

## KnowTheChain 2023 Food & Beverage Benchmark

### Additional Disclosure

Company Name: **Seven & i Holdings Co., Ltd.**

Date: **10 April 2023**

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

#### INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

#### INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

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

##### **Sustainability Management > Supply Chain Subcommittee**

**“The Supply Chain Subcommittee is chaired by the Executive Officer and Chief Merchandise Officer (CMDO) of the Seven & i Holdings Group Merchandise Strategy & Planning Division, and is managed by the division in charge of product strategies at the Group to promote specific measures.”**

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

<https://www.7andi.com/en/sustainability/theme/theme7/client.html>

### **Building a Sustainable Supply Chain Together with our Business Partners**

#### **> Results of CSR Audits of Suppliers > CSR audits of Overseas Factories**

In order to ensure fairness, we outsource our audits to an external inspection organization, TÜV Rheinland Japan. In principle, its auditors are registered with the Association of Professional Social Compliance Auditors (APSCA,) an professional standards body for independent Social Compliance Auditors, and regular meetings are held with auditors every year to standardize the required items.

[https://www.7andi.com/en/sustainability/human\\_rights.html](https://www.7andi.com/en/sustainability/human_rights.html)

#### **Human Rights Initiatives of the Seven & i Group > Provide Education and Training to Employees**

In the fiscal year ending February 28, 2023, we are conducting e-learning on human rights for all employees to raise awareness of respect for human rights within all stakeholders. In addition, Seven & i Holdings is working to promote employee understanding through the utilization of our human rights awareness handbook “Human Rights for Everyone—Let’s Start by Learning” and “Normalization Support Guide” to further support the education of Group companies.

\*Human rights e-learning implemented in FY2022: 19 companies, approx. 12,000 participants

For example, Ito-Yokado conducts level-specific human rights awareness training when employees join the company or are assigned to a new store or local store, with training content matching job responsibilities. Employees come to recognize that human rights issues are easily happened in everyday life, and the training includes specific examples such as power harassment and sexual harassment as well as new developments and issues so that employees can apply what they learn to their daily activities. Seven-Eleven Japan and Seven & i Create Link also conduct basic human rights awareness training in a timely manner.

\* Human rights awareness training conducted in FY2022: 6 companies, approx. 600 participants

\* Harassment e-learning implemented in FY2022: 16 companies, approx. 11,000 participants

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

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

Seven & i holdings has appointed the representative director Junro Ito, with deep ESG knowledge and experience as the Chief Sustainability Officer (CSuO) and has had active discussions on human rights at board meetings.

#### **Composition, etc., of the Board of Directors > Director (Internal)**

Junro Ito, Senior Managing Executive Officer, Representative Director and CSuO,  
General Manager of ESG Development Division

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

In FY2021, the Board of Directors has adopted a new Human Rights Policy.

**Composition, etc., of the Board of Directors > 7. Activities of the Board of Directors > (2) Matters for deliberation**

**> Examples of main themes discussed from March 2021 to April 2022**

- Establishment of the Seven & i Group Human Rights Policy

**INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY**

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

**INDICATOR 4: RISK ASSESSMENT**

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

Please refer to our webpage "Human Rights Risk Assessment."

[https://www.7andi.com/en/sustainability/human\\_rights/risks.html](https://www.7andi.com/en/sustainability/human_rights/risks.html)

4.2 details on forced labour risks identified in different tiers of its supply chains; and

Please refer to our webpage "Human Rights Risk Assessment."

[https://www.7andi.com/en/sustainability/human\\_rights/risks.html](https://www.7andi.com/en/sustainability/human_rights/risks.html)

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

<https://www.7andi.com/en/sustainability/theme/theme7/client.html>

**Collaboration with Human Rights and Economy-related Organizations**

We actively participate as an advisory group company in the "JAPAN PLATFORM FOR MIGRANT WORKERS TOWARDS RESPONSIBLE AND INCLUSIVE SOCIETY (JP-MIRAI)," a joint secretariat of the

Japan International Cooperation Agency (JICA) and The Global Alliance for Sustainable Supply Chains (ASSC).

Mayumi Tsuryu, the Executive officer of the Seven & i holdings, is one of the board members of JP-MIRAI.

<https://jp-mirai.org/en/about-us/>

[https://jp-mirai.org/jp/about-jp-mirai\\_service/](https://jp-mirai.org/jp/about-jp-mirai_service/) (board members)

<https://www.7andi.com/var/rev0/0003/5765/12175115149.pdf> (News release in Japanese)

Seven-Eleven Japan established the General Incorporated Association "Seven Global Linkage" in March 2020 as a platform for supporting and managing the acceptance of foreign human resources.

As a platform for promoting residency support management so that foreign human resources can work with security and stability, it supports the settlement of foreign human resources in local communities through development, training, matching them with merchants, and providing support for residency procedures and daily life.

It provides support for human resource development at 7-Eleven franchise stores in cooperation with Onevisa Ltd., which provides online residence procedure services; Global Trust Networks, Inc., which provides rent guarantees and lifestyle support services for foreigners; and Seven Bank, Ltd., which provides financial services to foreign nationals, as well as companies in charge of human resource development and training.

<https://www.sevengloballinkage.com/> (Websites of Seven Global Linkage in Japanese)

<https://mneguidelines.oecd.org/g7-sustainable-supply-chains-initiative.htm>

Seven & i Holdings is one of the leading members of the G7 Sustainable Supply Chains Initiative.

#### INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

#### INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

Please refer to “ **Seven & i Group Sustainable Sourcing Principles and Policies** “

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

“In accordance with the following policy, we will work together with producers, suppliers and customers to promote sustainable sourcing with respect for human rights and environmental conservation.”

**> I . Sustainable Sourcing Policy > 2. Respect for Human Rights**

i) Based on the "Seven & i Group Human Rights Policy," we will promote sourcing activities that respect the human rights of all people in the value chain.

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

[https://www.7andi.com/en/ir/file/library/ks/pdf/2023\\_0112kse.pdf](https://www.7andi.com/en/ir/file/library/ks/pdf/2023_0112kse.pdf)

**Presentation for the Third Quarter of FY 2022 (p.22)**

We disclosed the promotion of sustainable sourcing. 20.3% of the sales of our original products are sustainable sourcing in FY 2021 (in Japan.)

[https://www.7andi.com/en/sustainability/policy/environment\\_03.html](https://www.7andi.com/en/sustainability/policy/environment_03.html)

**We will add the progress of our sustainable procurement strategies on the “GREEN CHALLENGE 2050” page in the middle of April.**

<https://www.7andi.com/en/sustainability/theme/theme3/raw-material.html>

**>Sustainable Procurement of Raw Materials**

In this page, we disclose the progress of our sustainable sourcing. (e.g., ASC, MSC, GAP certification)

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

**INDICATOR 7: RECRUITMENT-RELATED FEES**

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

#### INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

#### INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

Please refer to our website.

<https://www.7andi.com/en/sustainability/theme/theme5/labor.html>

#### **Material Issue 5 Improve work engagement and environment for people working in Group businesses > Sound Labor-Management Relations**

“Sound Labor-Management Relations,” and “Respect for Freedom of Association and Collective Bargaining” \_At Seven & i Group, the Group’s 11\* labor unions form the Federation of Seven & i Group Labor Unions, which as of March 2022 has approximately 51,000 members in 11 unions and a participation rate of 70.9% (Ito-Yokado labor union).

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

#### INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

Please refer to our updated website.

<https://www.7andi.com/en/sustainability/theme/theme7/client.html>

**Response to Non-conformities (CSR Audit Major Non-Conformity Cases and Remedial, Corrective, and Preventive Actions for Non-Conformity)**

In the fiscal year ended February 28, 2023, CSR audits found doubts of non-conformity in 257 out of 322 factories. Seven factories of them were identified to have [Major Non-conformity Critical 1]. Regarding living wage (minimum wage), four cases of payment of wages below the minimum wage was found, or payment of wages above the minimum wage to some employees could not be confirmed. Regarding young labor, five cases of mismanaging employee identification cards were identified. For all nine of these major non-conformities, we have confirmed that remedial and corrective actions have been taken, including payment of the shortfall in wages. In addition, as the result of the CSR audits, there were no cases of non-conformities related to forced labor, child labor under the age of 15, or disciplinary actions.

To prevent the occurrence of non-conformities, in the fiscal year ended February 28, 2023, we held on-demand supplier compliance training online for approx. 1,500 companies to explain examples of non-conformities that are likely to occur (e.g., human rights violations.) A total of 4,377 people have viewed the videos, bringing the total number of page views to 20,157. We continue to promote ongoing efforts to respect human rights and improve the working environment.

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

**Compliance > Internal Whistleblowing System <Groupwide Employee Helpline (Internal Whistleblowing System for Employees) and > Audit & Supervisory Board Hotline (Internal Whistleblowing System for Matters Related to the Group Executives and the Members of Management) > Business Partner Helpline (Internal Whistleblowing System for Subcontractors)**

We disclose the mechanism and the reported cases and the breakdown data of reports by categories. The categories include harassment and violation of rules/laws related to human rights.

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

**INDICATOR 11: MONITORING**

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

<https://www.7andi.com/en/sustainability/theme/theme7/client.html>

**Material Issues 7 Achieve a sustainable society through partnerships**

**> Flow of the Day of the CSR Audit**

 <b>Opening Meeting</b>	 <b>Site Check</b>	 <b>Executive Interview</b>	 <b>Employee Interview</b>	 <b>Document Check</b>	 <b>Closing Meeting</b>
<b>Target attendees:</b> Factory manager Respective department manager of the HR, Facility & Equipment, and QA  <b>Agenda:</b> •Briefing on the main point of the audit •Declaration of confidentiality •Schedule briefing	<b>Scope of audit:</b> Entire factory (production line, warehouse and chemical closet, lounge, ancillary facilities including cafeteria, dormitory, etc., sewage disposal system, scrap yard, power generation/feed facilities, other relevant areas)  <b>Accompanied by:</b> Respective facility manager	<b>Target attendees:</b> Factory manager Relevant department's managing staff  <b>Questions:</b> Organizational operation Implementation status of Business Partner Sustainable Action Guidelines, human rights/ethics, health and safety, labor, helpline, treatment of non-Japanese workers, etc.	<b>Target attendees:</b> Site workers  <b>Number of workers:</b> About three people  <b>Selection method:</b> Candidates selected by the auditor on the day  <b>Required time:</b> 10 minutes/person	<b>Scope of audit:</b> •Project approval •Notifications/permission and approvals •Work regulations •Job contract •Labor management •Safety control •Chemical substance control •Waste control •Environment/sewage control •Information control etc.	<b>Target attendees:</b> Factory manager Respective department manager of the HR, Facility & Equipment, and QA  <b>Agenda:</b> Comprehensive assessment of the audit and explanation of findings Request for preparing a corrective action plan

We disclose the flow chart on our website. It shows that we check the cafeteria dormitory etc.

And we also review pay slips to ensure “6. Living Wages” of the 117 items in our CSR Audit.

“Seven & i Holdings provides advance notice and visits the factories to be audited to confirm compliance with the CSR audit items by checking sites, documents (e. g., pay slips), and data, and by interviewing managers and workers.”

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers’ rights and priorities).

## INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company’s supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

## NON-SCORED RESEARCH

### Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

### High Risk Sourcing

*Please indicate whether your company sources any of the below high-risk commodities. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.*

- Beans (green, soy, yellow)
- Brazil Nuts/Chestnuts
- Cattle
- Chile Peppers
- Cocoa
- Coffee
- Corn
- Fish
- Oil (palm)
- Peanuts
- Rice
- Sesame
- Shrimp
- Sugarcane
- Tomatoes
- Wheat