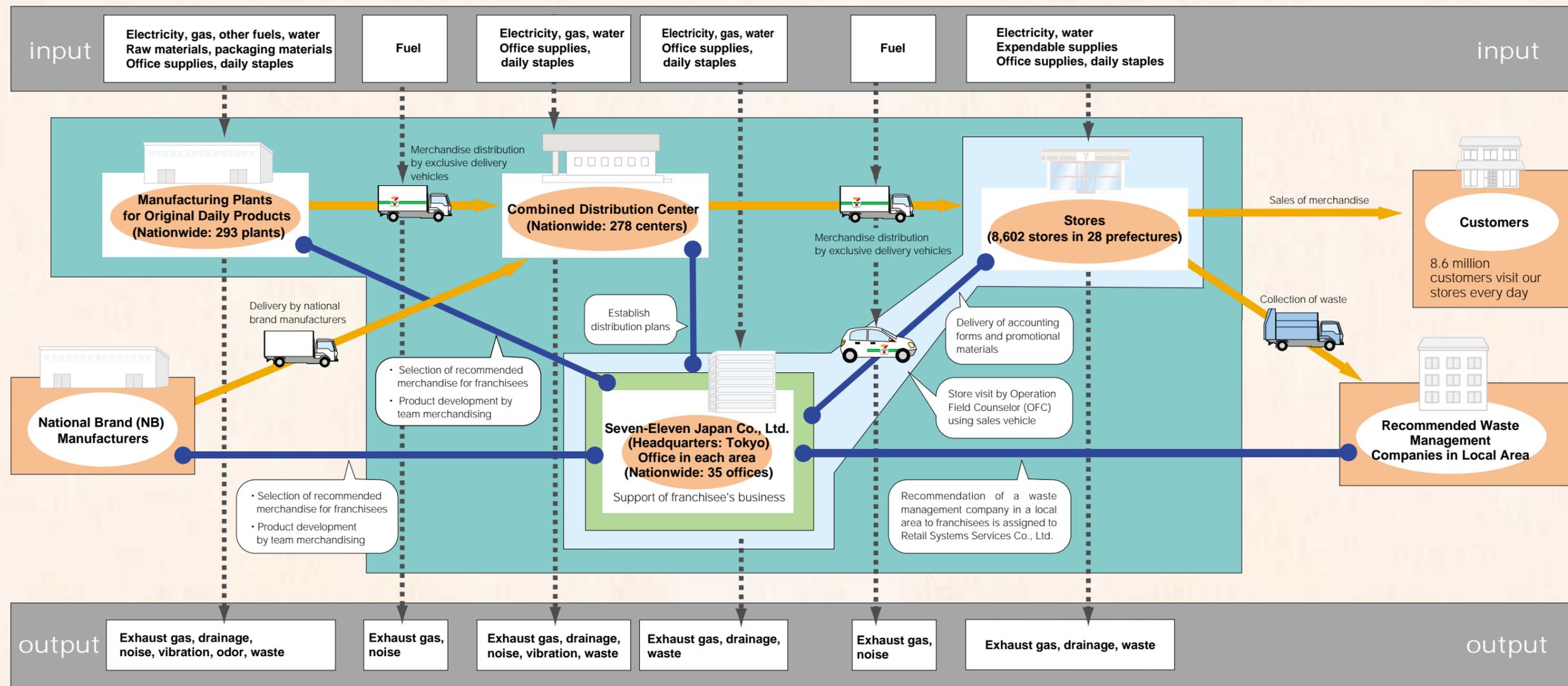
- Management Consulting Services**
- Product Development and Merchandise Information Services**
- Distribution System Services**
- Information System Services**
- Advertising and Sales Promotion Activities**
- Rental of Sales Facility Equipment**
- Accounting and Bookkeeping Services**
- System that provides for a safe working place**

Seven-Eleven has been operating its convenience store business through a unique franchise system in which the headquarters and the franchisees, while they remain independent, stand on an equal footing. Seven-Eleven's original daily products are produced at an independently owned exclusive plant and are delivered to each store through a Combined Distribution Center. In this way, franchisees and suppliers are actively involved in many areas of Seven-Eleven's business operations. At Seven-Eleven, not only Seven-Eleven Japan Co., Ltd. but also all suppliers and franchisees are part of a chain and endeavor to understand the environmental impact of their activities and implement environmental conservation programs.

Range of Environmental Impact of Seven-Eleven Japan Co., Ltd  
 Range of Environmental Impact as a Franchised Chain Retailer  
 Range of Environmental Impact as a Chain Retailing System

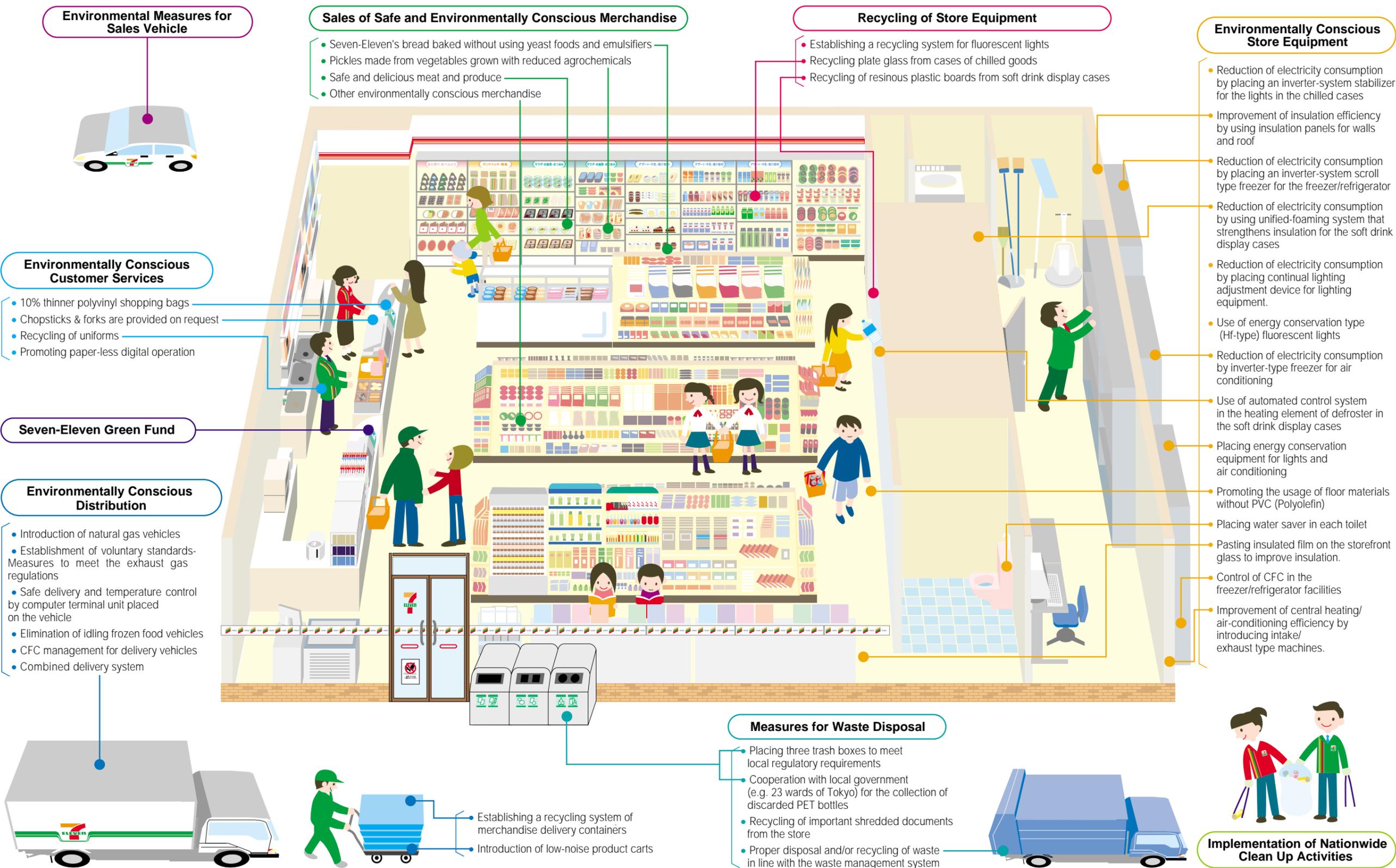
**Franchise System of Seven-Eleven**

In 1973, Seven-Eleven Japan joined hands with Southland Corporation (now, 7-Eleven, Inc.), who then was developing Seven-Eleven stores in North America, under the objective of "modernizing and improving the business of small and medium size stores". Seven-Eleven operates its convenience store business as a joint enterprise by applying a unique franchise system that enables a franchisee and the headquarters to stand in equal position while remaining independent.



# Environmental Conservation Activities at Store

At Seven-Eleven, we believe in the importance of taking measures for the environmental impact at the store and the surrounding area. Our objective is a store with lower environmental impact by using energy conservation equipment and instruments, a low-noise cart, by following local regulatory requirements for sorting waste, and by taking various other positive measures.



# Environmental Accounting

At Seven-Eleven, we place great importance on actual notation of "Initiatives for reducing environmental impacts" and "Effects of initiatives taken." As for the items whose environmental conservation costs and the effects can be clearly shown, we provide such data in actual amount and/or volume.

Period : Fiscal Year 2000 (March 2000 through February 2001)

Targeted Range : Stores (Franchised and Corporate stores), combined distribution centers, and daily staples plants are considered to be the targeted range for Seven-Eleven's environmental impacts.  
 Environmental Conservation Costs : Costs only at franchisees and corporate stores are shown. As for items whose costs are not clearly determined, they are neither included nor allocated within the ratios.  
 Environmental Conservation Effects / Economic Effects in line with environmental conservation: As for the environmental conservation effects, data such as the actual recycled volume are shown. Economic effects are not shown due to the difficulty in determining the figures.

(Unit: ¥million)

Category	Initiatives Taken for Reduction of Environmental Impacts	Actual Details & Effects	Environmental Conservation Costs (Franchisees & Headquarters)	
			Investment	Cost
Merchandise	Production, purchasing and sales of safely and environmentally conscious merchandise	Seven-Eleven's bread baked without using yeast foods and emulsifiers Pickles made from vegetables grown with reduced agrochemicals, safe and delicious meat and produce (limited to specific area) Other environmentally conscious merchandise	Included in regular costs	
	Compliance with the Law for Recycling Containers and Packaging	Recycled products by consigned production: Plastic containers & packaging : 1,564.0 tons , Paper containers & packaging : 31.3 tons	15	166
Store	Operation of energy conservation type stores	Electricity saved by introducing power-efficient equipment to new stores during the fiscal year 2000 : 1,652.5 thousand kwh Reduced water usage by introducing water-saving bulb in each store : 48 kl. per store annum	212	40
	Protection of ozone layer	CFC leakage prevented by inspecting freezer/refrigerator equipment 4 times annually.	Included in regular costs	
	Waste disposal and promotion of recycling	Recycled at the time of store renovation: Glass - 288.8 tons; steel, stainless steel, aluminum and other metals - 177.6 tons; plastic - 138.5 tons		120
		Proper waste disposal and promotion of recycling in accordance with the waste management system		2,077
Distribution	Reduction of environmental impacts during the distribution stage	Establishment of voluntary standards and the introduction of low pollution vehicles that satisfy the newest exhaust gas control regulations Reduction of CO <sub>2</sub> emissions per vehicle by introduction of 33 naturalgas cars (total no. of 74 cars) (In comparison with diesel cars):approximately 20%; NOx : approximately 80%; SOx : 100% Idling stopped for 6 frozen food vehicles	Included in vehicle and administration costs	
	Protection of ozone layer	Prevention of CFC leakage by prior prevention check-ups of delivery vehicles		
	Promotion of recycling	Introduction of 130,000 identical folding containers in order to improve distribution efficiency at combined distribution centers for processed foods and liquor; re-use or recycling of used containers	Included in expenses for combined distribution centers	
Office	Waste disposal and promotion of recycling	Recycling of shredded documents : 1,703.3 tons		160
	Protection of forest resources	Usage of kenaf for employees' business cards (2,696 cases)		0
	Reduction of environmental impacts of sales vehicles	Status of CO <sub>2</sub> emissions per sales vehicle : +20kg - CO <sub>2</sub>	Included in vehicle cost as in the past	
Management Fee	Environmental management	Appropriate measures to deal with environmental problems. Avoiding environmental risks		4
Communications	Communication of environmental information	Publication of environmental report in June, 2000		5
Environmental Education	Promote awareness of environmental conservation	Enlightenment activities through educational seminars, booklets, and exhibitions (owner, employees, stores) Promotion of "Take Back Your Trash" campaign (stores)	Included in regular costs	
Contribution to Society	Measures for scattered waste	Implementation nationwide clean up activity simultaneously : Collected 111 tons of waste		6
	Social contribution activities	Contribution to "Seven-Eleven Green Fund"		58

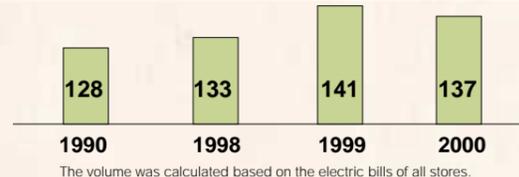
## CO<sub>2</sub> Emissions in Store Operation

### CO<sub>2</sub> Emissions per Store per Annum

CO <sub>2</sub> Emissions Items	Annual Consumption /Emissions Volume	CO <sub>2</sub> Emissions Volume (t-CO <sub>2</sub> / year)
Electricity consumption for sales facility and ventilation (000 kwh)	137.0	52.6
Consumption of diesel oil during delivery of merchandise (kl)	3.3	8.7
CO <sub>2</sub> emissions at the time of store visits by management instructors	—	0.5
Combustible waste from stores (tons)	10.7	25.9
CO <sub>2</sub> emissions per store per year		87.7

CO<sub>2</sub> emissions is figured by use of factors indicated in "Environmental Activities Evaluation Program" of the Ministry of the Environment of Japan.

### Trend of Electricity Consumption per Store (1000 kwh/year)



### Daily Volume of Trash per Store (kg.)

	Volume (kg.)	
Combustibles	29.3	
Incombustibles	Plastics	2.9
	Cans	6.1
	Bottles	2.3
Valued Items (corrugated cardboard, magazines, newspapers)	19.9	
Total	60.5	

(Figures are based on the data from 1,030 stores in Tokyo)

# Development of Safer Merchandise

- [1] Commitment to bread dough made without using yeast foods and emulsifiers**
- [2] Commitment to deliver safer pickles by using vegetables grown with reduced agrochemicals**
- [3] Measures to deal with genetically modified produce**  
(We will take measures to eliminate processed foods using genetically modified produce.)
- [4] Measures to deal with endocrine disrupters**  
(We will continue to look into domestic and foreign research reports and take appropriate action.)

## [5] Meat Distribution Measures

At Seven-Eleven, we use approximately 23,000 tons of meat (chicken & beef) annually, mostly imported. Previously, it was not possible to clearly identify the location of a farm, the method of breeding, and the country of origin.

In April, 1999, we established a system that enables us to identify the producers and the method of breeding by drastically limiting the distribution routes and appointing major overseas packers\*. By doing this, it became possible not only to clearly identify the route of the import, i.e. from an overseas farm to a domestic route, but also the distribution status. Moreover, in order to obtain more efficient domestic distribution, we started operation of seven meat process centers\*\* nationwide before August 2000, and began supplying fresher and better quality meat to plants for cooking rice, commercial sandwiches, and delicatessen items. Currently, 100% of chicken and 85% of beef are supplied through this distribution route.

\*Packer: Plant for meat production \*\*Process center: Plants with the function of processing, storage, and distribution.

## [6] Measures on Distribution of Produce

At Seven-Eleven, we use 30,000 tons of fresh produce and meat as ingredients of sandwiches, salad, and side dishes. For this usage, we believe in the importance of securing safe and fresh produce and started taking measures in 1999.

Currently in the metropolitan area, we undertake team merchandising with contracted farmers and management companies, utilizing the produce process center. We plan to increase the handling volume of safe and fresh produce in this way.

# Seven-Eleven's Distribution System

## [1] Combined Distribution System

At Seven-Eleven, we have been promoting combined distribution that started with perishable foods in 1976. In the combined distribution system, merchandise is categorized by the temperature with which it is handled; that is, chilled (at 5 degrees C), cooked rice (at 20 degrees C), and frozen (at -20 degrees C), and processed foods/liquor/sundries (at room temperature), and put together by temperature category at the combined distribution center, and delivered to each store.

## [2] Reduction of Number of Delivery Vehicles - Reduction the Delivery Distance

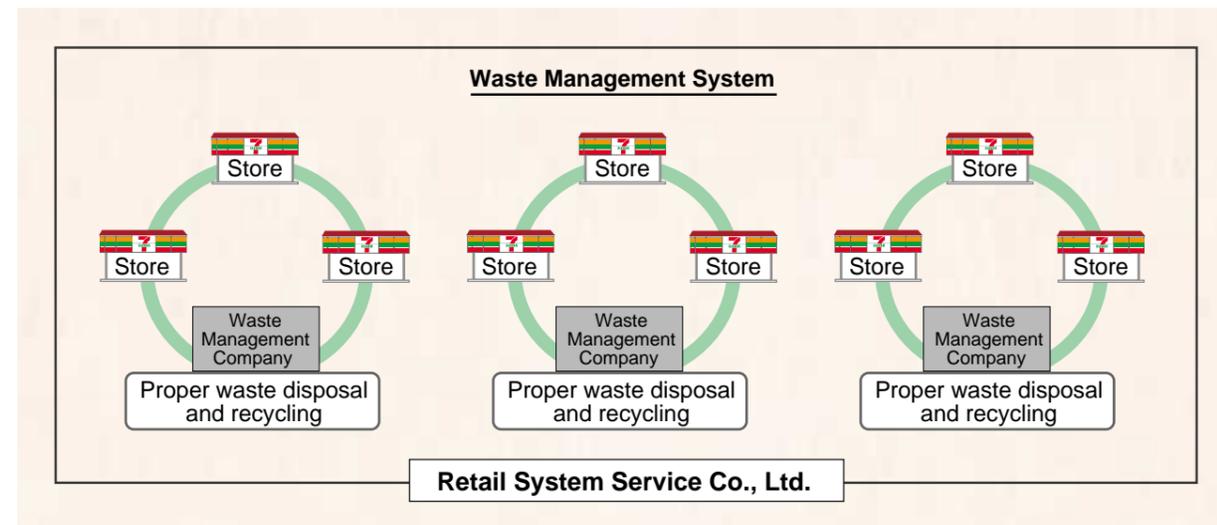
In 2000, we reduced to 10 delivery vehicles per store per day from the 70 delivery vehicles in 1974 by taking various measures such as the establishment of a combined distribution system and introduction of a post-delivery inspection system conducted by store only, which facilitated the improvement in loading efficiency and reduction of delivery time and distance. In order to understand more accurately the environmental impact of deliveries, we started measuring the delivery distance this year.

**Delivery Distance per Store per Day : 62.6 km (By exclusive delivery vehicle)**

# Waste Management System

## Development of Waste Management System

Started with 23 wards of Tokyo in September, 1997, we have been developing a waste management system which is a collective disposal system. We take strong measures for waste management by assigning Retail System Services Co., Ltd. as a coordinator for recommendation of waste management companies in each local area, and for reduction of waste by proper disposal and promotion of recycling. We have confirmed the reduction of waste by sorting waste for recycling purpose at the store-level, collected separately by a participating waste management company.



In principle, the waste from Seven-Eleven stores is disposed within the local government area as general industrial business waste. To implement this, a waste management company is appointed in each area and assigned the proper disposal and recycling of waste from Seven-Eleven stores. Retail System Services Co., Ltd. coordinates this waste management and works on the proper disposal and recycling, as well as reduction of waste.

# Community, Enlightenment and Social Contribution Activities

## 【1】 Nationwide Clean Up Activity

Clean up activities are implemented simultaneously throughout the nation by storeowners, store employees, and Seven-Eleven employees to clean neighboring areas and parks. In 2000, nationwide activities were conducted twice, July 9th and November 12th, with 45,000 participants.



Nationwide Clean Up Activity

## 【2】 Support given on "Essay about being gentle to the Earth / Contest on activity report"

## 【3】 Volunteer Activities for Disaster Relief

At Seven-Eleven, we support the "Disaster Relief Volunteers Promotion Committee" in which members are provided with special knowledge and technologies required as disaster relief volunteers. Also, in the year 2000, besides various other activities, we donated helmets (38,000) to residents of Miyake Island that suffered from the volcanic eruption.



## 【4】 Safety Station

To support the safety of neighboring communities, Seven-Eleven stores are participating in "Children's #110 (SOS Hotline)", "Crime Prevention Hotline," and "Stop-Over Points by Policemen."

## 【5】 Seven-Eleven Green Fund

As part of 20th Anniversary Commemorative Events, we established "Seven-Eleven Green Fund" in 1993. With donations from customers at stores, and contributions and donations from Seven-Eleven Japan, Seven-Eleven stores nationwide with Seven-Eleven Japan as a corporate have been implementing various activities to contribute to our society under the theme of environment; activities including beautification and conservation of the natural environment, tree-planting in cities and support of many local volunteer activities.

### Total Amount of Donations in Fiscal Year 2000

During the fiscal year 2000 (March 1, 2000 to end February, 2001), donations made by customers amounted to ¥206,741,986.

### Activity Report

Activities of Seven-Eleven Green Fund are reported in "Activity Report", "Posters" and "Homepage". Detailed information is provided in the "Guide to Seven-Eleven Green Fund".



Guide to Seven-Eleven Green Fund



Activity Report



Poster

### Homepage:

<http://www.7midori.org>

Various information related to environment is disclosed at the above web site.

## Independent Review

In order to instill confidence regarding the contents of Seven-Eleven Japan's "Environmental Report 2001" and to obtain an objective evaluation with regard to our measures for the environmental conservation efforts, we arranged for an independent review by Chuo Sustainability Research Institute (Chuo Aoyama Audit Corporation). As a result of the audit, it was confirmed that the data contained in the report was collected on a rational basis and that no major items needed to be revised. Also favorably evaluated areas were pointed out: The integration of environmental consciousness and economic sustainability were well balanced in product development/compliance with laws/store management, and disclosure of environmental information over the entire chain retailing system, using the unified index of CO<sub>2</sub> emissions per store were highly acclaimed. As an issue to be resolved in the future, it was suggested that mid and long-term targets should be renewed and continuously challenged in areas such as energy consumption, since an increase in the number of stores and an expansion of services are expected.