



# Seven & i Management Report

(as of January 12, 2022)

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Promoting Constructive Dialogue with Stakeholders and  
Sincere Governance for Collaborative Value Creation

**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.**

**Seven & i Holdings Co., Ltd.**

**Corporate Creed**







# Creating a Sustainable Future, Together

The spread of the novel coronavirus that causes COVID-19 was the catalyst for accelerated changes, especially in lifestyles and the social environment, making this a challenging time for predicting the path ahead. A time like this highlights more than ever our duty to provide value to society through sustainable business activities that balance economic growth and solutions to social issues.

The cornerstone of our Corporate Creed—to be a sincere company trusted by all stakeholders—is our basic stance, which reflects our aim to continue to provide new experiences and values from a customer point of view.

In April 2021, guided by this basic stance, Seven & i Holdings drafted the "Sustainability Declaration" to underscore the Group's long-lasting determination to work alongside all stakeholders in daily routines to promote activities that deliver solutions to social issues. With everyone embracing this idea, we will put into practice whatever is possible to create a better future.



## Statement

Why should we care about sustainability?

How can we secure a sustainable future?

Who will create a future where no one is left behind?

How long will the same old today last?

How can we unite our efforts?

We are in this together.

The Seven & i Group is searching for answers with you.

Even if we can't do it alone,

we can make a difference if we work together.

The actions of one may seem small,

but if we all work together,

our collective efforts will shape the future.

So, let's do what we can for a better future together in our daily life.



Details on the Seven & i Group's sustainability activities are at <https://www.7andi.com/en/sustainability/statement/>

# Overview of the Seven & i Group

Network of about 79,000 stores in 19 countries and territories around the world\*<sup>1</sup>

The Seven & i Group is achieving growth toward becoming a global brand.

The Group includes convenience stores, superstores, department stores, and specialty stores in Japan and 18 countries and territories overseas.

The Group draws on the strengths afforded by this global network and diverse businesses, which become part of the daily routine for customers around the world and deliver new concepts in value and high-quality services.

\*<sup>1</sup> As of October 31, 2021. Includes the number of stores operated in each country by area licensees (companies that have acquired licenses from 7-Eleven, Inc., to operate 7-Eleven stores in specified areas).

## Domestic Convenience Store Operations



### Major Group Companies

- SEVEN-ELEVEN JAPAN CO., LTD.
- SEVEN-ELEVEN OKINAWA CO., LTD.
- 7dream.com Co., Ltd.
- Seven Net Shopping Co., Ltd.
- Seven-Meal Service Co., Ltd.
- TOWER BAKERY CO., LTD.\*<sup>2</sup>

(5 consolidated subsidiaries, 4 affiliates; 9 companies, in total)

## Overseas Convenience Store Operations



### Major Group Companies

- 7-Eleven, Inc.
- SEJ Asset Management & Investment Company
- SEI Speedway Holdings, LLC
- Speedway LLC
- 7-Eleven International LLC
- SEVEN-ELEVEN HAWAII, INC.
- SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.
- SEVEN-ELEVEN (BEIJING) CO., LTD.
- SEVEN-ELEVEN (CHENGDU) CO., LTD.
- SEVEN-ELEVEN (TIANJIN) CO., LTD.
- SHAN DONG ZHONG DI CONVENIENCE CO., LTD.\*<sup>2</sup>

(108 consolidated subsidiaries, 4 affiliates; 112 companies, in total)



## Superstore Operations



### Major Group Companies

- Ito-Yokado Co., Ltd.
  - York-Benimaru Co., Ltd.
  - Life Foods Co., Ltd.
  - York Co., Ltd.
  - SHELL GARDEN CO., LTD.
  - Marudai Co., Ltd.
  - K.K. Sanei
  - K.K. York Keibi
  - IY Foods K.K.
  - Seven Farm Co., Ltd.
  - Peace Deli Co., Ltd.
  - Ito-Yokado (China) Investment Co., Ltd.
  - Hua Tang Yokado Commercial Co., Ltd.
  - Chengdu Ito-Yokado Co., Ltd.
  - Tenmaya Store Co., Ltd.\*2
  - DAIICHI CO., LTD.\*2
- (16 consolidated subsidiaries, 5 affiliates; 21 companies, in total)

## Department and Specialty Store Operations



### Major Group Companies

- Sogo & Seibu Co., Ltd.
  - IKEBUKURO SHOPPING PARK CO., LTD.
  - GOTTSUO BIN CO., LTD.
  - DISTRICT HEATING AND COOLING CHIBA CO., LTD.
  - Akachan Honpo Co., Ltd.
  - Barneys Japan Co., Ltd.
  - Oshman's Japan Co., Ltd.
  - Seven & i Food Systems Co., Ltd.
  - THE LOFT CO., LTD.
  - Nissen Holdings Co., Ltd.
  - Nissen Co., Ltd.
  - SCORE Co., Ltd.
  - MARRON STYLE Co., Ltd.
  - Francfranc Corporation\*2
  - Tower Records Japan Inc.\*2
  - Nissen Credit Service Co., Ltd.\*2
- (23 consolidated subsidiaries, 6 affiliates; 29 companies, in total)

## Financial Services



### Major Group Companies

- Seven Bank, Ltd.
  - Seven Financial Service Co., Ltd.
  - Seven Card Service Co., Ltd.
  - Seven CS Card Service Co., Ltd.
  - Bank Business Factory Co., Ltd.
  - Seven Payment Service, Ltd.
  - FCTI, Inc.
  - TORANOTEC Ltd.\*2
- (13 consolidated subsidiaries, 2 affiliates; 15 companies, in total)

## Others

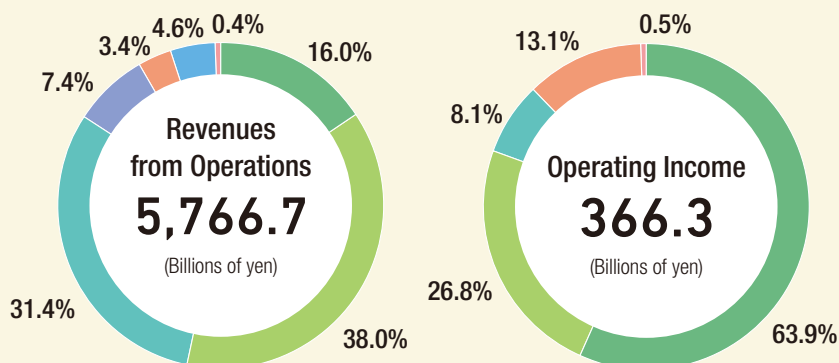
### Major Group Companies

- Seven & i Create Link Co., Ltd.
  - Seven & i Net Media Co., Ltd.
  - Seven Culture Network Co., Ltd.
  - Yatsugatake Kogen Lodge Co., Ltd.
  - Terube Ltd.
  - I ing Co., Ltd.\*2
  - PIA Corporation\*2
- (6 consolidated subsidiaries, 4 affiliates; 10 companies, in total)

### Corporate

- SEVEN & i Financial Center Co., Ltd.
- (1 consolidated subsidiary)

\*2 Of major Group companies listed, TOWER BAKERY CO., LTD., SHAN DONG ZHONG DI CONVENIENCE CO., LTD., Tenmaya Store Co., Ltd., DAIICHI CO., LTD., Francfranc Corporation, Tower Records Japan Inc., Nissen Credit Service Co., Ltd., TORANOTEC Ltd., I ing Co. Ltd., and PIA Corporation are affiliates.



\*The composition ratios shown in the pie charts do not include eliminations and corporate.

- Domestic Convenience Store Operations
- Overseas Convenience Store Operations
- Superstore Operations
- Department Store Operations
- Financial Services
- Specialty Store Operations
- Others

From the second quarter of the fiscal year ending February 28, 2022, Seven & i Holdings changed its segment classification as it moves forward with the new Medium-Term Management Plan. Revenues from operations, operating income, and segments presented in the pie charts are actual results for the fiscal year ended February 28, 2021 (previous segment classification), while major Group companies in each segment represent allocations as of August 31, 2021 (new segment classification).

# About the Seven & i Management Report

Thank you for reading the Seven & i Management Report.

This report is prepared for promoting constructive dialogue with our stakeholders and sincere governance for collaborative value creation.

We have opportunities to create new services through “dialogue” with our customers, and we believe that accumulating “dialogue” with all our stakeholders, including business partners and franchisees, shareholders and investors, local communities, and employees, will yield opportunities for increasing corporate value. Accordingly, we engage in open and honest “dialogue” with our stakeholders.

We hope you will use this report and advise us on our initiatives.

We hereby declare that this report has been prepared in good faith with the cooperation of each department, and that both the preparation process and the described content are valid.

We ask for your continued support of our efforts.



## Junro Ito

Director and Managing Executive Officer

Joined SEVEN-ELEVEN JAPAN CO., LTD., in 1990. Appointed Director of the company in 2002 and Director of Seven & i Holdings Co., Ltd. in 2009. Has served as Director and Managing Executive Officer, Head of the Corporate Development Office since 2016 (General Manager of the Corporate Development Division since 2018).

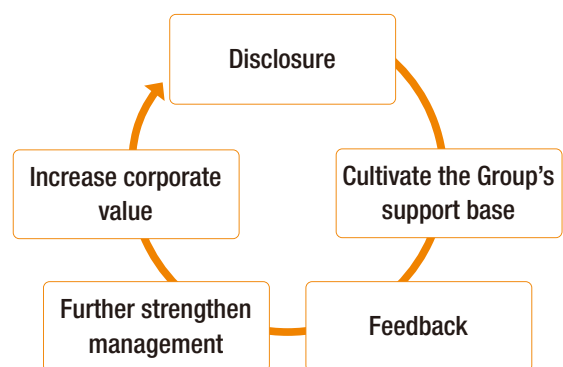
## Objectives of this report

**1** We will gather, organize, and disclose clearly the overview of our management policies and major initiatives from medium- and long-term perspectives within the story of improving corporate value, and utilize feedbacks from our stakeholders for strengthening management even further and for improved corporate value.

**2** We will explain our initiatives and the issues to be addressed in “our own words,” using charts and explanations, etc. used in the Board of Directors meetings, as close as possible to the originals.

**3** We use this report as “meeting materials” in meetings with our shareholders, institutional investors, and other stakeholders to have constructive dialogue that contributes to collaborative corporate value creation over the medium to long term.

**4** We consider Japan’s Corporate Governance Code (as revised on June 11, 2021) “points in our dialogue” with our stakeholders. We will also explain the overview of the so-called “Specific Disclosure Items” of the Code.





**Correspondence Table for Specific Disclosure Items in Japan's Corporate Governance Code (Revised on June 11, 2021) Updated**

Principle	Item requiring disclosure	Location in this report (PDF)	
Principle 1.4	Policy on cross-shareholdings, assessment of whether or not to hold individual cross-shareholdings, and specific standards for exercising voting rights	Page 105	8 Cross-shareholdings
Principle 1.7	Appropriate procedures for related party transactions	Page 107	10 Framework for checking related party transactions
Supplementary Principle 2.4.1	Policies and goals for ensuring diversity in the appointment of human resources	Page 76	Human resource measures
Principle 2.6	Measures to improve human resources and operational practices in order to perform roles of corporate pension funds as asset owners	Page 125	Roles of Corporate Pension Funds as Asset Owners
		Page 10	1. Management Philosophy 2. Corporate Action Guidelines
		Page 60	Ensuring Sustainability and Growth
		Page 28	Outline of Medium-Term Management Plan 2021–2025, Group Strategies
		Page 94	Basic Views on Corporate Governance
		Page 98	3 Nomination Committee and Compensation Committee system
Principle 3.1	i) Company objectives (e.g., business principles), business strategies and business plans ii) Basic views and guidelines on corporate governance iii) Board policies and procedures in determining the remuneration of the senior management and directors iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors and kansayaku (“Audit & Supervisory Board Member”) candidates v) Explanations with respect to the individual appointments/dismissals and nominations when the Board of Directors appoints/dismisses senior management and nominates Director and Audit & Supervisory Board Member candidates	Page 122	Compensation for Board of Directors and Audit & Supervisory Board Members
		Page 98	3 Nomination Committee and Compensation Committee system
		Page 119	1 Board policies and procedures in the appointment/dismissal of senior management and the nomination of Director and Audit & Supervisory Board Member candidates
		Page 120	2 Requirements and qualities of Directors and Audit & Supervisory Board Members
		Page 121	3 Basic policy regarding qualities and appointment/dismissal of Group representative (Company President) (Group representative succession plan)
		Page 108	1 Composition of the Board of Directors (balance among knowledge, experience, and skills, and diversity and size, of the Board of Directors) and reasons for selection as Director
Supplementary Principle 3.1.3	Initiatives on sustainability, investments in human capital and intellectual properties, and the impact of climate change-related risks and earning opportunities on the Company's business activities and profits*	Page 60	Ensuring Sustainability and Growth
		Page 64	Initiatives for Reducing the Environmental Impact
		Page 76	Social Initiatives
		Page 28	Outline of Medium-Term Management Plan 2021–2025
Supplementary Principle 4.1.1	Specification by the board of scope and content of the matters delegated to the management	Page 98	Clarification of the scope of matters delegated to management
Principle 4.9	Independence standards for independent directors established by the board	Page 114	3 View on independence of Outside Directors and Outside Audit & Supervisory Board Members and independence standards
Supplementary Principle 4.10.1	Policy on the independence of the members of the Nomination Committee and the Compensation Committee	Page 96	Corporate Governance System
		Page 98	3 Nomination Committee and Compensation Committee system
Supplementary Principle 4.11.1	View of the board on the appropriate balance between knowledge, experience, and skills of the board as a whole, diversity, and appropriate board size, policies and procedures for nominating directors, and combinations of their skills	Page 98	3 Nomination Committee and Compensation Committee system
		Page 108	1 Composition of the Board of Directors (balance among knowledge, experience, and skills, and diversity and size, of the Board of Directors) and reasons for selection as Director
Supplementary Principle 4.11.2	Directors and Audit & Supervisory Board Member also serving as directors, Audit & Supervisory Board Member, and management at other companies	Page 108	1 Board policies and procedures in the appointment/dismissal of senior management and the nomination of Director and Audit & Supervisory Board Member candidates
		Page 119	1 Composition of the Board of Directors (balance among knowledge, experience, and skills, and diversity and size, of the Board of Directors) and reasons for selection as Director
Supplementary Principle 4.11.3	Summary of results of analysis and evaluation of the effectiveness of the board as a whole	Page 108	1 Composition of the Board of Directors (balance among knowledge, experience, and skills, and diversity and size, of the Board of Directors) and reasons for selection as Director
Supplementary Principle 4.11.3	Summary of results of analysis and evaluation of the effectiveness of the board as a whole	Page 117	8 Evaluation of the Board of Directors' effectiveness
Supplementary Principle 4.14.2	Training policy for directors and Audit & Supervisory Board Member	Page 122	4 Training for Directors and Audit & Supervisory Board Members
Principle 5.1	Policies concerning measures and organizational structures aimed at promoting constructive dialogue with shareholders	Page 126	1 Dialogue with shareholders and IR-SR activity policy

\* "Intellectual properties" in this principle are not limited to intellectual property rights such as patents, trademarks, designs, and copyrights, but cover a wide range of intellectual properties and intangible assets including technologies, brands, designs, contents, data, know-how, customer networks, trust and reputation, value chains, supply chains, and the organizational capabilities and processes that create these assets. In the Company's Medium-Term Management Plan (Medium-Term Management Plan 2021–2025), we have incorporated these assets in the formulation and announcement of management strategy and investments. For details, please refer to the Medium-Term Management Plan.

**[Reference] Japan's Corporate Governance Code**

Japan's Corporate Governance Code was formulated by the Tokyo Stock Exchange (revised on June 11, 2021). It establishes fundamental principles for effective corporate governance at listed companies in Japan. The principles include certain specified items that should be disclosed. We have referred to them as “Specific Disclosure Items.”

# Contents

We use the “Guidance for Collaborative Value Creation”\*\* to realize the creation of collaborative value through constructive dialogue with stakeholders and sincere governance.

Based on the “Guidance for Collaborative Value Creation,”\* this report summarizes and organizes information by each of the components of corporate value (values, business model, strategy, sustainability and growth, key indicators, and governance), while emphasizing their interconnectedness, to present the Group’s collaborative value creation story in an integrated and easy-to-understand manner.



\*\*Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation,” issued by Japan’s Ministry of Economy, Trade and Industry (METI) on May 29, 2017

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## Values

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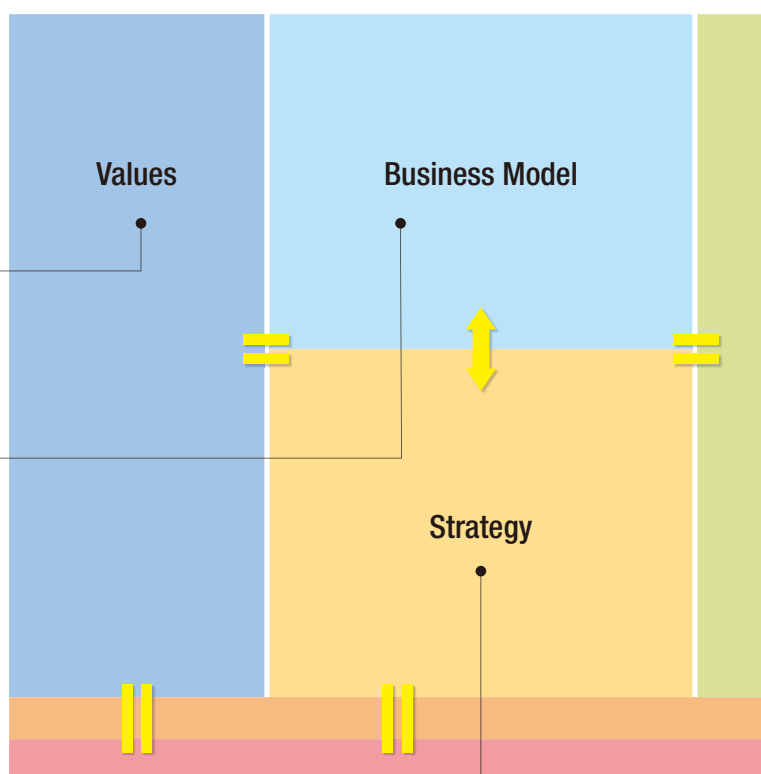
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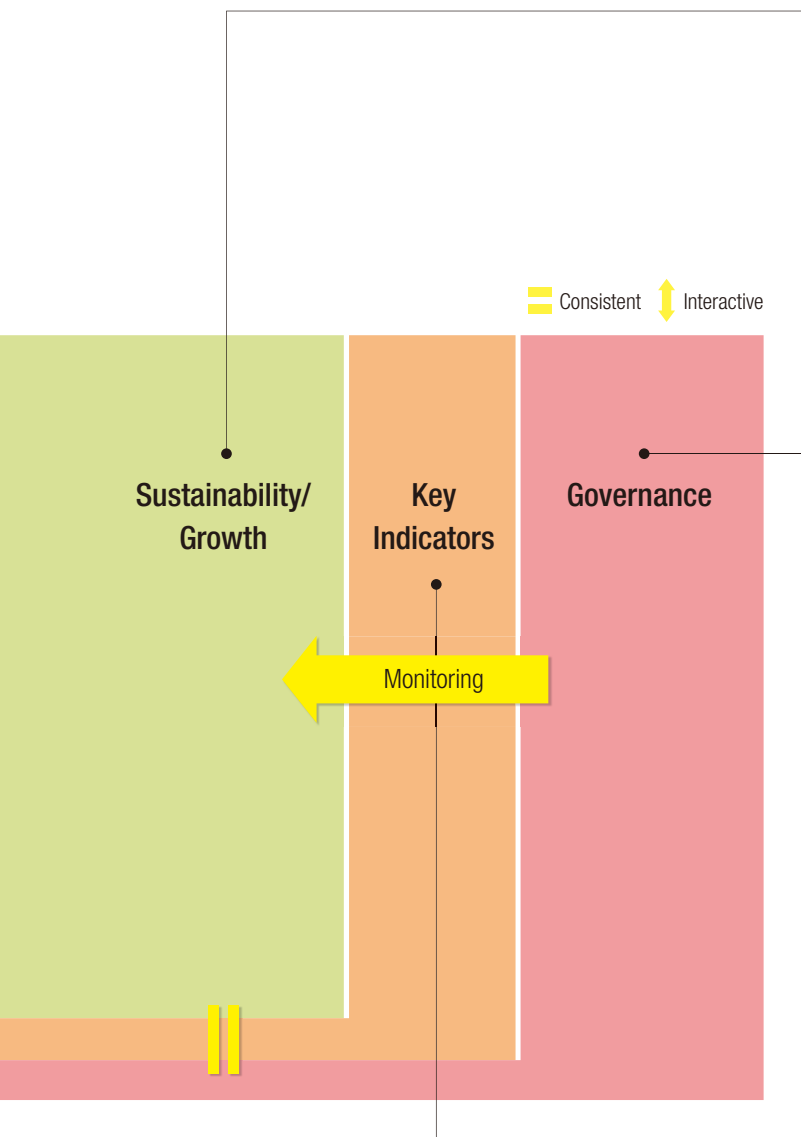
Indicates that applicable information is available on the Company’s website.



Indicates that there are related pages in this report.



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**Editorial Policy**

We aim to inform all stakeholders, including shareholders and other investors, about the Group’s value creation initiatives in an easier-to-understand manner by integrating non-financial information (about the environment, society, governance and the like) with financial information in a single report. To this end, we have used two documents as reference when compiling this report: “The International Integrated Reporting Framework,” released by the International Integrated Reporting Council (IIRC) in December 2013, and “Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation,” issued by Japan’s Ministry of Economy, Trade and Industry (METI) on May 29, 2017.

**Forward-Looking Statements**

This report contains certain statements based on Seven & i Holdings’ current plans, estimates, strategies and beliefs; all statements that are not historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company’s management, based on currently available information. It is possible that the Company’s future performance will differ significantly from the contents of these statements. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.

# In accordance with the spirit embodied in the Corporate Creed, we will remain a sincere company that earns the trust of our stakeholders.

## 1. Management Philosophy [CGC Principle 3.1 (i)]

The Company formulated its Corporate Creed as below in 1972. The Corporate Creed is unchanging and comprehensively symbolizes the Group's management philosophy; thus, the Company values it most as the fundamental basis of the Group's management.

### 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.**

## 2. Corporate Action Guidelines [CGC Principle 3.1 (i)]

The spirit embodied in the Corporate Creed is our unchanging philosophy, which will remain undisturbed no matter how greatly the social environment changes in the future. The attitudes needed to realize this philosophy have been formulated as our Corporate Action Guidelines.

The Corporate Action Guidelines present the basic attitudes adopted by all of the Group's Directors, Audit & Supervisory Board Members, and employees and comprise the Basic Policy, which sets out the approach of the Group as a whole, and the Code of Corporate Conduct, which sets out rules for conduct. Furthermore, each Group company has established detailed guidelines and conduct rules appropriate for its business format at the concrete action level and, together with the

Guidelines, will keep all new recruits and newly appointed managerial employees fully informed through their training.

### Structure of the Corporate Creed and Corporate Action Guidelines



Corporate Action Guidelines

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

### Deepening awareness of Corporate Creed and Corporate Action Guidelines

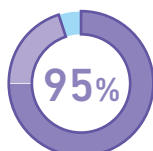
Since 2013, we have regularly conducted a survey within the Group to gauge awareness of our Corporate Creed, Corporate Action Guidelines, and the status of compliance. In 2018, we included questions in our employee engagement survey to confirm awareness and, in FY2021, this survey was

undertaken at 34 Group companies involving about 82,000 respondents. Previously, the survey had been conducted biennially, but from 2020, we switched to an annual format, with results used at each Group company to implement improvements.

#### Employee engagement survey in FY2021 \*Participating companies are listed on page 11

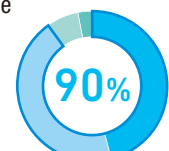
Are you aware of the Group's Corporate Creed?

- Yes, and I can explain what it means
- Yes, but I'm not sure what it means
- I know of it
- I didn't know there was a Corporate Creed



I observe the Group's Corporate Action Guidelines and the standards (Code of Conduct, etc.) of my own company

- Absolutely, yes
- I suppose so
- Not really
- Absolutely not





### 3. View on Appropriate Cooperation with Stakeholders

The Company aims to be a sincere company in line with its Corporate Creed, earning the trust of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees. Guided by our Group slogan of “Responding to Change while Strengthening Fundamentals,” we view the constantly changing needs of society and our customers as opportunities to create new retail services, and work toward the creation of new retail services in response to changing times. Today, as various changes are

accelerating, the Company recognizes the importance of constantly striving to accurately understand the expectations and interests that stakeholders have of the Group.

For this reason, the Company will strive to respond quickly to “feedback” from its stakeholders—their opinions, requests, and so forth—that it receives through its dialogue with them, and at the same time, the Company will continue to sincerely reflect this “feedback” in its business activities and management decision-making process (stakeholder engagement).



#### Example

#### Improving employee engagement—Establishment of Engagement Improvement Committee and activities of improvement campaigns

Each company under the Seven & i Group umbrella sets up its own Engagement Improvement Committee under the direction of the president of the respective company. Campaign members select a diverse group of employees, including staff from stores and frontline positions, through an open application

process, and create and then monitor the status of action plans designed to improve engagement, based on dialogue with campaign members, to achieve a better level of engagement among employees. The activities of the Engagement Improvement Committee are described on page 76.



#### Stakeholder Engagement

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

#### Companies participating in employee engagement survey in FY2021

Seven & i Holdings Co., Ltd.  
SEVEN-ELEVEN JAPAN CO., LTD.  
SEVEN-ELEVEN OKINAWA CO., LTD.  
7dream.com Co., Ltd.  
Seven Net Shopping Co., Ltd.  
Seven-Meal Service Co., Ltd.  
Ito-Yokado Co., Ltd.

York-Benimaru Co., Ltd.  
Life Foods Co., Ltd.  
York Co., Ltd.  
SHELL GARDEN CO., LTD.  
K.K. York Keibi  
IY Foods K.K.  
Sogo & Seibu Co., Ltd.

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Barneys Japan Co., Ltd.  
Oshman's Japan Co., Ltd.  
Seven & i Food Systems Co., Ltd.  
THE LOFT CO., LTD.  
Nissen Holdings Co., Ltd.  
Nissen Co., Ltd.

Nissen Life Co., Ltd.  
ad kyusha co., Ltd.  
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Seven Financial Service Co., Ltd.  
Seven Card Service Co., Ltd.  
Seven CS Card Service Co., Ltd.

Bank Business Factory Co., Ltd.  
Seven & i Create Link Co., Ltd.  
Seven & i Net Media Co., Ltd.  
Seven Culture Network Co., Ltd.  
Yatsugatake Kogen Lodge Co., Ltd.  
Terube Ltd.

# Seven & i Group's Value Creation Trajectory: Closely Reflecting Changes in Social Structure and Needs

1920

**Yokado established**  
(later, renamed from Meugaya)



1946

**Opened store in Kitasenju**



1974

**Opened 7-Eleven store**



**Significance**

Created Japanese-style convenience store and established concept as component of social infrastructure

**Provided value**

- Large stores and small shops prosper together
- Existing small shops are revitalized
- Provided merchandise of high quality and convenience in buyers' market, where customers choose the merchandise they want

1991

**Rebuilt Southland Corporation**  
(now, 7-Eleven, Inc.)



**Significance**

U.S. 7-Eleven rebuilt by Japanese company

Global expansion

**Provided value**

Applied methods of convenience store operations in Japan to U.S. to better meet needs of U.S. customers

1920–1960s

1970–1980s

1990s

1923 Great Kanto Earthquake  
1929 Great Depression      1939 World War II

1973 First oil shock

1989 Consumption tax introduced

1995 Great Hanshin-Awaji Earthquake  
Early 1990s Collapse of "bubble" economy

**Changing social structure and needs**

High economic growth

Large-Scale Retail Store Law

Kyoto Protocol

Heightened need for emphasizing quality over quantity

Shortages

Shift from era of shortages to era of excess

1961

**Began developing supermarket chain network**



**Significance**

Establishment

Spirit of trust and sincerity

Customer-oriented business using self-service chain-store approach

**Provided value**

Provided better quality at lower prices to more local customers

1974

**Opened Denny's restaurant**



**Significance**

Created Japanese-style family restaurant chain

**Provided value**

Provided delicious food for enjoyment outside the home

2001

**Established IY Bank Co., Ltd.**  
(now, Seven Bank, Ltd.)



**Significance**

Retail industry's first settlement bank based on customer perspective

**Provided value**

Provided convenience of deposit/withdrawal transactions at any time



Since starting as a single apparel store, the Group has remained closely attuned to changes in the social structure and customer needs, providing new levels of value while significantly changing its merchandise, services, and business content.

We will continue to embrace the challenge of creating new value by sincerely staying close to our customers' lives.

**2005**  
**Seven & i Holdings established**



**Significance**  
Multi-business format with Group management under holding company structure

**Provided value**  
Provided new merchandise and services through Group synergy transcending borders of formats, such as convenience stores, supermarkets and department stores

**May 2021**  
**Acquisition of Speedway by 7-Eleven, Inc.**




**Significance**  
Business expansion in North American market

**Accelerated global expansion**

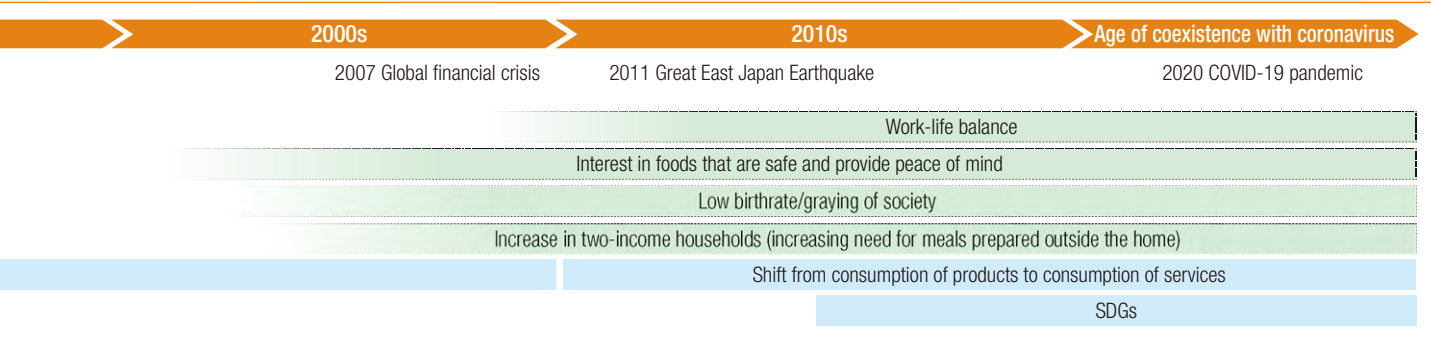
**Provided value**  
Providing new food and beverage experiences and convenience as a store indispensable to customers' lives

**June 2021**  
**7-Eleven International LLC established**

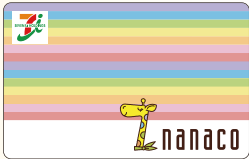


**Significance**  
Enhancing 7-Eleven's global brand value through Japan-U.S. collaboration

**Provided value**  
Reinforced support for existing area licensees, accelerated store openings in new areas, and promoted merchandise procurement and development initiatives leveraging the economies of scale



**2007**  
**Birth of nanaco electronic money service**



**Significance**  
Improving customer convenience  
Addressing trend toward diversified small-payment methods

**Provided value**

- Provided an easy and speedy payment method that do not require change
- Supported fun and convenient life scenarios with point system

**2007**  
**Birth of Seven Premium**



**Significance**  
Sharing know-how of every Group company and providing quality and value

**Provided value**  
Proposed richer dining experiences to customers by providing "safety, security, and health," "best taste and technology," and "daily life and convenience"

**July 2021**  
**Drafted Medium-Term Management Plan 2021–2025**



**Ideal Group image for 2030**

A world-class global distribution group that leads distribution innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology

# Seven & i Group's Value Creation Process

Treating social issues and environmental changes as business opportunities, the Seven & i Group gathers and deploys its management resources—diverse human resources and know-how—to create value in the form of new, unique merchandise and services. In this way, we contribute to local communities both in Japan and overseas by providing new experiences and values from the customer's perspective. At the same time, we aim to reduce the environmental impact of our operations by using resources efficiently. Through our core business, which is closely tied to the social infrastructure, we aim to help resolve social issues.

## Our Strengths

### Social capital

- Diverse customer contact points

Number of store-visiting customers:  
Globally, 53.8 million/day\*1

### Human capital

- Greater independence and productivity through diverse human resources

Number of employees  
(consolidated)\*2: 135,332

### Intellectual capital

- Group synergies through diverse business expansion
- Merchandise development capabilities combining high-level techniques and insight generated through Team Merchandising

Seven Premium merchandise sales:  
¥1,460 billion\*3

- Global 7-Eleven trademark and brand
- Franchise system that grows along with franchisees

### Manufacturing and sales capital

- Global store development
- High-quality and stable merchandise manufacturing infrastructure reflecting collaboration with SEVEN-ELEVEN JAPAN's excellent partner companies

Domestic production facilities:  
180\*5 (of which 166 are dedicated production facilities)

### Financial capital

- Robust cash-generating capability

Consolidated operating cash flow: ¥539.9 billion\*3

## External Environment

### Global trends

- Increasingly more serious environmental issues
- Increased awareness of sustainability
- Advances in technology
- Diversification of values
- Increasing and visible country risks



### Domestic consumption/competitive environment

- Population decline, declining birthrate and aging population
- Population concentration in urban areas, depopulation of rural areas
- Externalization of housework and food
- Diversification of working styles
- Competition that transcends the boundaries of business types



### Changes accelerating due to COVID-19 impact

- Thoughts on health, safety and security
- Spread of digital consumption and delivery
- Non-contact/remote society
- The need for resilience
- Small trade areas and their diversification



## Group Priority Strategy

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Challenge of new "Growth areas"  
Overseas CVS business strategy

Open the next "Convenience" door  
Domestic CVS business strategy

Challenge of "Food" expected now  
Group food strategy

Create an abundant "Lifestyle Hubs"  
Large-scale commercial base strategy

### Challenge of the Last Mile

Expand on-demand delivery service/enhance online supermarkets (BOPIS)\*6

Customer Base

6.5 million a day  
in North America

22.4 million a day  
in Japan

### Expansion of customer contact

### DX/Financial strategy

Further strengthening of corporate governance/Human resource measures linked to the business strategy

### Sustainable management

Balancing the sustainable growth of the company with sustainable society

Materiality  
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G

## Corporate Governance

Page 86

Senior management team

Monitoring

Board of Directors

Audit & Supervisory Board

Mechanism to increase corporate value over the medium to long term

Objective monitoring through a sincere management framework

## 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.

What we learn about the creation of new retail services gained from earnest dialogue with stakeholders is accumulated in management resources, resulting in sustainable growth

\*1 Includes area licensees (companies that acquired licenses from 7-Eleven, Inc. to operate 7-Eleven stores in specified areas)

\*2 Includes part-time employees (monthly average based on a 163-hour work month), as of February 28, 2021. Does not include employees at franchises of SEVEN-ELEVEN JAPAN or 7-Eleven, Inc.

\*3 Fiscal year ended February 28, 2021

\*4 Includes the number of stores operated in each country by area licensees, as of October 31, 2021

\*5 Number in Japan, including Okinawa Prefecture, as of February 28, 2021

\*6 Buy Online Pick-up In Store: Format that lets customers pick up at stores merchandise purchased online

Aims for 2050: Decarbonization, circular economy, society in harmony with nature



\*Numerical targets are as of October 31, 2021.

CO<sub>2</sub> emissions from store operations

**Net zero**

(compared with FY2014)  
[Result] FY2021  
22.7% reduction\*7

Eco-friendly materials\*8 in containers for original merchandise\*9

**100%**

[Result] FY2021  
21.8%

\*7 The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for 12 companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Life Foods Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., IY Foods K.K., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Barneys Japan Co., Ltd., Seven & i Food Systems Co., Ltd., and THE LOFT CO., LTD.). For the calculation methods, please refer to the environmental data of each operating company described in Data Section of the CSR Data Book.  
<https://www.7andi.com/en/sustainability/report>

\*8 Biomass, biodegradable materials, recycled materials, paper, etc.

\*9 Including *Seven Premium* merchandise

\*10 The period of the calculations was from April to March.

\*11 Basic unit of generation (waste generated per million yen in sales)

Organic waste recycling rate

**100%**

[Result] FY2021  
Organic waste recycling rate:  
52.8%\*10

Food loss/waste

**75% reduction\*11**

(compared with FY2014)  
[Result] FY2021  
14.7% reduction\*10

Raw food ingredients with guaranteed sustainability used in original merchandise\*9

**100%**

[Result] FY2021  
18.1%

[Result] FY2021

Group's total sales

**¥11,044.8 billion**

Items handled by 7-Eleven online convenience store

About **2,800** items

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Providing social infrastructure

*Seven Anshin Delivery*  
[Result] As of April 30, 2021  
(107 trucks in Hokkaido, Osaka, Kyoto, and 35 other prefectures)  
Ito-Yokado Tokushima  
[Result] As of February 28, 2021  
(27 trucks in nine municipalities)



Providing safety and reliability and building an ethical society

Ito-Yokado "Fresh Foods with Traceability":  
[Result] As of February 28, 2021  
254 items



Supporting the active role of women, youth and seniors across the Group and in society

Percentage of female managers:  
[Result] As of February 28, 2021  
Team leader (32.4%), section manager (22.1%), executive officer (13.6%), officer (11.3%), manager (8.2%) (eight Group companies)\*12

\*12 Total for eight Group companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd.)

Officers represent the total of Directors, Audit & Supervisory Board Members, and executive officers (excluding executive officers who are Directors) of six companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., and Sogo & Seibu Co., Ltd.) as of May 31, 2021.

Stakeholders

Output

Make effective use of resources without waste  
(muri, muda, mura)

Franchisees

Employees

Provide a new experience and value consistently from the customer's point of view

Customers

Contribute to local communities in Japan and overseas

Business partners

Demonstrate our function as social infrastructure

Shareholders  
Investors

Spur motivation and boost productivity

Local communities



# Unique Value Creation with the Value Chain



7-Eleven has built its own system appropriate for every level of the value chain to create unique added value. Going forward, we will continue to orient our activities toward the needs of each and every customer, search for ways to make the daily routine, the environment, and society better, and strive to create new value.

▶ Key points in merchandise planning and development

Emphasis on fresh foods



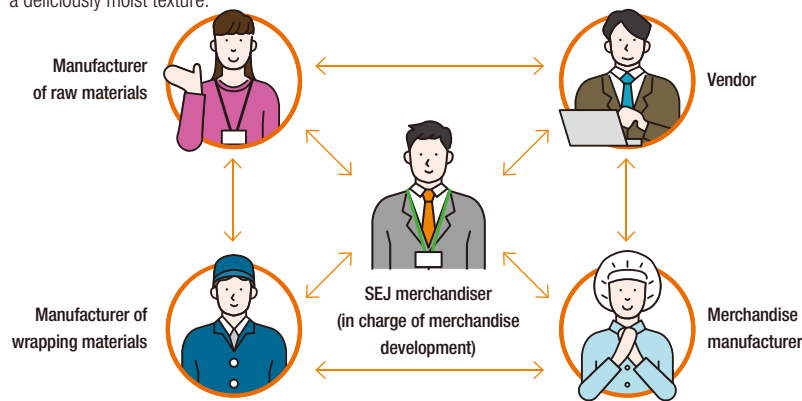
**Epitome of moistness**  
Emphasis on ingredients, of course, and repeated improvements in the bread-making process, from rising time to loaf slicing, gives bread a deliciously moist texture.



**Epitome of crispness**  
Cold chain transport under low temperature from area of production keeps lettuce crisp, the only kind that goes onto our sandwiches.



**Epitome of freshness**  
Fresh ham, sliced just before sandwich making. A square of ham matched to the size of the bread is used.



2

## Merchandise Planning and Development

Anticipating the ever-changing needs of society and our customers, we demonstrate our advanced development capabilities by planning and providing original merchandise with high added value.

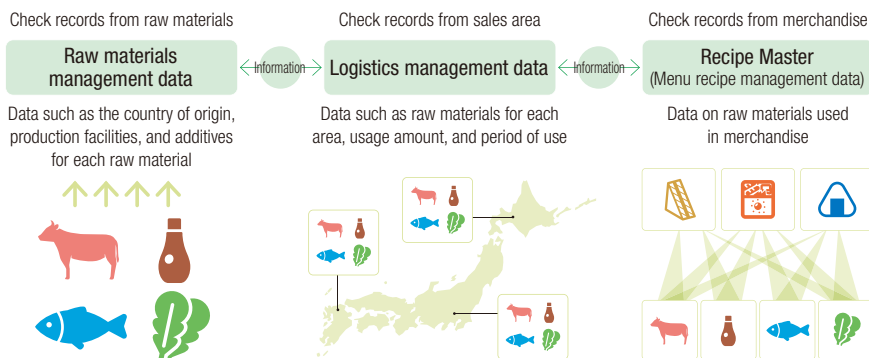
**Team Merchandising (Team MD)**

Team Merchandising is collaboration across industry lines with various manufacturers, vendors, and other participants in merchandise development. Guided by a comprehensive market strategy, we combine high-level techniques and insights from all fields in pursuit of perfect merchandise with particular attention on quality, safety, and taste.

▶ Key points in procurement

## Procurement

We procure raw materials in cooperation with various partners to deliver safe, secure, and high-quality merchandise to our customers at reasonable prices.



**System to manage production history of ingredients**

The production history of ingredients used in fresh foods, right through to the merchandise stage, is put into a database. All aspects can be checked, including the country of origin, production facility, the presence of allergens and additives, menu items using these ingredients, and the quantity consumed in each sales area.



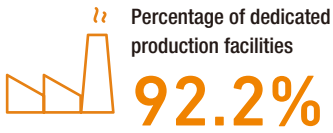
## Logistics

In addition to ensuring merchandise freshness throughout the supply chain, we are improving our environmental performance and work environment by streamlining logistics and introducing the latest technologies.

## Manufacturing

We have established a manufacturing infrastructure that leverages the economies of scale of our business and partnerships with manufacturers to produce merchandise based on stringent safety and quality control standards.

### ▶ Key points in manufacturing



(As of February 28, 2021; includes Okinawa Prefecture)

#### Dedicated production facilities

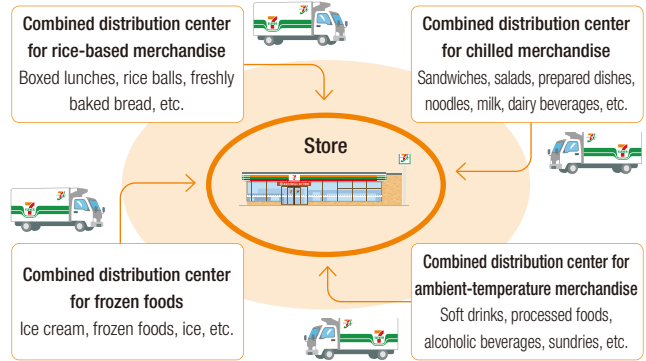
We realize high quality and stable manufacturing by drawing on the high-level technology of business partners that independently operate factories, distribution centers, system infrastructures, and other facilities.

4

### ▶ Key points in logistics

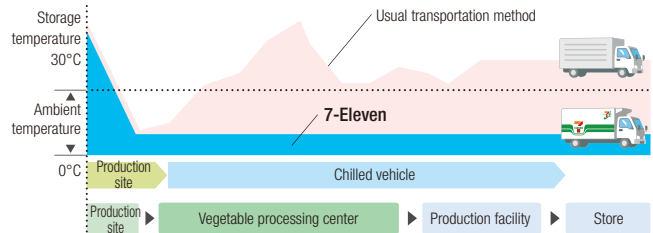
#### Temperature-separated combined distribution

Temperature control is a vital component of efforts to maintain the flavor and quality of all merchandise. Merchandise separated into optimum temperature zones is batch delivered to each 7-Eleven store from combined distribution centers.



#### Cold chain distribution

To transport and process freshly harvested vegetables from farms, 7-Eleven is introducing cold chain technologies (low-temperature logistics network) to maintain freshness. The harvested vegetables are cryopreserved on the spot and transported under consistent temperature control during delivery by truck, at sorting centers, and production facilities until they reach stores.



5

## Marketing and Sales

We have established a service and support system aimed at creating attractive stores that serve as comfortable places for customers to shop every day and employees to work.

6

## Disposal

Seeking to reduce food waste and contribute to realizing a circular economy, we are pursuing integrated environmentally friendly initiatives ranging from merchandise design to use, disposal, and recycling.

### ▶ Key points in disposal

#### Ethical project

Under this initiative, bonus points worth 5% of the retail price excluding tax on eligible merchandise, such as rice balls and bread near their sell-by time, are given to customers purchasing with *nanaco* e-money. The "ethical project" is imbued with a desire to address the global issue of food loss and allows us, together with our customers, to make a difference. The initiative has been rolling out nationwide since May 2020.



### ▶ Key points in marketing and sales

We adhere strictly to four basic principles in creating stores that our customers love.



#### Merchandise assortment

We provide a merchandise assortment fine-tuned to the needs of local customers.



#### Freshness control

We sell fresh merchandise that gives customers peace of mind when they make purchases.



#### Cleanliness

We ensure that sales floors are clean and neat and that employees pay attention to their appearance.



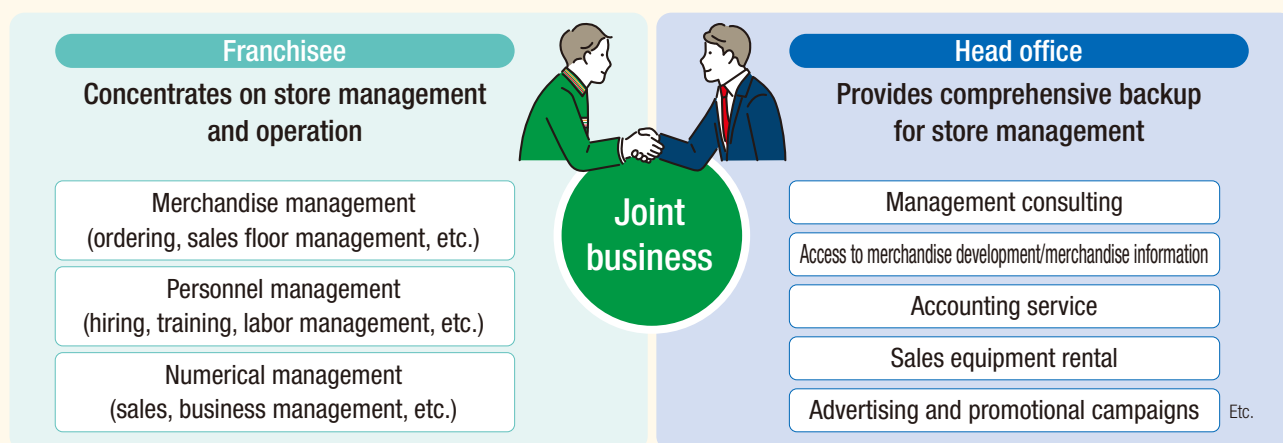
#### Friendly service

We emphasize friendly interaction from a customer perspective.

# Shared Management Know-how and Joint Creation of Value through Unique Franchise System

We maintain a full-range support system that allows franchise store owners to focus on store management with peace of mind and create stores loved by the community for being “close-by, convenient.” Through our unique franchise system, which utilizes industry-leading achievements, we support franchisees and grow with them, driving our pursuit of new convenience that opens the door to the future.

## 7-Eleven's franchise system



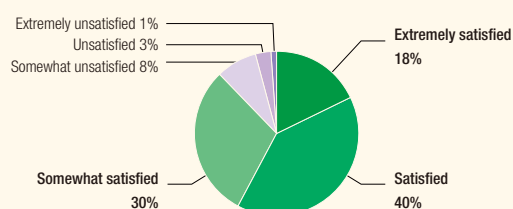
## Deepening communication and realizing partnerships

We like to hear directly from franchise store owners, welcoming opinions and requests for advice. To create a better operating environment, we encourage closer ties between franchise store owners and the head office through prudent opinion exchanges and continuous active communication.

### Questionnaire for owners

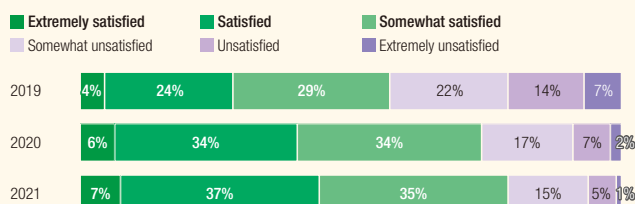
Every year, 7-Eleven circulates a questionnaire to all franchisees to learn what franchise store owners are thinking and how circumstances are affecting operations. Results from the questionnaire unrolled in July 2021 showed a 4% year-on-year increase in satisfaction among franchise store owners. In addition, we noted a 5% improvement in overall satisfaction for the 7-Eleven system, underpinned by a 7% improvement in sentiment on development and installation of easy-to-use rental equipment and a 9% improvement in store relocation and measures to invigorate business.

#### How satisfied are you in having joined the 7-Eleven franchise program?



2020: 84% → 2021: 88%\*

#### What is your overall level of satisfaction with the 7-Eleven system?



2020: 74% → 2021: 79%\*

\*Total of extremely satisfied, satisfied, and somewhat satisfied



## Franchise store owners meeting (example of direct communication with officers)

We create opportunities for interactive, constructive dialogue with franchise store owners where we address issues, respond to their suggestions, and directly explain concepts and measures from a head office perspective.



Franchise store owners meeting

## Established Owner Consultation Desk (example of direct communication with head office)

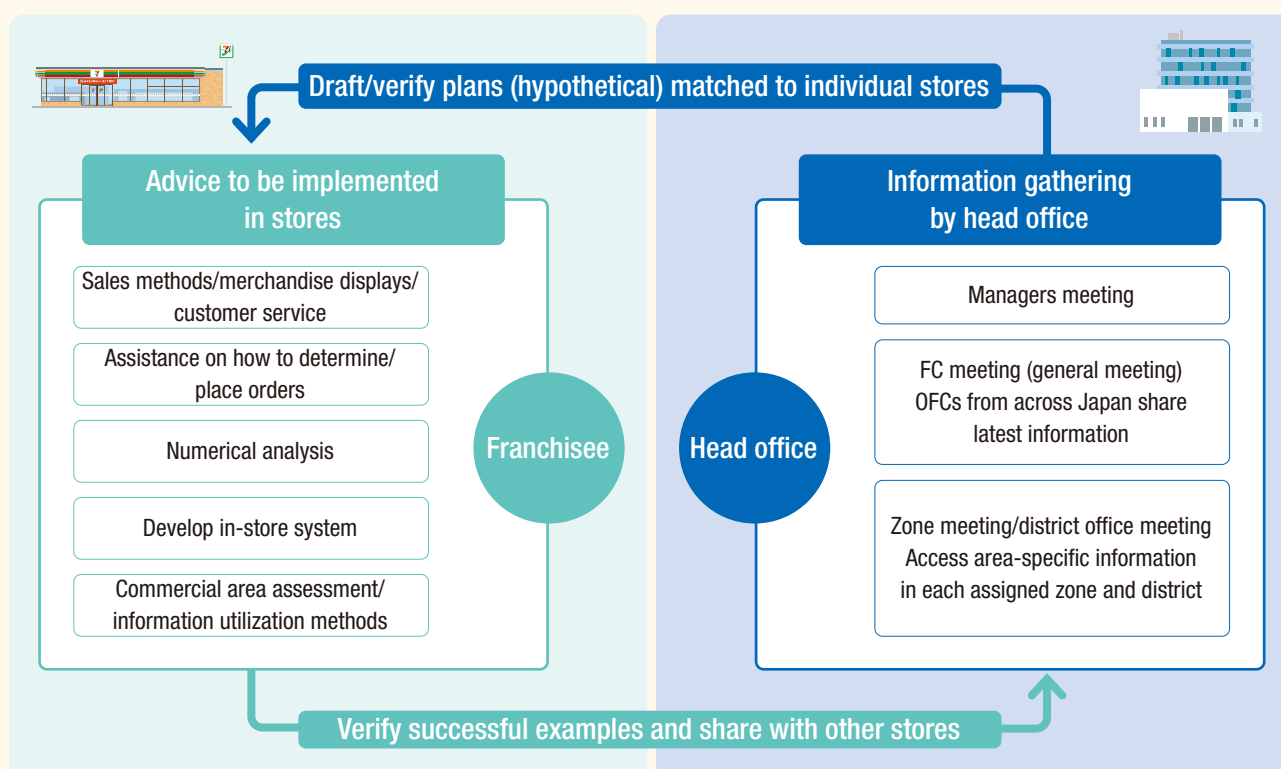
We reorganized and increased staffing at the Owner Consultation Office, which addresses various inquiries from franchise store owners. We established a dedicated call center where franchise store owners can receive advice on issues troubling them.

### Communication by video streaming

We introduced video streaming to convey information such as policies and merchandise data to franchisees.



## Advice from Operations Field Counselors (OFCs) (sharing, circulating, accumulating know-how)



OFCs, who regularly visit stores in their assigned areas and support operations through constant communication with franchise store owners, are experts in collecting information, analyzing it, and providing management advice. They convey useful information for store management, analyze data about such things as sales and numbers of sales items, and offer suggestions on selecting merchandise geared to the commercial area, merchandise display ideas, and in-store systems. OFCs work with their assigned franchise store owners to create new value in retailing as the partners most familiar with operations and thus help stores generate good sales from various perspectives.

## Item-by-item management

Item-by-item management is a 7-Eleven original sales management method that in a short time rotates through a cycle of information collecting, sharing, theorizing, ordering, displaying, selling, and verifying results for ordering quantities and display methods for individual items. Through this process, we collect and utilize know-how to develop merchandise lines matched to the customer base of each franchisee, which leads to higher store loyalty.

# Message from the President



## Ryuichi Isaka

Representative Director and President

Joined SEVEN-ELEVEN JAPAN CO., LTD. (SEJ), in 1980. Became Director of SEJ in 2002 and Managing Executive Officer of SEJ in 2006. After working as Director & Managing Executive Officer of the Merchandising & Foods Department, became Representative Director and President of SEJ in 2009. Representative Director and President of Seven & i Holdings from May 2016.

# Under the new Medium-Term Management Plan, we will reinforce cooperation within the Group and, with agile responsiveness, we will pursue sustainable growth.


## Drafting the new Medium-Term Management Plan

In July 2021, Seven & i Holdings announced the new Medium-Term Management Plan, with FY2026 as the end year. We had intended to announce the plan in FY2021 and were putting the final touches on content in FY2020 with that timing in mind. But as we entered FY2021, COVID-19 was spreading worldwide, and then another big event occurred—7-Eleven, Inc. (SEI), our U.S. subsidiary, acquired Speedway, in a major acquisition deal\*<sup>1</sup>. Both COVID-19 and the massive Speedway acquisition would significantly impact performance expectations, and after repeated discussions by the Board of Directors and other executive committees, it was decided that announcement of the new Medium-Term Management Plan would be delayed to allow time for drafting a more accurate blueprint for the plan.

To respond agilely to a world that is certainly more VUCA\*<sup>2</sup> than ever before, Group companies face challenges addressing current circumstances on their own. Approaches drawing on the combined capabilities of the Group are vital. Therefore, the new Medium-Term Management Plan seeks to promote cooperation among Group companies, with Seven & i Holdings as the point of intersection and the Company leveraging Group strategies. This is a major change from the previous Medium-Term Management Plan, which hinged on the independent strategies of Group companies to underpin growth.

The previous Medium-Term Management Plan, which was the first drafted by Seven & i Holdings and intended to guide the Group through FY2020, described the Group's business direction, focusing on growth strategies and business restructuring. It also highlighted operating income and ROE levels to be achieved by FY2020. This was new territory for us, and we failed to reach several targets. We take this situation seriously, and in drafting the new Medium-Term Management Plan, we delved into the causes that led to these results. At the same time, we acknowledged issues in Group management that came to light during the previous Medium-Term Management Plan and explored plans more likely to deliver better results.

We also engaged in dialogue with Group companies to deepen mutual understanding. We vigorously conveyed our perception of the current situation and measures to address outstanding issues, and Group

▶ Outline of Medium-Term Management Plan 2021–2025  
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\*1 Speedway major acquisition deal: Seven & i Holdings' consolidated subsidiary 7-Eleven, Inc. acquired from Marathon Petroleum Corporation (MPC) shares and other interests in several companies that engage in the convenience store and fuel retail businesses, primarily under MPC's Speedway brand (excluding fuel retail operations for direct dealers in MPC's retail division).

\*2 VUCA: Volatility, Uncertainty, Complexity, and Ambiguity



- ▶ Co-creation and promotion of Medium-Term Management Plan 2021–2025 through dialogue with the Board of Directors and operating companies

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companies presented candid opinions in return. Through this process, we laid the cornerstone for Group companies and all employees to be more highly motivated in working toward targets. The Board of Directors pursued in-depth opinion exchanges with Outside Directors, exploring risks and opportunities from various angles and endeavoring to make decision-making processes more transparent.

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## Enhanced cooperation among Group companies with Seven & i Holdings at point of intersection

The composition of Japanese society has changed, with a gradually decreasing population, more elderly and fewer children in the demographic mix, more women working, and more seniors living on their own. Consumer behavior has also changed, fueled by the COVID-19 pandemic. These are shared changes that characterize the larger business environment and transcend industry borders. I am therefore confident that as a cohesive corporate group, connected beyond business lines and drawing on the strengths of each Group company, we can make a breakthrough on the issues before us. For example, individual company approaches limit contact to a certain range of customers, and opportunities to understand the lifestyles and preferences of each customer are similarly limited. At domestic operations only, the Group welcomes more than 22 million people to its stores every day. By coordinating activities across business lines to reinforce respective customer relationships, each operating company can deepen approaches fine-tuned to customers' purchasing behavior while boosting customer satisfaction as well.

- ▶ DX/Financial Strategy

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Toward this end, efforts were directed to increasing interest in the Groupwide 7iD program, which enables customers to use an ID shared throughout the Group. As of October 31, 2021, membership stood at about 21 million people. Through 7iD, stores expand their points of contact by offering incentives and notifications matched to the lifestyle and preferences of each individual. But it is also important to develop points of contact with customers by adding new value such as delivery services and new payment services. Therefore, a future goal will be to increase the 7iD membership base and enhance convenience and features. To strengthen this platform, in 2021, we established the Group DX Promotion Division and the Group DX Solution Division at Seven & i Holdings, improving the structure that the Company will use to vigorously drive Group strategies forward.

With regard to financial strategies, we will lay the groundwork for new value creation such as payment solutions and financial services. In 2021, we established the Financial Business Strategy Office at Seven & i Holdings, reinforcing the structure for promoting Group strategy.

- ▶ Group Food Strategy

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On the merchandise front as well, we will tackle new value creation with activities that harness the results of Groupwide involvement. Since FY2021, under the Group's food strategy, we have been promoting measures such as the realignment of stores within the Group, shared infrastructure, including supply and distribution bases, and larger bases for the online supermarket, and in 2021, to accelerate

progress in such initiatives as joint procurement from overseas, we established the Overseas Procurement Department at Seven & i Holdings. All these activities are part of efforts to reinforce the structure to leverage Group synergies.

## SEI growth strategy and Speedway integration

Our global growth strategy hinges on the convenience store (CVS) business and represents a vital pillar of the new Medium-Term Management Plan. At SEI, which is raising its contribution to Group performance, the focus has been on a growth strategy—the Six Point Plan—since 2017. This strategy has particularly emphasized fresh food such as sandwiches, proprietary beverages, and the development of new merchandise under the private brands to improve the quality of merchandise and create a more appealing merchandise mix. This approach has revealed customers' latent needs, enabled SEI to attract a larger number of new customers, and sharpened the selling power of stores, leading to steadily higher average daily sales at existing stores.

In this way, SEI capitalizes on the power of merchandise that distinguishes its operations from those of other CVS businesses to fuel growth, while seeking to further increase growth potential by expanding the sales network. This is the underlying objective in the Speedway acquisition, completed in 2021. The integration of Speedway stores has brought the number of stores in SEI's North American network to 13,400. Prior to the integration, SEI oversaw the largest store network in the North American CVS market and already enjoyed top share as well, but through the integration, the company has further strengthened its position and achieved a store density where half of the people in the United States can find an SEI store within a two-mile radius of their location. This gives SEI a huge advantage for building a better supply base and logistics structure for fresh food and enables it to continually develop merchandise with customer needs as the starting point, just as in Japan.

Concerted efforts are also being directed into leveraging DX\*<sup>3</sup>. One part of the DX strategy is the 7NOW delivery service, which has already been expanded to about 4,000 stores. The attraction of this service from a customer perspective is speed—about 30 minutes from order to delivery. Enhanced store density is another facet of integration that gives SEI an additional advantage in the market.

SEVEN-ELEVEN JAPAN (SEJ) is indispensable

▶ Business Strategy of Overseas Convenience Store Operations

📖 Page 34



\*3 DX: Digital transformation

to the success of these SEI growth strategies. This means that, for high-quality merchandise development and an efficient supply chain, SEI will have to leverage approaches including personnel exchanges that facilitate access to the know-how and insights SEJ has accumulated.

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## Promote value improvement of 7-Eleven brand globally

▶ Global strategy for the 7-Eleven brand

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Close cooperation between SEI and SEJ will underpin development of the Group's global strategy. As of October 31, 2021, 7-Eleven was operating in 18 countries and regions worldwide, and the network of about 77,000 stores was the world's largest under a single brand. Our goal is to raise the value of the 7-Eleven brand by enabling stores to offer high-quality merchandise and services regardless of where on the world map the store may be. Toward this end, Seven & i Holdings established 7-Eleven International LLC in the United States in 2021 to form an operational framework for SEI and SEJ to jointly promote global strategy.

This global strategy hinges on three points. The first is to work with existing licensees, the second is to expand store-opening opportunities to new areas, and the third is to maximize synergies related to procuring raw materials and attaining SDGs. On the first point, the goal is to help existing licensees grow through cooperation hinging on the strengths of SEI and SEJ to address various issues that licensees grapple with, such as fully grasping customer perspectives, providing a merchandise mix that meets customer needs, developing merchandise, and getting up to speed technologically, including the embrace of DX. On the second point, from a global perspective, the potential for opening new 7-Eleven stores is growing, and the goal is to capitalize on opportunities and take a robust approach to opening stores in new areas. On the third point, efforts will be directed into utilizing scale for joint procurement as well as environmental investment, which will not only improve efficiency but also qualitatively facilitate excellent initiatives that balance solutions to social issues and higher corporate value.

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## Again reimagining domestic CVS business through the transformation of stores

▶ Business Strategy of Domestic Convenience Store Operations

 Page 30

The way domestic 7-Eleven stores are used has changed significantly due to the pandemic, but we see this as a huge opportunity. Domestic 7-Eleven will soon mark 50 years in business, and the environment surrounding operations today is totally different from that of the early days, particularly in regard to customer lifestyles and the composition of households. To keep the 7-Eleven transformation moving forward, the CVS business must break free from old stereotypes and adapt to the new environment to



better meet new expectations. New purchasing behavior among customers became more noticeable and evolved much faster because of the pandemic, and the CVS business capitalized on this opportunity to revise the merchandise mix, change the merchandise assortment, and accelerate the transformation of stores. In FY2021, SEJ began ramping up the redesign of sales layouts to achieve an extensive merchandise mix that more fully supports the daily routines of customers.

SEJ is also keen to improve the way merchandise and services are provided to customers. Because of the pandemic, demand for delivery of food has greatly increased. In this area as well, with so many locations being customers' closest stores, SEJ has a duty so to speak to build a business model that utilizes this advantage and provides high-quality services to customers. Delivery services were repeatedly tested under the online convenience store concept, and using the results, we expect that SEJ will expand the service to about 1,200 stores in FY2022 and by FY2023 to about 3,000 stores with the same brand name 7NOW delivery service used in North America. In developing this service, SEJ built a system that can pinpoint store inventory in real time, creating another advantage in a competitive market. The system enables customers to see store inventory when they place an order and to confirm the order's status. In addition, the system utilizes a nationwide network of more than 21,000 stores for delivery in as little as 30 minutes. Drawing on these unique advantages, SEJ offers tangible convenience that is second to none.

Also, with Seven Bank ATMs, multi-function copiers, and other on-site machines, stores are providing more administrative services than ever before. This further reinforces the role that stores play in the social infrastructure. By enhancing these constituent features and improving services, SEJ will actively contribute to realizing Society 5.0\*<sup>4</sup>, an initiative for Japan's future. In addition, SEJ will use its store network and system platforms to turn stores into pickup centers for e-commerce, even for purchases originating outside the 7-Eleven network. Incorporating various service features like this to enhance convenience in local communities will make 7-Eleven a real platformer for various businesses, which will in turn raise store value and contribute more to local communities.

\*4 Society 5.0: A human-centered society that balances economic development and solutions to social issues through highly integrated systems fusing cyberspace and physical space. Next stage in societal evolution, following the hunter-gatherer society (Society 1.0), the agrarian society (Society 2.0), the industrial society (Society 3.0), and the information society (Society 4.0). First proposed in the 5th Science and Technology Basic Plan, scripted by the Japanese government as a model of the kind of future society Japan seeks to create.

▶ Expanding our 7-Eleven online convenience store service

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## Promoting business restructuring and optimizing the business portfolio

Following our current understanding of the operating environment, as described in the new Medium-Term Management Plan, we are coordinating efforts by Group companies on growth strategy and business restructuring. At food supermarkets, which play a key role in the Group's food strategy, employees who support frontline operations will confidently meet customer needs with a level of motivation that remains high even during the pandemic and enthusiastically embrace the challenges inherent in Group strategies. In addition, at Ito-Yokado, problems were clarified through meetings and other dialogue opportunities, and

▶ Large-Scale Commercial Base Strategy

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everyone within the company is engaged in the restructuring process. The food division continues to show a positive shift in business results.

In large-store business restructuring, efforts to find a contents mix attuned to local needs and free of existing business formats is proving successful. Continuing this approach, we will accelerate the metamorphosis of large stores into regional lifestyle hubs through alliances with speciality shops under the Group umbrella as well as those external to the Group. Toward this end, our business segments changed, effective from the second quarter of FY2022, with department stores and speciality shops integrated into one segment to reinforce joint efforts. In the department store and restaurant field, business activities were restricted due to COVID-19, but linking the use of DX and delivery services by external providers, we made headway on measures to establish a business model matched to new customer needs.

Amid significant changes in the operating environment, a perspective on optimizing the business portfolio is gaining importance in Group management. Therefore, it is indispensable for us to objectively grasp the status of value creation at each Group company through fine-tuned goal setting, namely, yearly, semiannual, quarterly, and monthly targets, and their validation. This kind of monitoring enables us to reposition businesses, and this line of thinking extends to our business portfolio in the new Medium-Term Management Plan. We recognize that decision-making based on actual results and reflecting various options and possibilities is important if we are sincere in our approaches to the employees who work at each company.

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## Contribute to realization of sustainable society and reinforce connections to local communities

▶ E: Initiatives for Reducing the Environmental Impact

 Page 64

The Group sees contributions to the realization of a sustainable society as integral components of business activities, and sustainable society initiatives are core facets of the new Medium-Term Management Plan as well. In environmental activities especially, we announced the environmental declaration 『GREEN CHALLENGE 2050』 in 2019 and have been promoting activities under specific targets in four categories closely related to Group businesses. Climate change is now a pressing concern everywhere around the world, and like many other companies and organizations, the Group is taking action to reduce CO<sub>2</sub> emissions. Stores are working to visualize reductions, such as lower electricity consumption, through smart sensors and other devices, and these results help employees acquire a new

awareness about initiatives. Concurrently, stores are also emphasizing the transition to renewable energy, with a robust approach toward environmental investment. Stores have already adopted systems powered by renewable energy using solar panels and fuel cells, and installed systems to utilize surplus electricity. In the future, the push will be on joint efforts with manufacturers and suppliers to reduce CO<sub>2</sub> emissions across the whole supply chain.

In efforts to support a circular economy, the goal is to contribute to the establishment and promotion of resource recycling fine-tuned to the local community by creating a structure that uses the Group's store network as points of a recycling hub. The Group is already involved in joint activities with local governments and other regional organizations to develop a model, and the goal is to sort out deterrents and then collaborate with the public and private sectors to find solutions to outstanding issues. In addition, we will encourage operating companies to engage with recyclers and be involved in solutions by measures such as expanding target resources and processing capacities.

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## Focus on developing human resources and cultivating an open corporate culture

I believe that fulfilling social obligations requires growing business the right way. By that I mean companies and human resources must be on the same page for the Group to grow. To confirm that this is happening, we monitor status through an employee engagement survey and other tools and strive to create comfortable work environments and motivate employees. In addition, we need people in new fields of expertise to fuel progress on target strategies. Therefore, we will provide learning opportunities to human resources now employed but also promote measures to hire people with specialized knowledge and skills from outside the organization. For this strategy of growing human resources and companies the right way as we diversify the composition of human resources within the Group, we must describe the direction of strategies and other plans clearly, while using dialogue to build a shared awareness for reaching targets. A common understanding is absolutely vital for successful growth. Toward this end, for both our Corporate Creed and our basic stance, we have defined the ideal Group image for 2030 in the new Medium-Term Management Plan and have clarified which growth areas the Group will explore and which domains will require innovation.

As the new Medium-Term Management Plan unfolds, we will also strive to enhance management transparency and cultivate an open corporate culture through suitable information disclosure and dialogue with all stakeholders. We ask for your continued support and understanding.

▶ Human resource measures

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# Outline of Medium-Term Management Plan 2021–2025

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

## Seven & i Group Management Policies

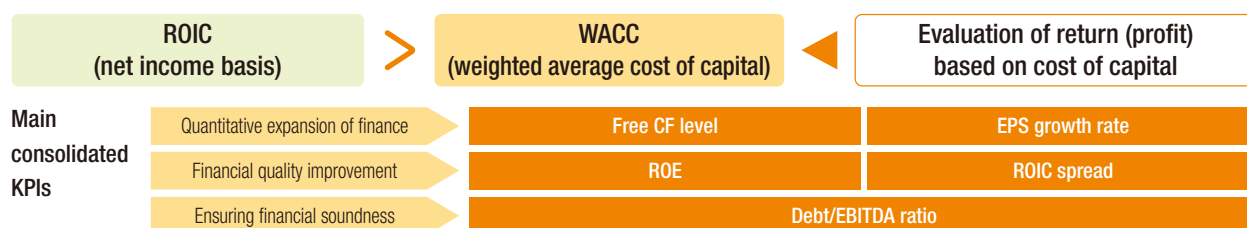


### Towards 2030 (Positioning of the Medium-Term Management Plan)



## Basic Financial Policy

In order to continuously improve corporate value, increase returns (profit) that exceed the cost of capital and increase the ability to generate cash flow (CF).





## Overview of Group Priority Strategy

### Provide a new experience and value consistently from the customer's point of view

Challenge of new "Growth areas"	Open the next "Convenience" door	Challenge of "Food" expected now	Create an abundant "Lifestyle Hubs"
<b>Strategy aiming for growth</b>		<b>Strategy aiming for depth</b>	
<b>Overseas CVS business strategy</b> Page 34 ▶ To be the main driver of Group growth • North America: synergy of integration with Speedway • Increase value as a global brand	<b>Domestic CVS business strategy</b> Page 30 ▶ Return to regrowth path • Explore business regions, handling by individual stores/ location • Strengthen relationship with franchisees	<b>Group food strategy</b> Page 40 ▶ Closer partnerships with supermarkets in the metropolitan area ▶ Reinforced development of Group merchandise ▶ Enhance joint procurement through direct imports, etc.	<b>Large-scale commercial base strategy</b> Page 46 ▶ Higher hub value in line with each business region ▶ Expand non-store profits

### Challenge of the Last Mile Page 48

- Expand on-demand delivery service
- Enhance online supermarkets (BOPIS\*)

#### Customer Base

6.5 million a day in North America

22.4 million a day in Japan

#### Expansion of customer contact

- |   |  |  |   |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>▶ Improve LTV*2 by 7Rewards/CRM*3 <span style="float: right;">Page 36</span></li> <li>▶ Expand 7NOW (delivery) <span style="float: right;">Page 36</span></li> <li>▶ Expand 7Wallet (digital settlement) <span style="float: right;">Page 37</span></li> </ul> | <ul style="list-style-type: none"> <li>▶ Improve LTV by Group CRM around "7iD" <span style="float: right;">Page 47</span></li> <li>• Strengthen point strategy, provide new settlement experience</li> <li>• Enhance financial services</li> </ul> | <b>DX/Financial strategy</b><br><span style="float: right;">Page 47</span> | <ul style="list-style-type: none"> <li>▶ Build Last Mile delivery platform <span style="float: right;">Page 48</span></li> <li>▶ Improve technology-aided productivity</li> </ul> |
|---|--|--|---|

### Further strengthening of corporate governance/Human resource measures linked to the business strategy

#### Sustainable management

Balancing the sustainable growth of the company with sustainable growth in society Page 60

\*1 BOPIS: Buy Online Pick-up In Store: Format that lets customers pick up at stores merchandise purchased online  
 \*2 LTV: Life Time Value  
 \*3 CRM: Customer Relationship Management

## Consolidated Financial Numerical Targets

	FY2021 results	FY2026 targets
EBITDA	¥626.8 billion	¥1 trillion or more
Operating CF (excluding financial services)*1	¥456.7 billion	¥800 billion or more
Free CF level (excluding financial services)*2	¥132 billion	¥400 billion or more
ROE	6.8 %	10 % or more
ROIC (excluding financial services)*3	4.7 %	7 % or more
Debt/EBITDA ratio	2.8 times	Less than 2.0 times
Adjusted Debt/EBITDA ratio*4	—	Less than 2.2 times
EPS growth rate (CAGR)*5	—	15 % or more

\*1 Management accounting figures based on NOPAT excluding the financial services business.

\*2 Management accounting base figures excluding financial services business. M&A is calculated by excluding it from investment CF as a strategic investment.

\*3 ROIC: Calculated as (net income + interest expense × (1 - effective tax rate)) / (equity capital + debt (average at the beginning and end of the period)).

\*4 Adjusted Debt/EBITDA ratio: Excluding financial services business, Net Debt/EBITDAR management accounting figures (Net Debt: Debt + on-balance lease - cash and deposit and other adjustment)

\*5 Estimated by CAGR (Compound Annual Growth Rate) for FY2021.

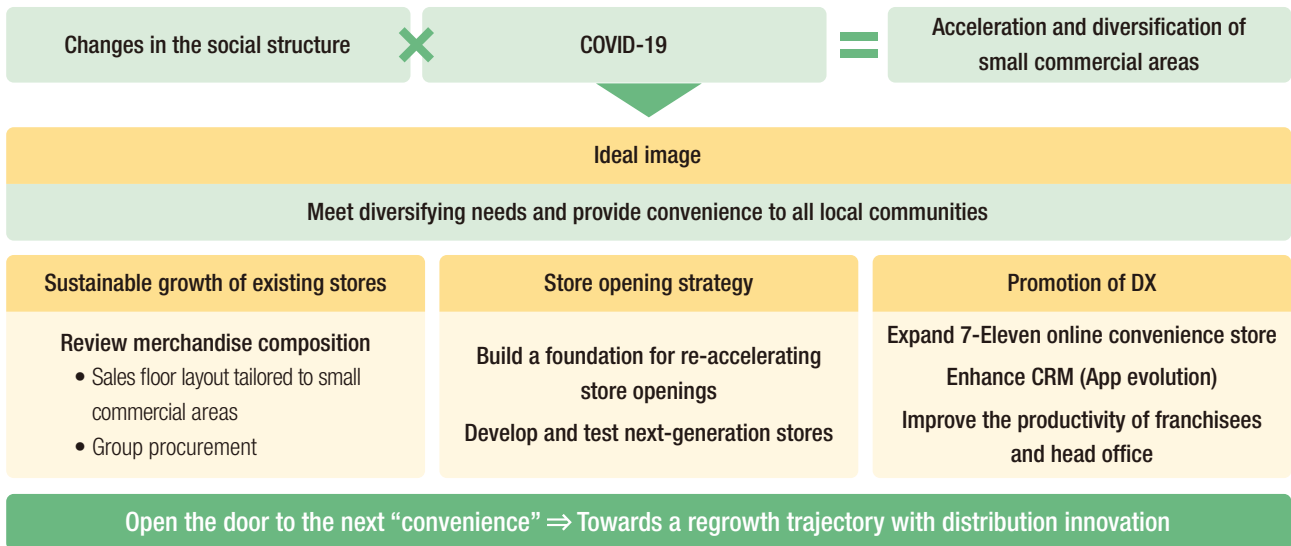
# Business Strategy of Domestic Convenience Store Operations

[ CGC Principle 3.1 (i) ]

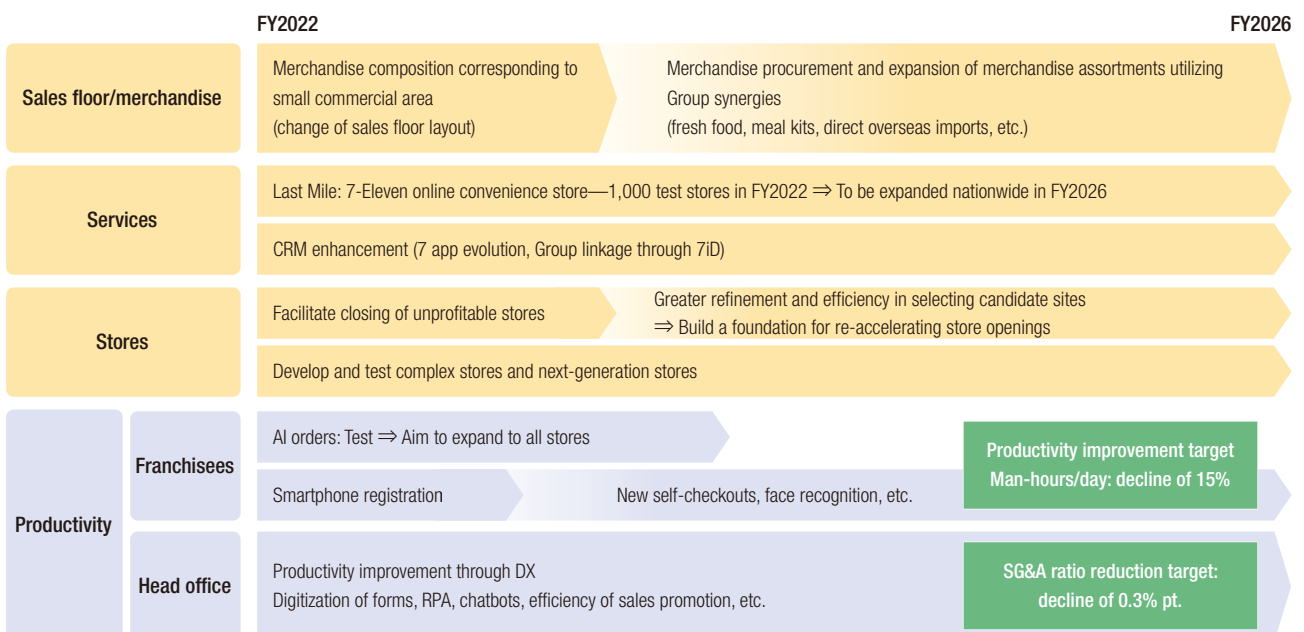
In the “strategy aiming for growth” outlined in Medium-Term Management Plan 2021–2025, our domestic CVS business strategy calls for SEVEN-ELEVEN JAPAN to return to a growth path while improving operational efficiency.

In addition to changes in the social structure and consumer behavior in recent years, there has been an accelerating trend toward smaller commercial areas, where customers travel shorter distances to shop for everyday items, due to the COVID-19 pandemic. Accordingly, issues that need to be addressed in each commercial area are becoming more diverse. To deal with these changes and further evolve our “close-by, convenient” store concept, we will expand our merchandise assortment and revamp our sales floor layouts to meet the needs of smaller commercial areas. We will also leverage the Group’s strengths to procure merchandise, develop and test next-generation stores, and build a foundation to re-accelerate store openings. Also, we will commence full-scale operation of our 7-Eleven online convenience store service, which deploys digital transformation (DX) to provide new experiences and values.

## Medium-term strategy overview



## Medium-term strategy roadmap





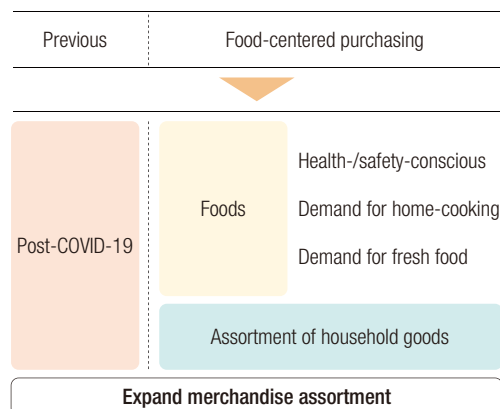
## Sustainable growth of existing stores

### Review of merchandise composition

An analysis of the changing shopping habits of the approximately 1.06 million 7iD members in Tokyo and three neighboring prefectures shows that the number of stores where customers shop is decreasing and average spending per customer is increasing. At the end of August 2021, we found particularly strong year-on-year rising sales in categories such as family-size ice cream, frozen pre-cooked foods, fish-paste products, processed meats, and fruits and vegetables.

To address such changes in customer purchasing behavior, we need to enhance our merchandise assortment more than ever before. Because achieving this is difficult for 7-Eleven alone, we need Group members to collaborate more closely than previously.

### Changes in 7-Eleven patronage



### Sales floor layouts tailored to various changes

Due to changing business conditions and customer behavior caused by COVID-19, store sales for FY2021 in resorts and business districts declined while sales in residential and suburban areas increased. To further expand our merchandise assortment in accordance with these changes, we are introducing a new floor layout for stores in residential areas.

In residential and suburban areas, the average daily sales difference between the first half of FY2022 and the first half of FY2020 was around ¥19,000 higher sales at stores that introduced the new layout than that at stores that did not introduce the new layout. We are also flexibly changing the layouts of small urban stores to suit their individual characteristics. Stores that adopted a new layout have shown positive results,

with average higher daily sales of around ¥15,000 than stores that did not introduce a new layout. We plan to expand the layout changes to accommodate these results in the future.

### Results by location (existing stores in FY2021)

	No. of stores as of Feb. 28, 2021	Sales YOY (%)
<b>Nationwide</b>	<b>20,612</b>	<b>97.6</b>
Residential and suburban areas	13,086	100.3
Resorts	1,873	97.1
Business districts	2,057	88.9
Others (Train stations, temporarily closed stores, etc.)	3,596	92.5

#### New layout for 2020 (residential and suburban areas)



#### Small urban stores (business districts)



## Store opening strategy: Convenience stores for the next generation

As customers' lifestyles and preferences evolve in line with changes in the social environment, 7-Eleven is pursuing the image of "convenience stores for the next generation" and conducting various trial tests.

### Unmanned payment system via face and iris recognition

At our Mita International Building 20F store, we were working with NEC Corporation to field-test a payment system based on face and iris biometric recognition. This system allows customers to make payments without having to face a store employee or touch a payment terminal. In addition, identifying an individual by both face and iris enables more accurate biometric recognition.

\*As of October 31, 2021, only NEC Group employees were eligible for this service.

\*The Mita International Building 20F store closed in December 2021, but we will continue field-testing at another store in the same building (the Mita International Building store).



Biometric recognition payment system test at Mita International Building 20F store

### Installation of aerial displays

At our Kojimachi Ekimae store, we are conducting trial tests aimed at introducing a contactless, cashless self-service register using aerial displays.

This is achieved with aerial displays (cash register screens that appear to be floating in the air) that customers use as if they were touch-screen panels.

By providing such new, futuristic shopping experiences, we will save space at checkout counters and thus create new sales opportunities. We will continue conducting verification tests with the aim of delivering safety and security through completely contactless payment systems.

\*As of October 31, 2021, only SEVEN-ELEVEN JAPAN employees were eligible for this system.



Image of aerial display applied to existing checkout counter

We will continue conducting trial tests with the aims of creating comfortable and accessible stores for customers, stores that franchisees can manage with peace of mind, and more comfortable workplaces for store employees.

## Promotion of DX: Expanding our 7-Eleven online convenience store service

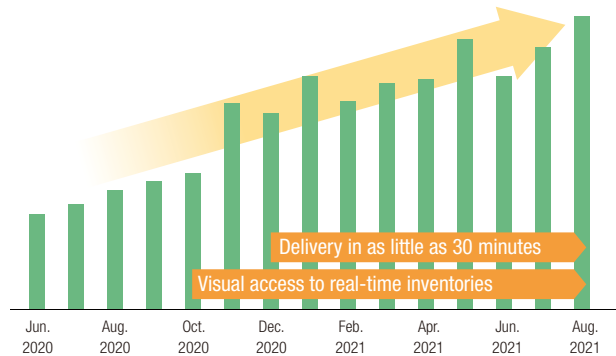
Our 7-Eleven online convenience store service allows customers to place orders through a dedicated website for delivery of approximately 2,800 items, including food and daily necessities, sold at 7-Eleven stores in Japan. When the service

was launched, we made deliveries in two hours at the earliest from the time of order placement. However, to meet growing demand for courier and home delivery services, in October 2020, we linked our inventories to dedicated store websites

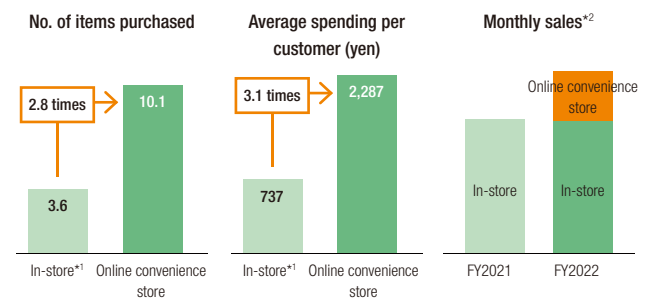
in real time, enabling deliveries to be made in as little as 30 minutes from order placement. In these ways, we have greatly improved convenience for customers. We are also deploying the

Group's in-house Last Mile DX Platform with a view to optimizing delivery personnel, vehicles, and routes, as well as simultaneously delivering merchandise of Group companies.

### Trend in 7-Eleven online convenience store sales

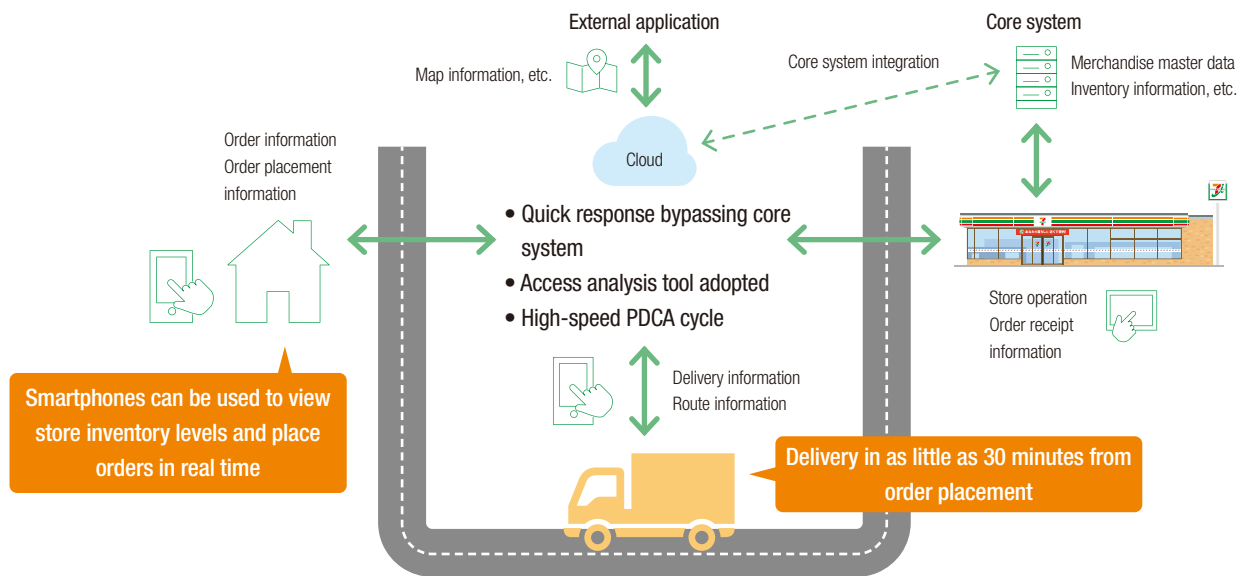


### Features of 7-Eleven online convenience store sales results (Jun.-Aug. 2021)



\*1 Result for *nanaco* service members  
 \*2 Monthly sales cover both over-the-counter purchases and those made using 7-Eleven online convenience store service in FY2022, but only over-the-counter purchases in FY2021.

### 7-Eleven online convenience store service platform



By February 28, 2022, we will increase the number of stores providing the 7-Eleven online convenience store service to about 1,200 from our initial plan of 1,000. This will grow to about 3,000 stores by February 28, 2023, after which we will roll out the service nationwide in FY2026.

In addition, we will change the name of this domestic service to the "7NOW" service from spring 2022 to match the name of our North American service, in order to further raise awareness and improve service value with a view to developing it as a global brand in the future.

### Expand store network and raise brand awareness



\*Numbers of stores after the end of Feb. 2022 are estimates.



# Business Strategy of Overseas Convenience Store Operations

[ CGC Principle 3.1 (i) ]

Under the new Medium-Term Management Plan, our overseas convenience store operations, centered on 7-Eleven, Inc. (SEI), based in North America, is recognized as an important growth driver for the Group. As we implement the plan, we will further strengthen the Group's global revenue base.

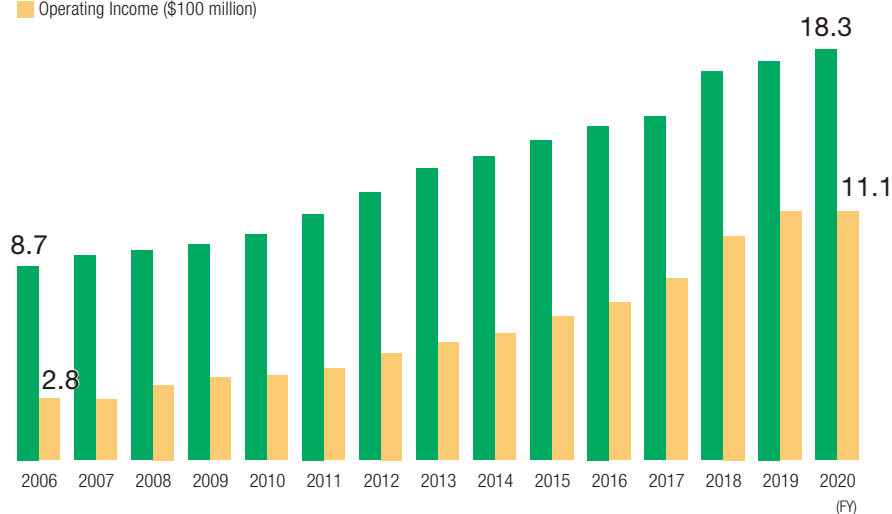
## 7-Eleven, Inc.: Largest convenience store chain in the United States with more than 13,000 stores in North America

SEI, which operates 7-Eleven stores in North America, plays a major role in the Seven & i Group's growth strategy. It is expanding its merchandise assortment to meet changing customer needs and deploying digital strategies to increase customer contact points, while developing stores in 18 countries and regions around the world. SEI is working with area franchisees worldwide to enhance the value of the 7-Eleven brand.

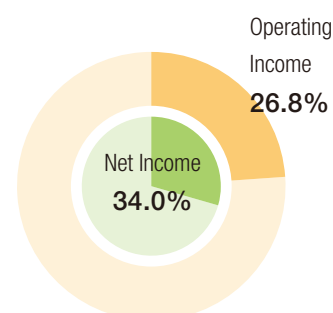
In 2021, to further strengthen SEI's revenue base, we completed the acquisition of Speedway, which operates 3,828 convenience stores in North America. The integration of Speedway, the third-largest player in the industry, will further enhance growth opportunities for SEI by expanding its store network to most major metropolitan areas in the United States (as of October 31, 2021).

### Merchandise Sales and Operating Income

■ Merchandise Sales (\$ billion)  
■ Operating Income (\$100 million)



### Contributions to Consolidated Figures (FY2021)



Accounts for approx. 30% of consolidated net income

\*Composition ratio is calculated on a yen basis after amortization of goodwill.

## Strengthening our advantage through Speedway integration

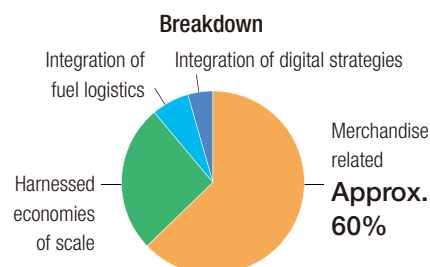
The number of stores acquired by SEI through M&As between 2006 and 2020 accounts for more than 20% of its total store network, and all those acquisitions have steadily contributed to SEI's growth. With Speedway as well, we will continue to leverage our experience and expertise for integration cultivated so far to promote smooth progress. In the third year after the

acquisition, we anticipate synergies derived from Speedway to reach \$600–650 million (as announced in October 2021). We have already established 20 project teams, which are focusing on such areas as merchandise assortment, private brands (PBs), logistics, IT, and fuel procurement, to proceed with initiatives.

## Synergies from Speedway integration

### Basic components

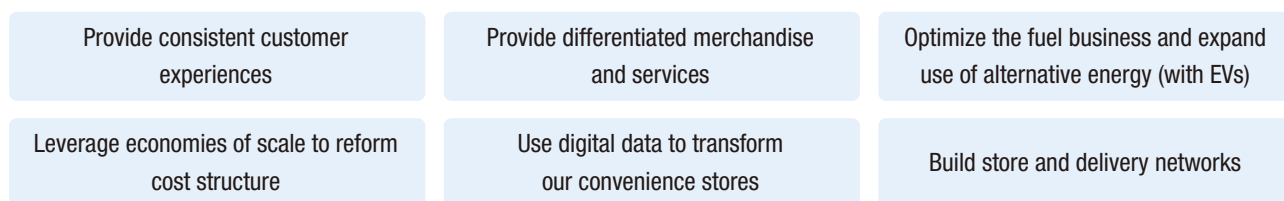
Merchandise related	<ul style="list-style-type: none"> <li>• Expansion of PBs, merchandise assortment, and fresh foods</li> <li>• Reduced costs, improved gross profit</li> </ul>
Harnessed economies of scale	<ul style="list-style-type: none"> <li>• In-house development of maintenance</li> <li>• Optimization through store management system integration</li> </ul>
Integration of fuel logistics	<ul style="list-style-type: none"> <li>• Optimization of fuel supply and logistics network</li> </ul>
Integration of digital strategies	<ul style="list-style-type: none"> <li>• Expansion of 7NOW to Speedway stores</li> <li>• Integration of loyalty programs</li> </ul>



### Six Point Plan

Since 2016, we have been developing our Six Point Plan to meet the changing needs of customers amid dramatic changes in the market environment. We will continue to develop differentiated merchandise and services that deliver quality and

value. At the same time, we will leverage economies of scale derived from the Speedway integration to reform our cost structure and build store and delivery networks to strengthen our Last Mile solutions.



### Provide differentiated merchandise and services

Since 2017, we have been working with Warabeya TEXAS as part of efforts to strengthen our fresh food lineup. Specifically, we have revamped the merchandise development process, improved the taste and quality of our fresh food, and rolled out our merchandise to 650 stores around Dallas, Texas (as of August 31, 2021). Using this development process as a model, we are collaborating and expanding initiatives with manufacturers and suppliers of daily goods in other districts. We are also developing recipes that match the tastes of each

district by modifying our selections of seasonings, sauces, and other offerings according to the needs of local customers.

Meanwhile, demand for delivery services has grown sharply since the COVID-19 outbreak. To meet the needs of customers wanting to enjoy delicious food at home, we are introducing ready-to-eat pizzas in some of our stores, where final baking is done on-site. We are also connecting this initiative to our delivery services.

### Lineup of sliders (small sandwiches)

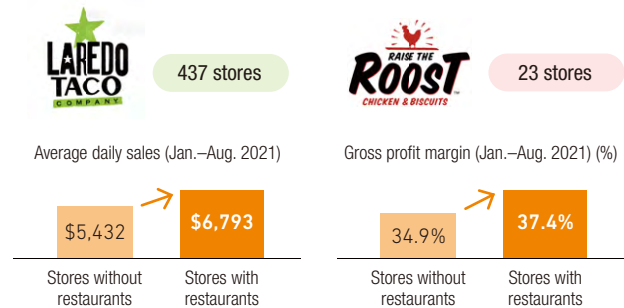


### Expanding the restaurant business

SEI has earmarked restaurants as a key business for future reinforcement. As of August 31, 2021, SEI operated around 500 stores with restaurants attached, led by Laredo Taco (Mexican food restaurants), which it acquired with some Sunoco stores in 2018. With the addition of other brands such as Raise the Roost (fried chicken restaurants), we plan to expand our network of stores with restaurants to around 1,600 by FY2026.

Our initiatives with Laredo Taco and Raise the Roost are helping increase awareness of 7-Eleven as a “destination for fresh food shopping” and thus create new brand value. Stores

with restaurants also attract customers who purchase special beverages and snacks that resonate closely with the store’s setting. They also tend to have higher average daily sales and gross profit margin than stores without restaurants.

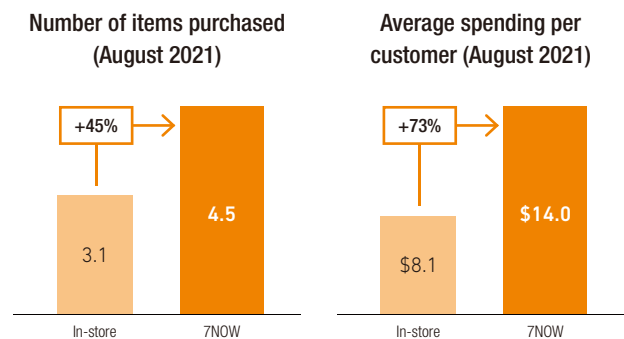
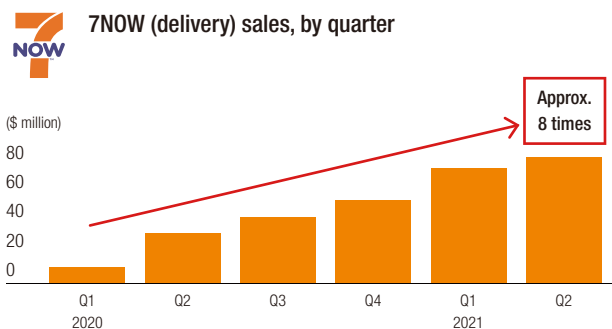


### Promoting digital strategies

The COVID-19 pandemic has further increased the need for delivery services using digital tools. With this in mind, SEI has been promoting its DX-based delivery service, 7NOW, which boasts one of the fastest delivery times in the industry. By responding accurately to customer needs, the service is building a rapidly growing track record. As of August 31, 2021, around 4,000 stores offered the 7NOW service. We have noticed particularly high demand for fresh food as well as steady purchases of snacks and beverages. The average number of items purchased and average spending per

customer also tend to be high.

Initially, deliveries were limited to customers’ homes and offices. With the introduction of the new 7NOW PINS service, however, we can deliver to designated spots in parks and public places with pinpoint accuracy. In 2022, we plan to roll out the service across the Speedway network. This will result in around 6,500 stores with a delivery service that covers all our existing commercial areas. We will continue to enhance contents of services to make customers’ lives more convenient.



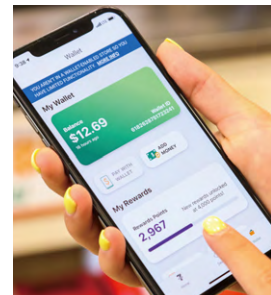
We will also add new functions to our 7-Eleven smartphone apps to provide new experience value and convenience. For example, our 7Rewards loyalty program delivers personalized

convenience and privileges to customers. As of August 31, 2021, active membership had reached around 16 million. When customers open the app, they view merchandise and



promotions tailored to their individual characteristics, which motivate them to visit a store. As a result, this app has been well received. We also offer 7-Eleven Wallet, a payment service built into the app that allows customers to make cashless payments for every purchase by pre-charging 7-Eleven Wallet with cash, credit cards, debit cards, and the like. Moreover, because it can be topped up automatically, there is no need to carry cash or cards. Another service is Mobile Checkout, which allows customers to make self-payments without standing in line at a checkout. Demand for this service has been strong due to the spread of COVID-19. In the United States, gasoline is one of the most important products that customers need when they visit convenience stores. Accordingly, we offer

customers who refuel a vehicle our Fuel Loyalty service, which allows them to refuel easily and affordably without contacting employees. They simply open the smartphone app and enter the fueling pump number and the volume or value of fuel to be purchased. We will continue leveraging cutting-edge digital technologies and know-how to advance our R&D efforts, and will tirelessly evolve them to provide completely new levels of convenience.



### Environmental initiatives

Because issues like climate change are global concerns, helping realize a sustainable society has become a social responsibility for corporations. Due to the vast size of the United States, the automobile will remain an important mode of transportation into the future. Accordingly, SEI will need to adopt measures to ensure sustainability while meeting customers' needs for gasoline. Meanwhile, the current political administration has announced large-scale measures to encourage adoption of electric vehicles (EVs), and SEI has moved the target for installing EV charging stations up five

years. With this in mind, it will work with the government to install more than 500 charging stations in around 250 stores by 2022 to accommodate the shift to EVs. In addition, SEI has agreed to embrace the same objectives as those outlined in the Group's environmental declaration 『GREEN CHALLENGE 2050』, which aims to reduce the environmental burden. In North America, around 1,800 SEI stores already use renewable energy sources, such as wind and solar power, and the company plans to expand the number of stores using 100% renewable energy to around 5,000 by 2030.

#### Expansion of EV charging stations



Pulling ahead our previous 2027 goal	
Target Year	Target Number of Chargers
FY2027	250 stores
<b>FY2022</b> (5 year ahead of schedule)	250 stores <b>500+ chargers</b>

#### Geographic focus area for EV chargers



**Promote installation of EV charger collaborating with U.S Government**

▶ [Special Feature] Initiatives to Reduce Environmental Impact at 7-Eleven, Inc. Page 74

## Global strategy for the 7-Eleven brand

### Overseas expansion of 7-Eleven

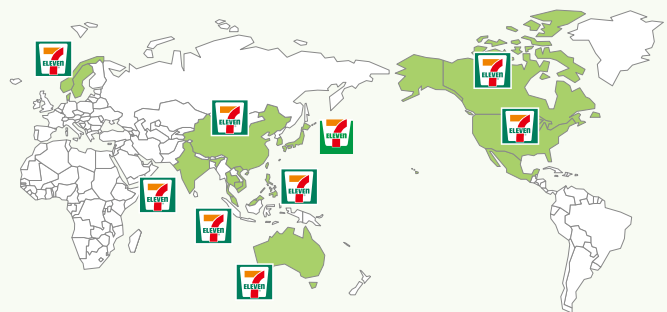
As of October 31, 2021, our worldwide 7-Eleven network had approximately 77,000 stores. In Japan, North America, and China (Beijing, Tianjin, and Chengdu), 7-Eleven stores

are operated by subsidiaries. In other countries and regions, prominent local corporate groups run 7-Eleven stores as area licensees.

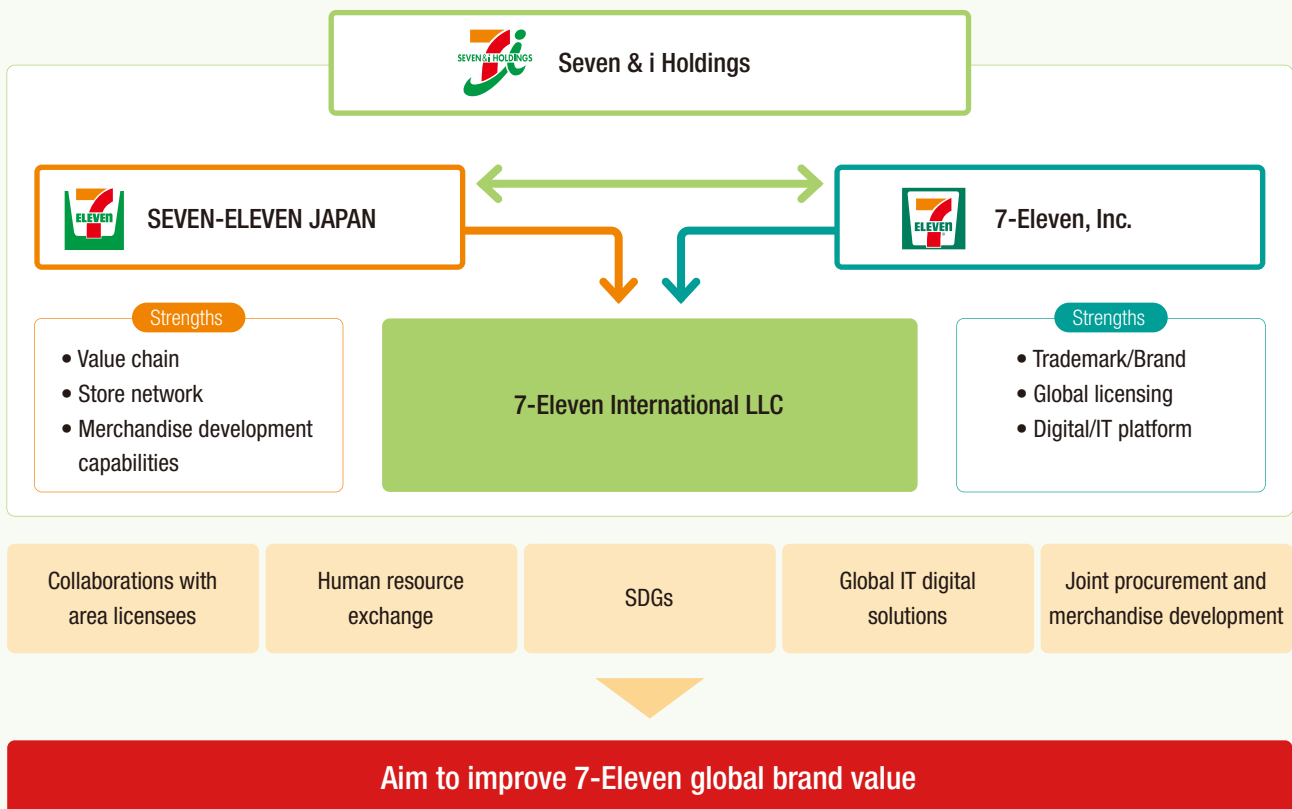
### 7-Eleven International LLC established to enhance global brand value

The 7-Eleven convenience store network is the largest in the world. As of October 31, 2021, 7-Eleven stores operated in 18 countries and regions, with ample opportunities to generate significant growth through new store openings. Going forward, we will expand the 7-Eleven brand into new countries, with plans for 50,000 stores (outside Japan and North America) by FY2026.

companies and thus enhance the value of the 7-Eleven global brand worldwide.



To further expand our business globally, it is essential for SEVEN-ELEVEN JAPAN and SEI to establish a framework for mutual cooperation. For this reason, we established 7-Eleven International LLC to leverage the strengths of both



## Enhancing 7-Eleven's global brand value through Japan-U.S. collaboration



### Strategy of 7-Eleven International LLC

#### 1 Strengthen collaboration with existing markets

A comparison of average daily sales of stores in existing markets reveals a disparity between regions where our stores are directly managed by consolidated subsidiaries and those where area licensees operate our stores. In

existing markets, 7-Eleven International LLC will enhance the collaborative program with area licensees, meticulously plan strategies for each country and region, and reinforce collaboration with area licensees in each area.

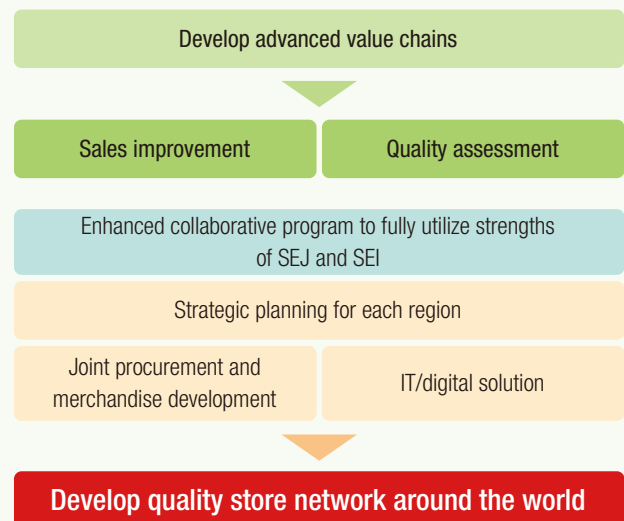
#### 2 Promote new market entry

For store openings in new regions, 7-Eleven International LLC's policy is to select and proceed after a thorough analysis of the risks and opportunities of the candidate country and potential local partners. To expand the number

of regions where we can open new stores, 7-Eleven International LLC will adopt comprehensive value chain support measures and incorporate joint ventures and M&As into strategies.

#### 3 Expand global collaborations

Through 7-Eleven International LLC, we will maximize synergies and expand global collaboration in areas such as human resource exchanges, SDGs/ESG initiatives, global IT digital solutions, joint procurement, and joint merchandise development.





# Group Food Strategy [ CGC Principle 3.1 (i) ]

## Taking on the challenge of generating Group synergies

The competitive environment in the food sector is becoming increasingly severe. To gain favor with our customers, we will need to embrace bolder challenges and deliver greater innovations that individual operating companies cannot provide alone.

To this end, the Group works to reinforce its merchandise

strength by promoting overseas procurement, including direct imports, while sharing raw materials and recipes and developing differentiated merchandise such as meal kits. At the same time, we will utilize our common Group infrastructure to further enhance our unique strengths in the food sector, which can be realized only by having various business formats.

## Taking on the challenge of further synergies in the food sector

1

### Promotion of overseas procurement (direct imports)



Establish joint procurement that takes advantage of economies of scale

2

### Reinforcing Group merchandise strength (Team MD)



Share raw materials and recipes, develop and supply differentiated merchandise such as meal kits using the common infrastructure (Process center/Central kitchen)

3

### Utilization of common infrastructure (fresh food)



Convenience stores also handle food supermarkets' fresh foods such as special discerning vegetables

**Differentiation in the food sector that can only be achieved by having a variety of business formats**

## 1 Promotion of overseas procurement (direct imports)

In response to new market changes, we will embrace the challenge of importing directly by exploiting economies of scale available to the Group.

To respond to world changes and those in customers' needs and purchasing behavior, we have appointed people with expertise and knowledge from both inside and outside the Group. In September 2021, the Company established the Overseas Procurement Department.

Direct imports have many advantages, including reduced procurement costs through direct settlement and the ability to set prices commensurate with quality. Therefore, going forward, we will expand our direct import strategy to cover wine, grocery

merchandise, and other items. This will enable us to offer our customers high-quality merchandise at reasonable prices.



## 2 Reinforcing Group merchandise strength (Team MD)

*Seven Premium* is based on an original merchandise development method called Team Merchandising (Team MD), which was cultivated at SEVEN-ELEVEN JAPAN. This method brings together the merchandise knowledge and development know-how of Ito-Yokado, York-Benimaru, and other Group companies and leverages the strong management resources of the Group's diverse businesses.

In response to various social changes, such as increasing numbers of single-person households and working women, as well as an aging population, we have engaged in merchandise

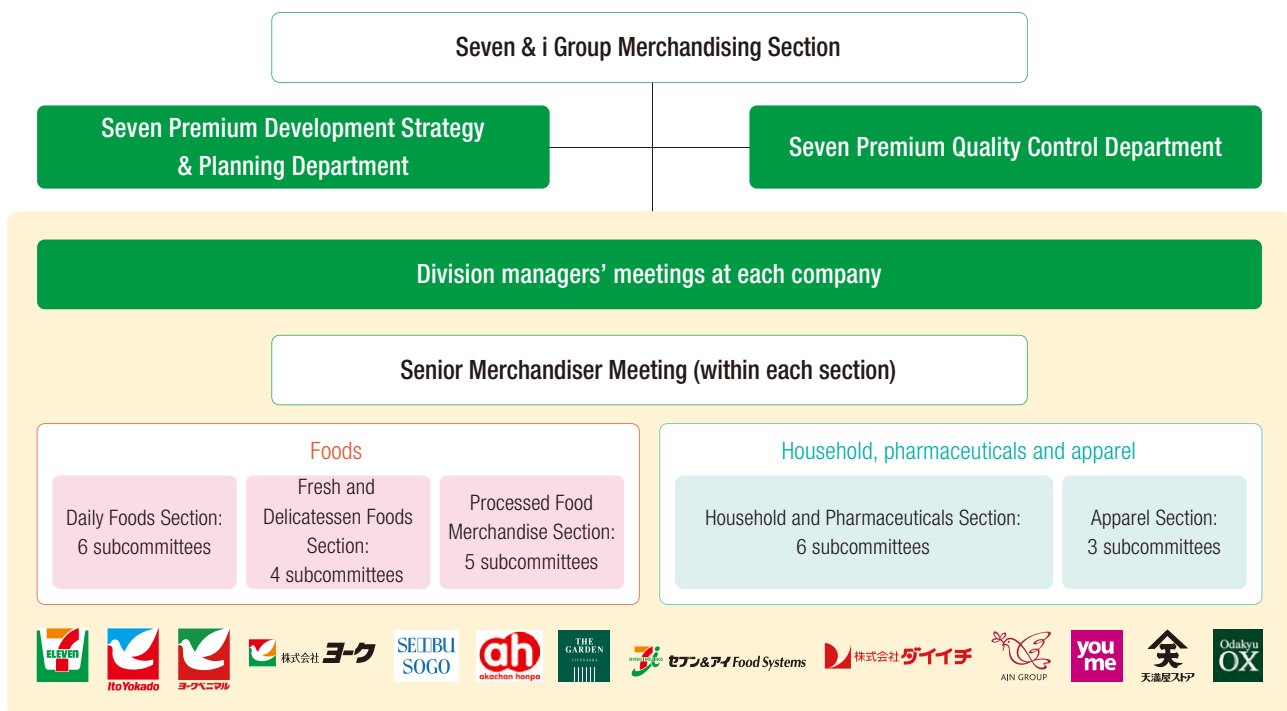
development that transcends the boundaries of different operating companies. This has produced new consumer patterns, typified by the trend to buy dinner side dishes at the nearest convenience store.

The Group's convenience stores and supermarkets share each other's strengths and create synergies by taking the lead in merchandise development in their respective fields of expertise.

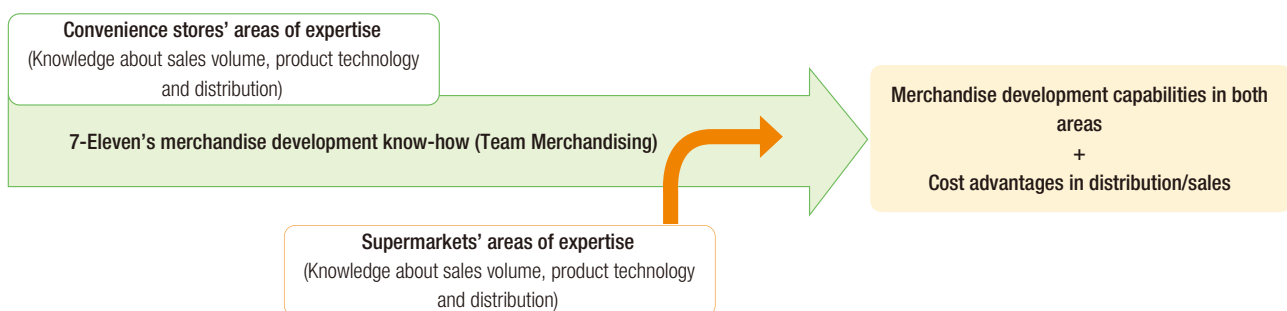
▶ For details, please refer to "Special Feature: *Seven Premium* Initiatives."

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### Merchandise development and supply system (as of October 31, 2021)



### Merchandise development capabilities and cost advantages leveraging synergies



# Seven Premium Initiatives

*Seven Premium* was created in 2007 as the Group's own private brand (PB) merchandise with high quality in terms of taste, safety, and peace of mind. In the process, we dispelled the price-driven image of PBs that prevailed in the past. In addition, by grasping the changes of the times—such as the decreasing birthrate and aging population, the increasing number of working women, and growing consciousness about health and environmental issues—we have proposed new levels of value to leading manufacturers in Japan and overseas, together creating a new concept for PBs.

The Seven & i Group reported domestic sales of approximately ¥7,460 billion in FY2021. Of this total, sales of food accounted for around 60%, or ¥4,670 billion. Merchandise under the *Seven Premium* brand contributes significantly to overall food sales.

With sales of around ¥1,460 billion in FY2021, *Seven Premium* also generates remarkable synergies for the Group.

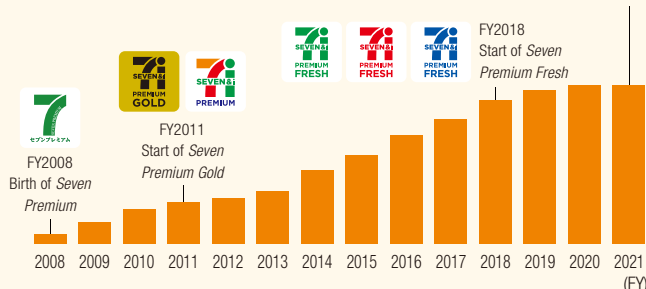
*Seven Premium* also accounted for around 25% of food sales at 7-Eleven stores in FY2021, a figure that underscores the brand's major contribution to revenue.

## Group synergies in food merchandise

Consolidated Group domestic sales: approx. ¥7,460 billion (FY2021 results)

Of which, food sales: approx. ¥4,670 billion\*  
Food business accounts for more than 60%

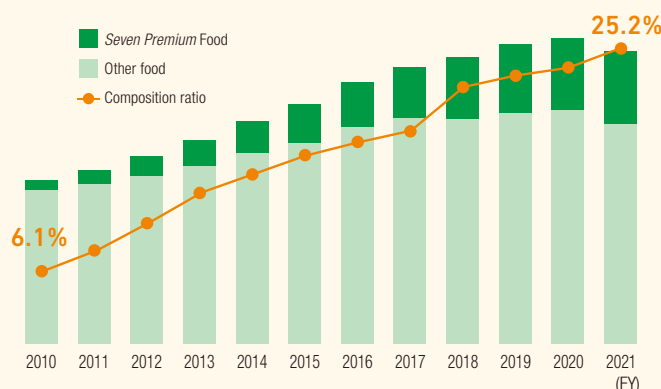
**Seven Premium Merchandise Sales: ¥1,460 billion**



\*Total sales of SEVEN-ELEVEN JAPAN (food), Ito-Yokado (food excluding tenants), Sogo & Seibu (food), York-Benimaru, York, SHELL GARDEN, Seven & i Food Systems

## Sales composition of Seven Premium at 7-Eleven

**Seven Premium accounts for approx. 25% of food sales**



## Development of Seven Premium

Around 50% of *Seven Premium*'s higher-selling existing merchandise is renewed each year to respond to changes in customers' tastes and convey novelty. Through questionnaires, group interviews, and other consumer

surveys, we research customers' opinions, create test merchandise, and conduct monitoring trials until we are satisfied. This process enables us to develop merchandise that offers high quality at an agreeable price.

## Merchandise that sells over ¥1 billion per year

Merchandise that sold over ¥1 billion per year in FY2021 totaled 300 items, an increase of 10 items year on year.

Total 300 items (+10 items)

Daily food merchandise  
**202 items**

Beverages and alcohol  
**51 items**

Confectionery  
**25 items**

Processed food and sundries  
**22 items**



## Seven Premium Connect Declaration

In May 2020, the Seven & i Group formulated its *Seven Premium* Connect Declaration, a pledge to continue providing merchandise that responds to the rapidly changing social environment.

We aim to make *Seven Premium* a sustainable brand that

brings together people in Japan and around the world by connecting the four pillars of new value creation: eco-friendliness, health-consciousness, high-quality merchandise, and global compatibility.

### Eco-friendliness

#### A more environmentally friendly future

##### Passing on environmental initiatives to the next generation

The Group is accelerating efforts for the next generation under its 『GREEN CHALLENGE 2050』 environmental declaration. Among *Seven Premium* merchandise, we have realized the world's first beverage containers made from 100% recycled plastic bottles. In the apparel field, we are also expanding our range of merchandise made with organic cotton, including original innerwear made with material from recycled plastic bottles.



### High-quality merchandise

#### More futuristic quality

##### Passing on the taste and quality of specialty stores to the dining table

The exceptional taste and quality of *Seven Premium* food are the result of Team Merchandising (Team MD), through which we develop and produce merchandise in collaboration with business partners possessing advanced technologies and know-how in all processes related to merchandise creation, from merchandise development to raw materials procurement, processing, production, and packaging.

In 2010, we launched the *Seven Premium Gold* brand, which offers an even higher level of quality.

Here, we use top-quality raw materials and produce merchandise with advanced technologies to bring richness to the dinner table.



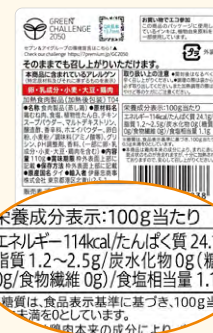
### Health-consciousness

#### A healthier future

##### Passing on a healthier tomorrow to all people

At *Seven Premium*, we are developing a large amount of health-themed merchandise. We also indicate on packaging labels the presence or absence of all 27 allergens recognized in Japan, including quasi-specified allergens for which labeling is not mandated. Since 2019, moreover, we have sought to develop and label merchandise that is more closely attuned to the daily lives of our customers by, for example, specifying sodium levels as “salt equivalent” and separating carbohydrates into “sugar” and “dietary fiber.”

Nutritional labeling for Salad Chicken with 0 g of sugar



### Global compatibility

#### A more global future

##### Passing on the spirit of Japanese manufacturing to the rest of the world

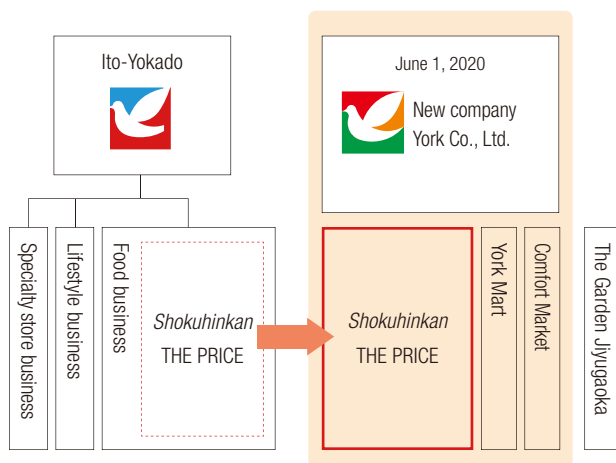
We currently sell a lot of *Seven Premium* merchandise, including confectionery, processed foods, and miscellaneous goods at Group stores in China, Hong Kong, Macau, Taiwan, and Singapore. We have modified the visual appearance of the packaging by enlarging the English wording to make it easier for overseas customers to understand the contents. Thinking from the sales perspective, however, we retain the original Japanese package designs to highlight the appeal of Japanese quality, thereby ensuring that our merchandise is well received by customers.



### 3 Utilization of common infrastructure (fresh food)

#### Phase 1: Store reorganization (–June 2020)

##### Tokyo metropolitan area food strategy



- Reorganize the stores to meet new needs
- Strengthening cooperation with food supermarkets in the Tokyo metropolitan area

##### FY2020

Total sales of the 3 companies			¥557.2 billion	214 stores
	Ito-Yokado (food excluding tenants)	¥389.8 billion	115 stores	
	York Mart* <sup>1</sup>	¥142.9 billion	78 stores	
	SHELL GARDEN	¥24.5 billion	21 stores	

##### Responding to growing needs due to COVID-19

##### FY2021

Total sales of the 3 companies			¥594.3 billion	215 stores* <sup>2</sup>
	Ito-Yokado (food excluding tenants)	¥389.3 billion	94 stores	
	York* <sup>1</sup>	¥182.2 billion	100 stores	
	SHELL GARDEN	¥22.8 billion	21 stores	

\*1 York Mart Co., Ltd. changed its trade name to York Co., Ltd. on June 1, 2020.

\*2 Number of stores at the end of the fiscal year in Tokyo and 3 prefectures: 20 stores transferred from Ito-Yokado to York during FY2021

### Store reorganization

As Phase 1 of our Group food strategy, in June 2020, we brought together and integrated Ito-Yokado's *Shokuhinkan* and THE PRICE stores (20 stores in total) under the umbrella of a new company, York Co., Ltd., and began operation in four store formats.

Amid growing demand stemming from the COVID-19 pandemic, the combined food sales of Ito-Yokado, York, and SHELL GARDEN in Tokyo and adjacent three prefectures in FY2021 equalled or exceeded those of other supermarket chains.

##### Key points in Tokyo metropolitan area food strategy

York is promoting four new store formats: "standard type," "urban type," "price-compatible type," and "small/medium-sized type."

In the Tokyo metropolitan area, which has a variety of commercial areas, we will use these different formats to flexibly create "lifestyle proposal" stores that meet the needs of local customers.

##### Four formats corresponding to location and surrounding commercial area

- Common concept: Strengthen home meal offerings; new merchandising (MD)
- Review merchandise assortment and price range according to local market needs

##### Standard type

1,650–1,980 sqm

Lively aspect  
Regionalization

Model store: Chiharadai, Azusawa

##### Urban type

990 sqm–

Review breadth of merchandise  
assortment

Model store: Shinjuku-Tomihisa

##### Price-compatible type

1,650–1,980 sqm

Price appeal  
Increase productivity

Model store: Kawasaki-Nogawa, Umejima

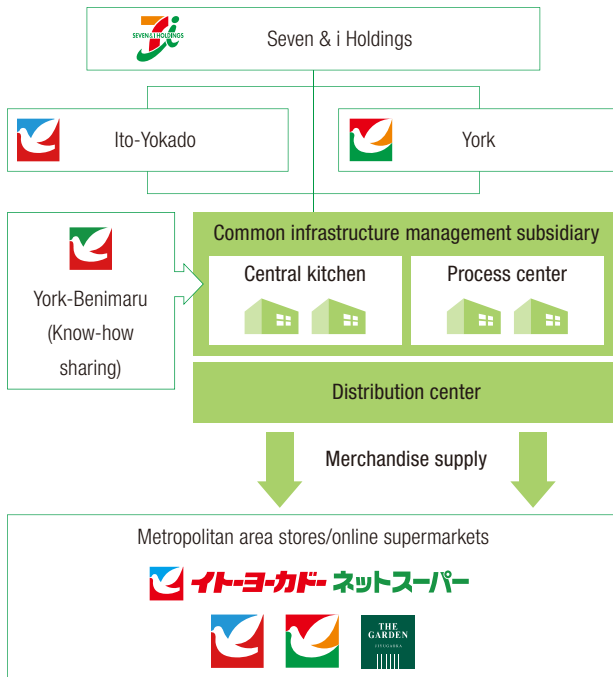
##### Small/medium-sized type

495–825 sqm

Maximize sales floor space  
Improve efficiency of sales floors and BR

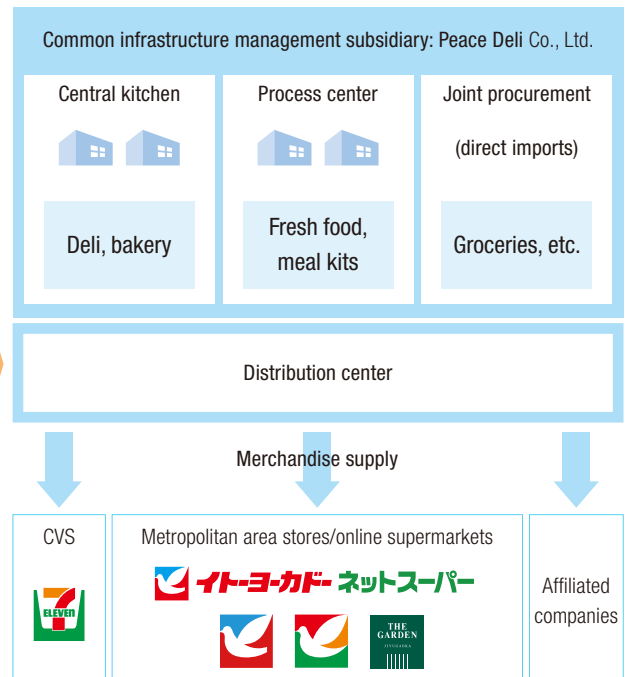
Model store: Nakamachi, Nishimagome

## Phase 2: Construction of a common infrastructure (from May 2021)



Two central kitchens and two process centers scheduled to start operations by FY2026

## Phase 3: Expansion of joint procurement functions



Realizing a high-quality and efficient merchandise supply system by building a common infrastructure for the Group

### Construction of a common Group infrastructure

In Phase 2, we established Peace Deli Co., Ltd. as a common infrastructure subsidiary to operate the Group's central kitchens and process centers.

Two central kitchens and two process centers will be operational by FY2026. They will then start supplying merchandise sequentially to our food supermarkets in the Tokyo metropolitan area.

### Expansion of joint procurement functions

In Phase 3, we will add joint procurement to Peace Deli's functions. Our plan is to exploit economies of scale to directly import and supply fresh food and meal kits to convenience stores.

For direct imports, we started testing in FY2022 and aim for full-scale operation in FY2023.



By building this kind of common Group infrastructure, we will realize a high-quality and efficient merchandise supply system in the Tokyo metropolitan area.



# Large-Scale Commercial Base Strategy [ CGC Principle 3.1 (i) ]

At Ito-Yokado and Sogo & Seibu, we will continue pursuing business structural reforms and work to create large-scale commercial bases supported by local customers.

## Business/Store Structural Reform in the Large-Scale Base Strategy

	 Ito-Yokado	 Sogo & Seibu
Business structural reform	Unprofitable stores: Close down/scrutinize profitability	Review operations and personnel through store reform
	Personnel optimization	Personnel optimization
Store structural reform	Create stores that match the characteristics of the trade area (improvement of trade area analysis accuracy)	Create stores that match the characteristics of the trade area (improvement of trade area analysis accuracy)
	Improve productivity through AI orders, etc.	Expand customer contact points using DX
Non-store business	"Ito-Yokado online supermarket": large-scale centers	Strengthening sales to outside customers (affluent customers)
	Expand "Ito-Yokado Tokushimaru" mobile supermarkets	Expand commercial business (BtoBtoC)

At Ito-Yokado, we will close unprofitable stores, scrutinize profitability, and optimize personnel while promoting store structural reforms based on accurate analyses of each trade area.

We will also actively incorporate AI-based ordering and other means to improve productivity. For the Ito-Yokado online supermarket, which is in high demand from customers, we will promote the development of large-scale centers, mainly in the Tokyo metropolitan area.

In addition, we will expand mobile supermarkets in collaboration with outside companies to meet the needs of customers who have difficulty shopping.



At Sogo & Seibu, we will reassess our operations and staffing

through store reforms and optimize personnel. As part of store structural reforms, we will apply to major stores the know-how gained through our experience in property management (PM) at two suburban stores—SEIBU Tokorozawa S.C. and SEIBU Higashi-Totsuka S.C.—by FY2026.

At the same time, we will improve the quality of our trade area analyses with the aim of creating stores that better match the characteristics of each trade area. We will also improve the appeal of each store and use DX to expand customer contact points.

In the non-store business, we will expand our business with affluent customers by strengthening sales to outside customers and our commercial business.

## Structural Reform/Growth Strategy Schedule

		From FY2017 Priority measures	From FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
	Structural reform	Unprofitable stores	30 stores closed	182 ⇒ 132 stores	Decision to close 5 stores			
		<i>Shokuhinkan, THE PRICE</i>	20 stores transferred		Profitability scrutiny of 18 stores			
		Personnel optimization	-800 (compared to FY2019)		-900 (compared to FY2021)			
	Growth strategy	Create stores that match the trade area	69 stores		20 stores	Approx. 20 stores/year (planned)		
Improve trade area analysis accuracy					Explore market needs			
Non-store expansion		Online supermarkets, "Ito-Yokado Tokushimaru" mobile supermarkets, etc.						
	Structural reform	Unprofitable stores	13 stores closed: 23 ⇒ 10 stores					
		Personnel optimization	2 local stores reduced (FY2021)					
	Growth strategy	Create stores that match the trade area	-1,500 (compared to FY2019)		Optimization and relocation of growth fields in line with store reforms			
		PM at 2 suburban stores			PM at major stores			
Improve trade area analysis accuracy				Explore market needs				
Non-store expansion	Sales to outside customers (affluent customers), commercial business (BtoBtoC), etc.							

# DX/Financial Strategy [ CGC Principle 3.1 (i) ]

In addition to Last Mile initiatives, we will further strengthen our DX/financial strategy to expand and deepen customer contact points.

**Improve lifetime value by further expanding and deepening customer contact points through an ID (7iD) that customers can use across the Group**



As of October 31, 2021, 7iD, our ID that customers can use across the entire Group, had around 21 million members.

We believe this is because we continue delivering new customer experience value by such measures as offering convenient coupons and diversified payment options centered on the 7-Eleven smartphone app.

We will continue optimizing our merchandise assortment by enhancing customer contact points. We will also make shopping even more convenient by allowing customers to receive merchandise at their desired time and place. The Group's 7iD will play a central role in this endeavor.

To realize this, we will work to provide a new settlement experience and strengthen the Group points strategy. Our aim is to improve lifetime value for our customers by providing convenient settlement services and Group points that accumulate profitably.

We are aiming for 50 million 7iD members by FY2026.

We recognize that the aforementioned strategies can be implemented only by the Group, which does not employ just one business format.

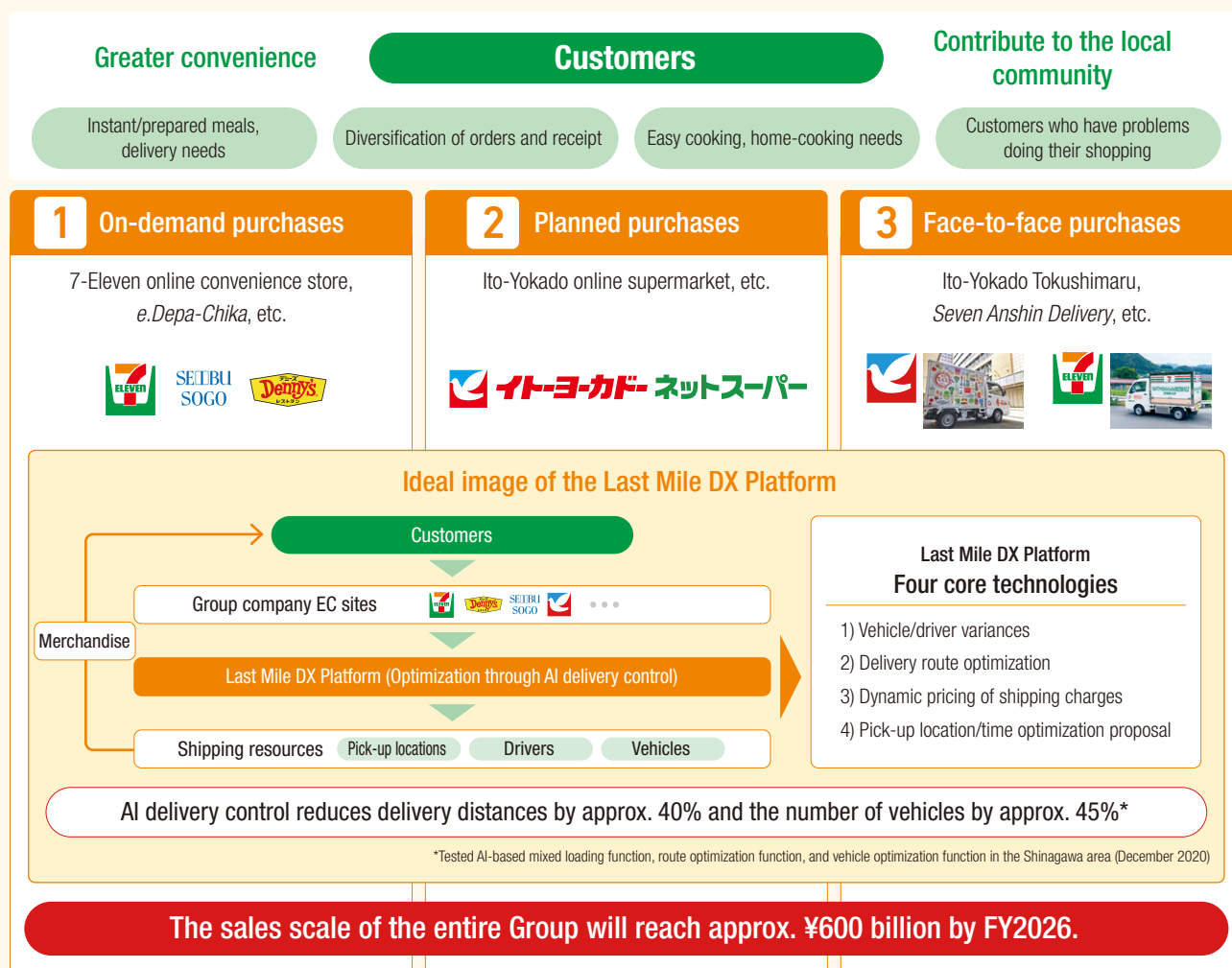
# Last Mile Measures

## Reinforcing the Seven & i Group's unique strengths and values

The Group is currently working on three Last Mile measures. The first relates to on-demand services such as 7-Eleven online convenience store, *e.Depa-Chika* (online department store with food section), and Denny's home delivery, which deliver shortly after order placement. The second is delivery service like that of the Ito-Yokado online supermarket, which supports planned shopping. Currently, we deliver to customers' homes, but we plan to gradually expand to more diverse pickup locations, such as 7-Eleven stores and pickup lockers. In addition, we will strengthen the merchandise assortment we deliver, including fresh foods and meal kits. Our third Last Mile measure involves mobile supermarkets—namely, Ito-Yokado Tokushimaru and

*Seven Anshin Delivery*—for people inconvenienced by daily shopping. Here, we will gradually expand the number of operational trucks with a view to supporting shoppers. The Group is targeting sales of approximately ¥600 billion from Last Mile measures by FY2026. With its diverse business formats, the Group has a unique set of Last Mile solutions. A key feature of these is our ability to build a Last Mile DX Platform common to the Group. In Tokyo's Shinagawa area, where we are conducting preliminary tests, we have effectively reduced delivery distances by around 40% and the number of vehicles by around 45% compared with those of the regular system.

### Last Mile measures (ideal image)



# 1 On-demand purchases

## 7-Eleven online convenience store

The 7-Eleven online convenience store service is an excellent partner of busy customers who do not have much time to shop or want to use their time efficiently. It is a convenient service that allows customers to order from 7-Eleven's wide merchandise selection using their smartphones and receive same-day delivery. (This service is to be expanded sequentially from some areas.)

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### Real-time inventory linkage

- Approx. 2,800 items (excluding magazines and tax-exempt merchandise)
- High conversion rate

### Minimum 30-minute delivery service

- The inventory base closest to the customer
- Responding to immediate meal needs (fried food by order, etc.)

### Last Mile DX Platform (future)

- Optimization of delivery resources and routes utilizing AI
- Expand view to cover the delivery of Group company merchandise (being tested)

## Gourmet *Depa-Chika* delivery service: *e.Depa-Chika*

Since February 2021, Sogo & Seibu has been developing a new service to deliver prepared dishes, boxed lunches, sweets, drinks, and other items from its department stores' basements' food sections to customers' homes and offices. At SEIBU Ikebukuro store, the service covers a broad lineup of around 100 brands, and customers can place single orders from multiple categories and brands for delivery to seven Tokyo wards in as little as 45 minutes.

As of October 31, 2021, the service was provided by three stores: Ikebukuro, Hiroshima, and Chiba. Going forward, we plan to extend the service to all Sogo & Seibu stores nationwide.

Expanding merchandise assortment

February 2021  
80 brands  
250 items



May 2021  
90 brands  
250 items



July 2021  
100 brands  
400 items



November 2021  
100 brands  
500 items



# 2 Planned purchases

At Ito-Yokado, we are advancing the Ito-Yokado online supermarket service, which allows customers to order merchandise with a personal computer or smartphone for delivery at specified times. We plan to open the Ito-Yokado online

supermarket Shin-Yokohama Center (tentative name) in spring 2023. The new center will function as a large-scale base with delivery areas for approximately 30 Ito-Yokado stores around and locations up to roughly 30 kilometers from the center.

# 3 Face-to-face purchases

As of April 30, 2021, SEVEN-ELEVEN JAPAN operated its mobile store service, *Seven Anshin Delivery*, from 107 stores. Using light trucks fitted with sales equipment developed in-house, we travel mainly to areas where daily shopping is inconvenient or where many elderly people have trouble getting around. The service covers a variety of foods and beverages, from ambient temperature to frozen. Ito-Yokado Tokushimaru uses its mobile supermarket initiative to support customers

who find shopping inconvenient. It is also engaged in business related to neighborhood watch activities for the elderly in collaboration with local communities.



Seven Anshin Delivery



# Message from General Manager of the Corporate Finance & Accounting Division [ CGC Principle 3.1 (I) ]



## Yoshimichi Maruyama

Director and Executive Officer, General Manager of the Corporate Finance & Accounting Division

Joined Seven & i Holdings Co., Ltd. in 2008. Appointed Executive Officer and Senior Officer of Finance Planning Dept. in May 2017, Executive Officer and General Manager of the Corporate Finance & Accounting Division in March 2018, then Director and Executive Officer, General Manager of the Corporate Finance & Accounting Division in May 2020.

## Achieve sustainable growth in corporate value through quantitative expansion and qualitative improvement of finance and ensuring of financial soundness

### Three perspectives on finance and concentration of management resources into growth areas

An issue I became acutely aware of while we were drafting the new Medium-Term Management Plan—announced in July 2021—was the huge disparity between the Group’s intrinsic value and shareholder value, which is an expression of market capitalization. Consequently, I felt it was important for

management at Seven & i Holdings and Group companies to accurately describe where capital market expectations fit in the new Medium-Term Management Plan and the specific measures we need to increase corporate value. This led us to apply three perspectives—quantitative expansion, qualitative improvement of finance, and ensuring of financial soundness.

From the perspective of quantitative expansion, we will emphasize the EPS (earnings per share) growth rate to better understand earnings growth and have also positioned the

expansion of free cash flow as a key indicator. From the perspective of qualitative improvement of finance, we have tapped ROIC (return on invested capital) as an indicator that builds on each Group company or, more specifically, the ROIC spread, which is a performance metric equal to the difference between a company's weighted average cost of capital (WACC) and its return on invested capital (ROIC). Of course, ROE (return on equity) is a vital indicator for measuring financial quality, but some aspects of Group company capital cannot be measured by the ROE metric alone. Therefore, I felt it was important to fully grasp the quality of profit compared with invested capital and clarify the path toward achieving the ROE target. From the perspective of financial soundness, which was temporarily eroded by Seven & i Holdings' procurement of interest-bearing debt to cover the entire cost of the Speedway acquisition\*, management set the Debt/EBITDA multiple as an indicator to show stakeholders its firm intention to restore financial soundness as quickly as possible.

Regarding the concentration of management resources into growth areas, the cornerstone of this policy is to selectively direct management resources into businesses that will contribute the most to growth and underpin higher quality Groupwide. Specifically, we will promote vigorous investment of capital into the domestic and overseas convenience store (CVS) business strategy as a core of growth but also emphasize measures to enhance food-related operations. A look at Group synergy shows that *Seven Premium* has delivered outstanding results to date but now, as we proceed with a food-focused strategy Groupwide, we anticipate enhanced value across the Group not just in the CVS business. These efforts will fuel rapid improvement of our ability to generate cash flow. Over the first three years of the five-year new Medium-Term Management Plan, we will complete restructuring and also concentrate investment of management

resources in growth strategies. In the final two years, when this investment bears real fruit, we will implement strategic investment to produce new growth or increase shareholder returns. Through these measures, we will drive corporate value higher. This is exactly the kind of improvement in corporate value that will earn the Group a stellar reputation for value in capital markets and help bridge the gap between the Group's intrinsic value and shareholder value.

**Pervasive range of strict financial discipline and financial management underpinned by global point of view**

We will also take a strict view of special losses. From a broad perspective, three primary factors cause losses for the Seven & i Group. The first is insufficient reflection on capital efficiency in investment decisions; the second is an unsatisfactory level of investment for maintenance and upgrades of existing assets; and the third is an unsatisfactory dealing with outdated business models. We have promoted measures to address these issues ever since a new management structure was introduced back in 2016. For example, since the format for generating profit in the general merchandise store business had weakened over time, in 2016, new store investment was suspended until the format for generating profit could be rebuilt, with investment focusing instead on restructuring of existing stores. For large-scale commercial facilities, each store was closely reviewed, and those not producing profits were closed. Even at SEVEN-ELEVEN JAPAN, which is a high-profit business, a decision was made to concentrate resources into approaches designed to enhance existing stores' responsiveness to market changes. These measures, in

\*Speedway acquisition: Seven & i Holdings' consolidated subsidiary 7-Eleven, Inc. acquired from Marathon Petroleum Corporation (MPC) shares and other interests in several companies that engage in the convenience store and fuel retail businesses, primarily under MPC's Speedway brand (excluding fuel retail operations for direct dealers in MPC's retail division).

## Message from General Manager of the Corporate Finance & Accounting Division

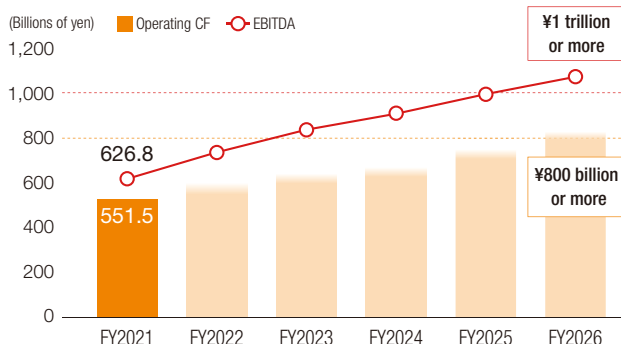
force since 2016, have enabled Group companies to better understand capital efficiency. Aware of these factors, management, when deciding on investments, including the opening of new stores, making renovations, and embracing DX, applied over the course of the new Medium-Term Management Plan an investment standard based on ROIC, that is, NPV (net present value), to exercise more stringent financial discipline. Going forward, we will strive to considerably limit the incidence of special losses paralleling impairment losses. This naturally requires that actual investment decisions be executed appropriately, and the finance division will bear significant responsibility for this process.

As for when a deeper awareness of financial discipline will show results, investment in large-scale commercial facilities, for example, will not present results immediately. But we certainly will be implementing measures to restructure businesses and ask stakeholders to understand that the process takes time. Also, it is vital for management of Group companies that a process is in place for drafting plans matched to respective circumstances, based on an understanding of the importance of financial discipline. Currently, principal operating companies are organized into an ROIC tree, with decisions about where to focus investment made independently. This way, Seven & i Holdings and Group companies work toward the

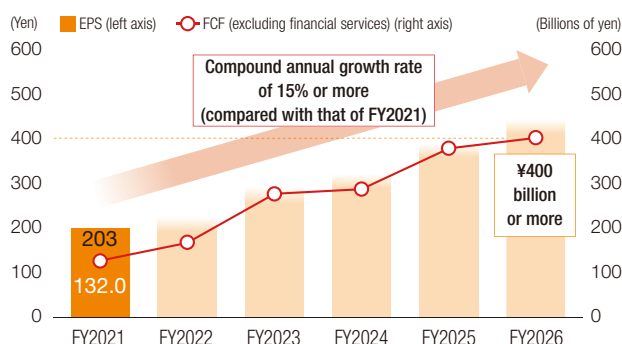
## Consolidated Financial Numerical Targets

\*Excludes impact of sale/leaseback transactions

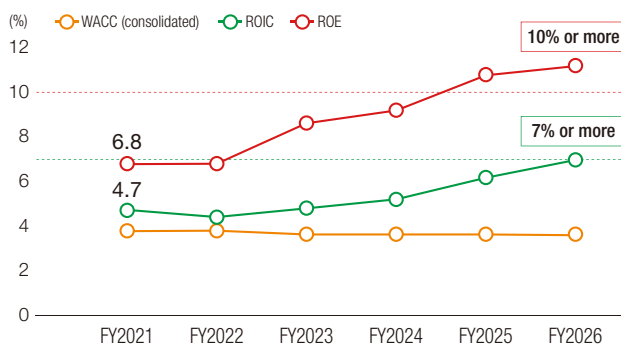
### Quantitative Expansion of Finance (1)



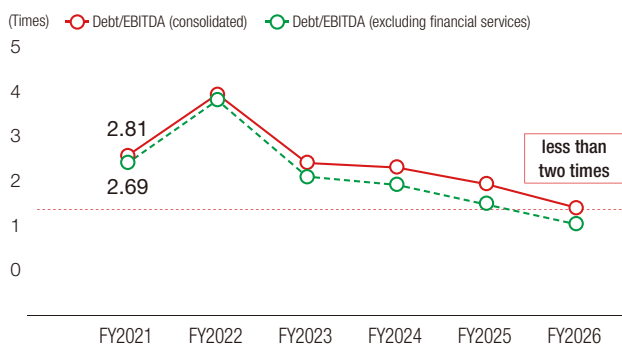
### Quantitative Expansion of Finance (2)



### Qualitative Improvement of Finance



### Ensuring of Financial Soundness



same goal but arrive there by following different paths, thereby facilitating speedy progress toward future targets.

That said, some operating companies have struggled, as measures to contain the COVID-19 pandemic have unavoidably eroded their financial positions, and firming up their financial footing will take more time than originally thought.

Compounding this situation are major changes to the retail environment and evolving purchasing trends among customers. We will carefully track these factors and their impact on operations and hammer out appropriate responses.

Future overseas operations are going to increasingly contribute larger amounts to the consolidated total. The integration of Speedway into the North American CVS business will accelerate this trend, and we expect overseas profits to surpass domestic profits within a few years. Fueling further expansion of global operations, with a focus on the CVS business, requires adjusting our current thinking as well. Of course, the retail business is predicated on responses to the local needs of customers in each area, but from a governance standpoint, various reforms are essential to our development as a global retailer.

On fronts such as environmental issues and human rights, our burden of responsibility becomes heavier the wider we cast our global net. It is, of course, the responsibility of the finance division to reinforce financial capabilities to address such issues appropriately and accurately. Toward this end, we have to establish a system to properly manage finance from a global perspective. An extension of the current system will not suffice. The days of single fund management linked to just yen are over. The times now call for directional alignment against a backdrop of diversity in gathering people from around the world. Therefore, an understanding of diversity in the truest sense and efforts to embrace real diversity will become more important from a financial management perspective as well.

## Enhancing value platform underpinned by expanding Group synergy

Under the new Medium-Term Management Plan, efforts to roll out Groupwide strategies hinge on Seven & i Holdings, which has charted a major course correction to reinforce the capabilities of the Group. Setting up structures such as logistics and DX platforms as a cohesive corporate group boosts efficiency and creates Group value—that is, Group synergy.

Going forward, the Group is poised for major changes that will not be extensions of the past but rather opportunities to embrace new things. A feeling of excitement is born from the process of engaging in new activities and generating results. Financial decisions are ultimately based on numbers, but the process of generating those numbers leads to the development of human resources. In addition, it is very important to remember that there is no single “how” for reaching a goal when something new is attempted. For example, various approaches can be applied to increase profit beyond an improvement in gross profit, such as meticulous inventory control and increased asset turnover. This thinking drives proactive measures at each company and fosters motivation. Motivation fuels vibrant growth, and the ideal that each company strives for should be shared Groupwide. I would like stakeholders to know that these are the activities we will pursue to achieve further growth. We ask for your continued understanding and support of our efforts.



# Message from General Manager of the Corporate Development Division



**We will promote sustainable Group management with valuable insights gleaned through dialogue with our stakeholders.**

## **Junro Ito**

Director and Managing Executive Officer

Joined SEVEN-ELEVEN JAPAN CO., LTD., in 1990. Appointed Director of the company in 2002 and Director of Seven & i Holdings Co., Ltd., in 2009. Has served as Director and Managing Executive Officer, Head of the Corporate Development Office since 2016 (General Manager of the Corporate Development Division since 2018).

We would like to extend our heartfelt appreciation for your constant support of the Seven & i Group.

In July 2021, we presented you the new Medium-Term Management Plan for the Group. The plan was to have been announced in FY2021, but with the spread of COVID-19 and other developments, including the acquisition of Speedway, we needed time to retune targets and strategies. The new Medium-Term Management Plan incorporates valuable insights gleaned through repeated dialogue opportunities with stakeholders as well as results generated over time through recurring discussions with the management of Group operating companies. I would like to provide you with the concepts that form the basis of the new Medium-Term Management Plan and our sustainable management.

### **Balanced perspective emphasizing quality, scale, and efficiency**

To date, each operating company under the Seven & i Group umbrella has been able to address particular issues within its own business domain, while Seven & i Holdings, as the holding company, has handled overall management and supervision of the business portfolio. This structure has underpinned efforts across the Group to maximize corporate value and remains unchanged under the new Medium-Term Management Plan. That said, our operating environment is constantly evolving and right now is characterized by an increasingly larger number of factors causing heightened uncertainty, including recent changes in the social structure, rapid progress in digital transformation, new trends in customer behavior prompted by the pandemic, risks associated with climate change, and shifting international situations whose outcomes are hard to predict. Against this backdrop, it is all the more important for Seven & i Holdings to keep a close eye on all Group activities while vigorously addressing issues at the heart of the Group, namely, sharing management resources and promoting growth investment, to tie the Group's growth strategy to actual initiatives. Specifically, a cohesive, Groupwide approach is indispensable for upgrading a shared infrastructure under the Group's food strategy and reinforcing customer contact through DX and financial strategies. Repeated discussions with management at operating companies on these points, particularly the reason for acting now and what the future might be like if we fail to act, helped deepen mutual understanding of the issues.

In addition, we set key performance indicators (KPIs) on a consolidated basis for FY2026, the final year of the new Medium-Term Management Plan, and aim to realize sustainable growth in corporate value from several perspectives, namely, quantitative expansion, qualitative improvement in finances, and solid financial health. We will

make steady progress on our growth strategy by sharing not only qualitative thinking and direction but also respective quantitative KPIs with operating companies. Looking toward our vision for the future, we will embrace approaches based on balanced business decisions and not on any one particular viewpoint, be that quality, scale, or efficiency.

### **Multiple perspectives on global challenges**

Because the new Medium-Term Management Plan will be executed by the Seven & i Group as one cohesive unit, it is important for us to clarify the foundation upon which the Group is built. Therefore, the new Medium-Term Management Plan starts with our Corporate Creed and basic stance and pictures the ideal Group image for 2030. Numerous discussions on the Group's basic philosophy have taken place since the new management structure was established in FY2017. But this time, given changes in customers' value perceptions and consumer behavior prompted by the pandemic as well as the greater influence exerted by the overseas convenience store business on consolidated results, we redefined our basic stance as a reflection of the value perceptions and sense of duty that all officers and employees throughout the Group need for their jobs. A point very carefully addressed is the role of the Group in promoting globalization. Even though our business stage is expanding globally, our customer base is ultimately regional, with customs and culture specific to each area influencing local lifestyles. In this sense, global companies may exist, but global consumers do not. This is an important point, and the expression "contributing to the local community both in Japan and overseas" in our basic stance reflects this belief.

The ideal Group image for 2030 paints a picture that goes beyond the duration of the new Medium-Term Management Plan. Since its earliest days, the Seven & i Group has adhered

## Message from General Manager of the Corporate Development Division

to the idea that expansion in scale (quantity) follows from improvement in quality, and expansion of scale was just not talked about. However, this time, the backdrop is imbued with a sense of scale in that we seek to be a global distribution group and imbued with the hope that current employees of Group companies, naturally, as well as younger employees who join the Group in the future, will direct their attention to expanding markets worldwide and adopt an attitude of vigorously embracing challenges to achieve this goal. We remain committed to a long-standing policy—to raise brand value by pursuing quality in global markets. In developing global business, we must have the perspective of constantly doing high-quality business and pouring efforts into existing businesses, while aligning major courses of action. As I mentioned in the Seven & i Management Report published on February 3, 2021, multiple perspectives—“insect’s view, bird’s view, and fish’s view”—are indispensable to realize our ideal Group image.

society.” At the time, the word “ethical” was not commonly used, and project members frequently debated whether the word was appropriate. The outcome of these discussions led to the adoption of “ethical” as a conceptual expression to describe the corporate attitude. Looking back today, when terms such as “ethical consumption” are commonly used, I am reminded of the old days. Seven & i Holdings is now reviewing material issues to better respond to such ever-changing social circumstances. As before, dialogue with our stakeholders, along with comments from 7-Eleven franchise owners, will form the cornerstone of conversations on materiality.

Putting material issues at the core of business and funneling management resources into solutions to these issues will deliver results. This exactly matches our value creation process. We will review material issues to foster a cycle where the use of core competence to provide value to society promotes solutions to social issues and also maintains the Group’s growth trajectory.

### Placing material issues at the center of the value creation process

Companies today are strongly encouraged to contribute in various pursuits, including corporate activities, to realize a sustainable society through solutions to issues such as climate change, diversity, and human rights. The Seven & i Group, which has always endeavored to address social issues with responses firmly rooted in its core businesses, identified five material issues in 2014. The selection process hinged on dialogue with various stakeholders. I myself participated in this process and benefited from numerous insights gleaned from stakeholder comments. However, more than seven years have since passed, and many factors regarding materiality, including social circumstances, have changed significantly. For instance, the fifth point of materiality is phrased “building an ethical

### Promoting ESG responses at global standard

For E (environmental) in ESG activities, we set quantitative targets in four areas closely connected to our business portfolio and, as a corporate group, we are working toward these targets through the environmental declaration 『GREEN CHALLENGE 2050』, announced in FY2020. Many issues require involvement across the whole supply chain to achieve targets set out in the declaration, such as a decrease in CO<sub>2</sub> emissions and a reduction in the use of plastics. Therefore, we ask our business partners for their understanding and cooperation. Meanwhile, in our efforts to reduce the amount of plastic bags, we need customers to be on our side. We continue to reinforce partnerships with customers, local communities, and business partners by actively disclosing





information on environmental issues.

We must also address issues in sustainable procurement, including improvement of certification programs for marine products. Quantitative amounts exist for a large amount of merchandise provided to customers by Group companies. To acquire enough of the agricultural products needed as raw ingredients for these merchandise through sustainable procurement, the supply system must extend all the way to areas of production. Toward this end, we will encourage appropriate cooperation across the supply chain and with other companies in the same industry. The Seven & i Group will vigorously invest in the environment to promote solutions to prevailing issues.

As for S (social) and G (governance), some aspects are difficult to quantify but we are making steady progress nonetheless. Right now, human rights is a material issue globally and, on this issue, Seven & i Holdings is a signatory to the United Nations Global Compact\*, has created human rights due diligence\*, and has taken other steps including establishing a human rights policy. In addition, in our diversity response, we have joined the 30% Club Japan\*. In all pursuits, our initiatives are of the global standard and present a picture of a company with effective responses. In terms of governance, we apply various approaches to understand the effectiveness of the Board of Directors, including third-party evaluation, based on the Corporate Governance Code and other standards. We must emphasize continuity in such efforts and consistently advance

initiatives based on objective assessments.

In Group operations as well, global monitoring from a governance perspective is important, especially since overseas operations are assuming greater weight in consolidated results. In 2021, an investment topping ¥2 trillion brought the Speedway store network, in the United States, under the Group umbrella. The acquisition process highlighted differences between U.S. and Japanese legal systems and practices. In expanding business globally, we must apply various approaches, including risk management, given such country-specific circumstances. We will strengthen the organizational framework to make governance work globally and also emphasize development of internationally minded human resources who appreciate country-specific social and cultural differences and can properly address inherent risks.

\*UN Global Compact: Support 10 principles in four areas—human rights, labor, environment, and anti-corruption—and take actions to underpin achievement of goals in these areas. Seven & i Holdings signed on to the compact in 2012.

\*Human rights due diligence: Process for identifying potential risk of human rights abuse and preventing or mitigating the situation should a risk arise, and to verify facts, disclose information, and evaluate status.

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



**Cultivating human resources—key to customer loyalty—and sharing Corporate Creed, basic stance, and ideal image**

Initiatives related to human resources are important from two perspectives: growth strategy and governance. The most important component of value creation in the retail industry is, without a doubt, people. The location may be the same, along with the store appearance, but change the people who operate the store, and differences emerge in service quality, efficiency, and store loyalty among regular customers. Stores do more than simply offer merchandise. I believe they play a media-like role in providing customers with peace of mind and purchasing satisfaction through the people who work there and the merchandise and services available there. Store loyalty is influenced by how well the store fits with customer lifestyles and how well it delivers peace of mind and purchasing satisfaction. This is precisely the kind of loyalty that enables us to fulfill our role as a vital support of the social infrastructure. There is no stronger factor for promoting this sense of loyalty than our human resources. Within the Group, we have endeavored to lessen the burden on employees in all frontline positions, including the sales floor, through workstyle reform. But challenges remain for employees, notably days off that are different from calendar holidays and work that requires a lot of standing. Also, as the organization grows, sales, procurement, management, and other duties become more fragmented, hampering the ability to predict workflow across the company. Even under these conditions, it is essential for employees to maintain a sense of togetherness that extends beyond organizational borders. We regularly conduct employee engagement surveys Groupwide to pinpoint issues such as what is required to foster the necessary sense of solidarity and what obstacles, if any, need to be removed to

facilitate progress, and promote initiatives to motivate employees and create a more comfortable workplace.

If employees Groupwide are in environments where they can accomplish their work easily and where they enjoy their work, the organization itself is energized and better able to provide the merchandise and services that satisfy customer needs. These are conditions that generate loyalty.

In recent years, it has become necessary to maintain a pool of human resources with expertise in such areas as finance and DX. Toward this end, we have emphasized the development of human resources with specialized knowledge within the Group and have also recruited people from outside the Group. Thanks to this approach, we have created an environment in which diverse people with different thinking on business and different work experience come together within the Group. This environment also creates greater opportunities for mutual understanding of roles each person plays within the Group' big picture and promotes respect for others.

What is key here is to share the values and mission that drive the Group's business activities. In "The Story of the Three Bricklayers," one of Aesop's Fables, once only one of the men understands the big picture, that he is to build a cathedral, and pours his energy into the task of building a cathedral from the pile of bricks before him because it is no longer just a job but a purpose that leads to a richer existence. This fable speaks to what is important in working. From this perspective, it is vital that all employees throughout the Group have a shared view of the Corporate Creed and basic stance. What role do our businesses fulfill in society? What is our mission? As these points permeate our collective consciousness, we will find new motivation, which will in turn lead to stronger connections with customers and local communities. This epitomizes the "Trust and Sincerity" aspect of our Corporate Creed.

## Co-creation and promotion of Medium-Term Management Plan 2021–2025 through dialogue with the Board of Directors and operating companies

Fiscal year	Month	Meeting
2021		COVID-19 pandemic
	4	Management Policy Briefing
	8	Strategy Meeting
	11	Management Policy Briefing
	2	Budget Action Plan Meeting
	2	Management Opinion Exchange Meeting
2022	3	Board of Directors Meeting
		Provisional Medium-Term Management Plan Meeting
		Provisional Medium-Term Management Plan Meeting
	4	Board of Directors Meeting
	5	Board of Directors Meeting
	6	Management Policy Briefing
	7	Board of Directors Meeting
<b>Announce and move forward on Medium-Term Management Plan 2021–2025</b>		

Co-creation through dialogue with members of the Board of Directors, including outside directors

Co-creation through dialogue with operating companies

### Applying medium- to long-term perspective to sustainable management

In promoting sustainable management, including the ESG activities mentioned in this message, we have to take a medium- to long-term perspective. In recent years, ESG investment based on long-term strategies has become more widely recognized as indispensable to sustainable corporate growth. I myself know this to be true as I am in charge of corporate social responsibility (CSR) and investor relations (IR)

issues. To evaluate corporate performance from a medium- to long-term perspective so that responses to various environmental and social issues do not end up as passing fads, we must welcome change. At the same time, for stakeholders to properly evaluate our performance we must continuously provide more precise information and engage in careful dialogue. It is vital that stakeholders understand our management basics. Toward this end, we will organize various dialogue opportunities and strive to reinforce information disclosure. I ask all our stakeholders for their continued support and cooperation.

# Ensuring Sustainability and Growth

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

## Basic approach and governance system supporting sustainability

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

With a “sincere” corporate governance structure that is highly transparent and compliant with laws, regulations, and social norms, we will accurately grasp society’s expectations and demands through dialogue with our stakeholders and earnestly undertake initiatives to contribute to solving social issues through our business, while reducing the negative social impact in environmental (E) and social (S) issues. We believe this approach will earn the long-term “trust” of our stakeholders and result in the “sustainable development of society” and the “sustainable growth of the Company.”

Recently, the role of companies in solving global issues is emphasized in initiatives such as the Sustainable Development

Goals (SDGs). In order to respond to these demands and uphold its responsibilities as a company, the Group will promote global ESG initiatives in collaboration with our stakeholders focusing not only on the Company but on the entire supply chain.

At present, as our governance system to support sustainability initiatives, the Company stipulated various policies, such as the Corporate Action Guidelines, and established the CSR Management Committee and thereunder subcommittees, thereby setting up a system able to properly execute the policies to ensure sustainability and growth by accurately grasping the external environment and situation. Details of its activities are monitored by the Company’s Board of Directors from an objective standpoint.

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

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

In order to fully grasp the issues related to sustainability and respond as a group to the expectations and demands of our stakeholders, the Company engaged in dialogue with stakeholders to identify Five Material Issues (Materiality) for the Group to address in 2014.

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

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

The material issues will be updated as necessary in accordance with changes in social issues and new requests from stakeholders.

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

▶ Review of Material Issues (Materiality)  Page 62

### “Five Material Issues” (as of January 12, 2022)

Identify items of greatest importance to stakeholders and the Group’s business as material issues

<b>Material Issue 1</b>	Providing Social Infrastructure in this Era with an Aging Society and Declining Population	9, 11, 16
<b>Material Issue 2</b>	Providing Safety and Reliability through Merchandise and Stores	2, 3, 9, 11, 13
<b>Material Issue 3</b>	Non-Wasteful Usage of Merchandise, Ingredients and Energy	4, 7, 12, 13, 15
<b>Material Issue 4</b>	Supporting the Active Role of Women, Youth and Seniors across the Group and in Society	3, 4, 5, 8, 10
<b>Material Issue 5</b>	Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners	2, 7, 9, 10, 12, 13, 14, 15, 16

### Risks and opportunities related to sustainability

Various problems and issues related to the environment and society constitute risks that threaten a company’s sustainability, but the act of endeavoring to solve such issues leads to new business opportunities. Seven & i Holdings identifies risks and

opportunities related to Five Material Issues, and works to reduce risk levels while striving to realize a sustainable society alongside sustainable corporate growth by creating new business models for solving social issues.

	Risks	Opportunities
<b>Material Issue 1</b> Providing Social Infrastructure in this Era with an Aging Society and Declining Population	Decline in people’s motivation to visit stores if we are late in responding to changing needs due to the aging of society, etc.	Expansion of sales opportunities by offering merchandise that meets the needs of an aging population as well as creating helpful and convenient shopping environments and services, such as online initiatives, etc.
<b>Material Issue 2</b> Providing Safety and Reliability through Merchandise and Stores	Decline in trust due to merchandise issues, in-store accidents, or violations of laws, etc.	Increase in sales opportunities through rigorous safety and quality control and by offering health merchandise and other new merchandise that match customers’ needs, etc.
<b>Material Issue 3</b> Non-Wasteful Usage of Merchandise, Ingredients and Energy	Physical damage to stores/distribution network due to climate change, etc.	Cost reductions by saving energy, reducing waste, recycling, changing energy sources, etc.
<b>Material Issue 4</b> Supporting the Active Role of Women, Youth and Seniors across the Group and in Society	Lack of human resources and spike in labor costs due to a decline in the working population, etc.	Promote diversity to enhance competitiveness, develop new businesses, and acquire talented personnel, etc.
<b>Material Issue 5</b> Building an Ethical Society and Improving Resource Sustainability Together with Customers and Business Partners	Human rights problems in the supply chain leading to interruption of merchandise supply, deterioration of merchandise quality and/or loss of social trust (spread of rumors), etc.	Enhancement of competitiveness through sustainable raw material procurement, and expansion of sales opportunities by offering merchandise and services addressing ethical consumption, etc.



# Review of Material Issues (Materiality)

In 2014, the Group identified material issues to be addressed to work cohesively to meet the expectations and requests of our stakeholders. Over the seven years since then, our business activities, related social issues, and the requests of society have become increasingly diverse. To select changing social issues and address them appropriately, we began to review those material issues in 2021. We will pursue this review of our material issues through dialogue with stakeholders to clarify our approach to creating both social and economic value for the Group as a whole and to maximize Group synergies.

## Survey of more than 5,000 stakeholders

As part of our review of material issues, we selected social issues related to the Group's business activities and carried out a survey for the social issues the Group should address. The survey was expanded from the time the material issues were initially identified in 2014 to cover nine operating companies\*,

including the overseas operating companies and SEVEN-ELEVEN JAPAN franchise store owners.

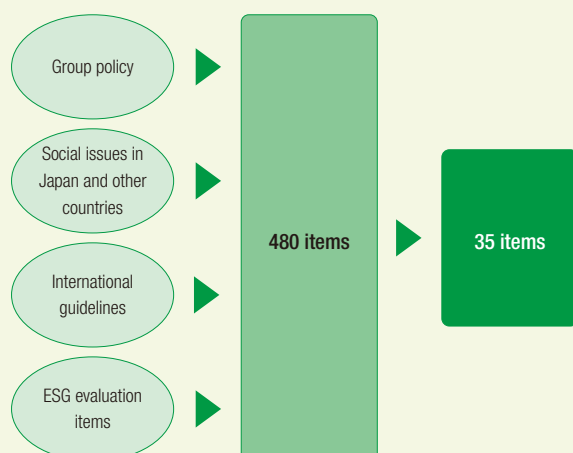
\*SEVEN-ELEVEN JAPAN CO., LTD., 7-Eleven, Inc., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., Sogo & Seibu Co., Ltd., Seven & i Food Systems Co., Ltd., Seven Bank, Ltd., Seven & i Holdings Co., Ltd.

### STEP 1

#### Selection of social issues

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

#### Selection method



### STEP 2

#### Stakeholder survey

After selecting 35 items from the possible 480 social issues, we carried out a survey of stakeholders on the issues the Group should address. We are incorporating these firsthand opinions of stakeholders, which include more than 5,000 returned surveys and more than 1,000 comments, in our review of the material issues.

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

## STEP 3

### Dialogue with experts

The Group's three flagship operating companies (SEVEN-ELEVEN JAPAN, Ito-Yokado, and Sogo & Seibu) and Seven & i Holdings engaged in dialogue with knowledgeable experts as representatives of stakeholders. From the survey results, we identified their unreserved opinions about the Group's role in society and the social issues that the Group should address. (File photos of the Seven & i Holdings dialogue participants)

#### Seven & i Holdings Management

Top

**Ryuichi Isaka**

Representative Director and President

Bottom left

**Katsuhiro Goto**

Representative Director and Vice President

Bottom right

**Junro Ito**

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



#### Experts

Top

**Toshio Arima**

Chairman of the Board  
Global Compact Network Japan

Bottom left

**Ken Shibusawa**

Chief Executive Officer  
Shibusawa and Company, Inc.

Bottom right

**Manami Yamaguchi**

Representative Director  
Japan Sustainable Labels Association



## STEP 4

### Draw up new material issues and incorporate them into concrete action plans

The Group is working to position the material issues as a basis of management, carry out specific actions, and maintain their effectiveness. We believe that the integration of material issues into management needs a process, which means defining priorities, formulating action plans to achieve our targets, and implementing those action plans. The process is similar to that of the SDG Compass\*. To achieve our goals, each Group operating company is formulating action plans.

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

### Determination and announcement of new material issues

We plan to announce the new material issues during FY2023, after receiving concrete action plans from operating companies for resolving the new material issues and carrying out sufficient discussions within the Group.

# E

## Initiatives for Reducing the Environmental Impact

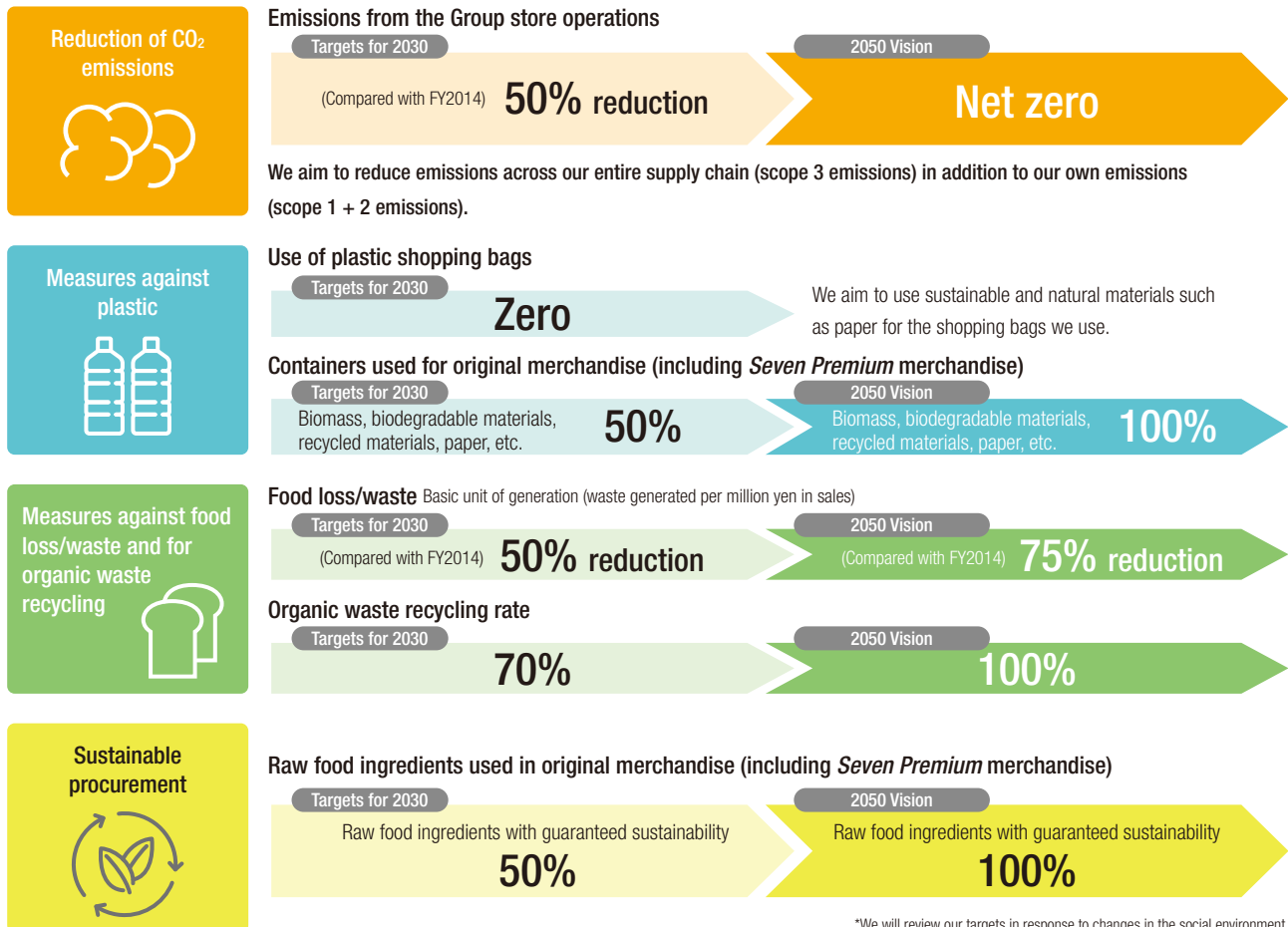
[ CGC Supplementary Principle 3.1.3 ]

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

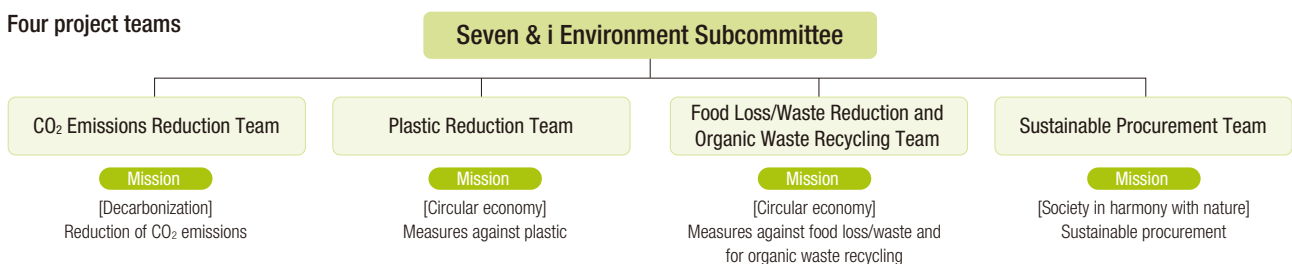


further reduction of environmental impact and pass on a plentiful earth to future generations. We are working together with our customers, business partners, and all other stakeholders to realize a rich and sustainable society. In order to achieve the goals set forth in the environmental declaration,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

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



#### Four project teams



## Reduction of CO<sub>2</sub> emissions

Roughly 95% of the Group's CO<sub>2</sub> emissions are from using electricity. We are therefore pursuing three initiatives to reduce our CO<sub>2</sub> emissions: decreasing the amount of

electricity used at stores, generating energy at stores, and procuring renewable energy.

### Energy savings

One of the Group's priority initiatives focuses on reducing the amount of electricity used at stores. In its stores, SEVEN-ELEVEN JAPAN is demonstrating data from its energy-saving equipment. For example, Ome Shinmachi store in Tokyo

reduced its electricity consumption 43% compared to past usage\*, decreasing CO<sub>2</sub> emissions 54%.

\*Reduction vs. that of standard store in FY2014

### Energy generation and procurement of renewable energy

Ten 7-Eleven stores in Kanagawa Prefecture have installed high-output solar panels and store the surplus power produced in their own storage batteries to be used at night. Other electricity is procured from electric power companies via renewable sources, meaning the stores have achieved 100% renewable energy use. In addition, one of Japan's largest megasolar power systems has been installed at the Ario Ichihara shopping center, where solar power provides one-fourth of the power used.

As of February 28, 2021, solar panels had been installed at 8,681 Group stores, a number we plan to increase to 11,000 stores by 2030. In addition to our energy-saving and energy generation initiatives, we are procuring renewable energy, as we work toward achieving net zero CO<sub>2</sub> emissions.

#### Energy-saving initiatives at stores



Installation of LED lighting and other energy-saving equipment



Monitoring of electricity consumption data at each store

#### Increasing solar panel installations



Ario Ichihara



7-Eleven Yokohama Nakayama-Minami store



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

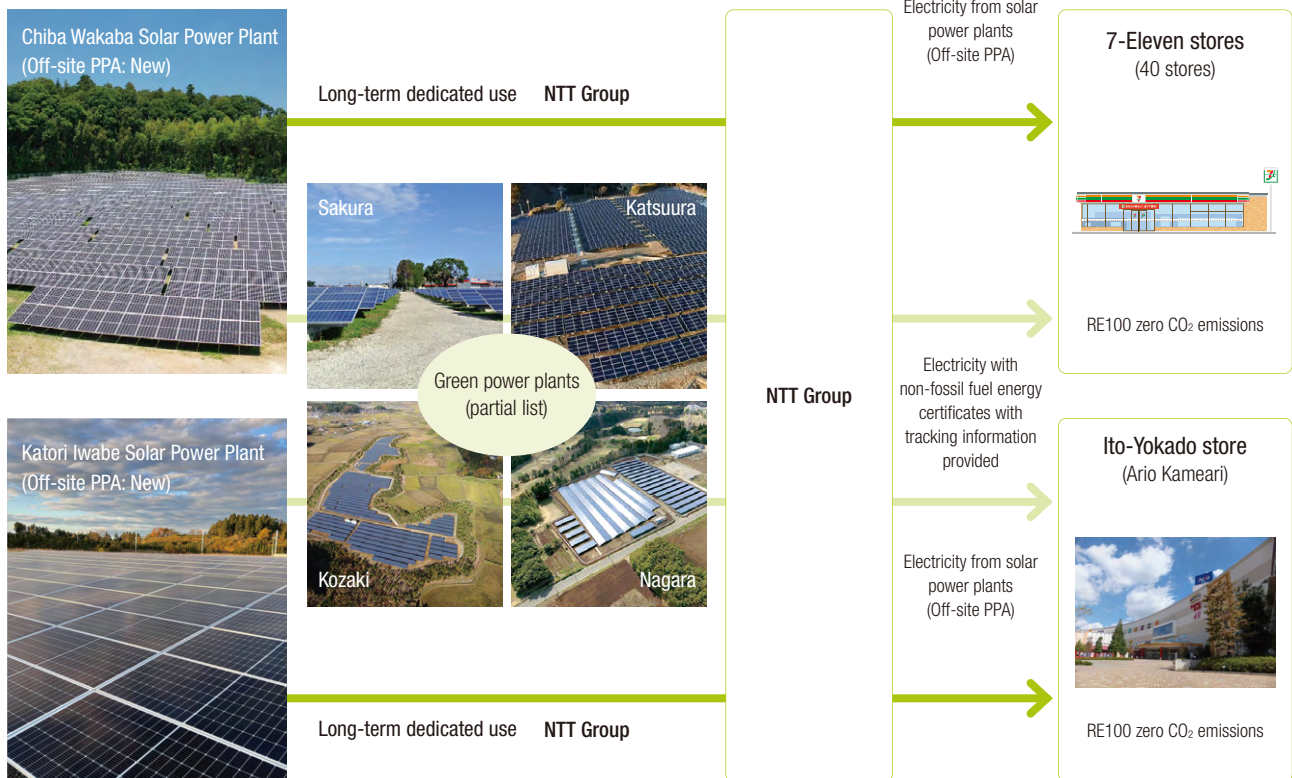
Since April 2021, Seven & i Holdings and Nippon Telegraph and Telephone Corporation (NTT) have been successively introducing at certain stores electricity procured through Japan's first\*<sup>1</sup> off-site PPA (power purchase agreement) and power generated by green power plants owned by the NTT group,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

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

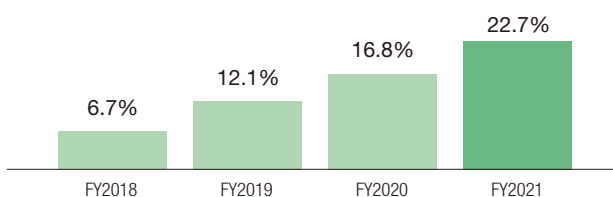
Anode Energy constructs new, remote renewable energy power plants dedicated for power consumers like companies and local governments, and provides a long-term power supply via a distribution grid. For the portion that cannot be supplied via the PPA, the stores will use electricity generated by green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

\*<sup>1</sup> According to NTT Anode Energy Corporation, based on interviews with RTS Corporation and others.

\*<sup>2</sup> The electricity will be provided as a service of NTT Anode Energy Corporation, acting as agent of its subsidiary, ENNET Corporation (Retail electric power company registration No. A0009).



## Percentage of reduction of CO<sub>2</sub> emissions from store operations (vs. that of FY2014)\*<sup>3</sup>



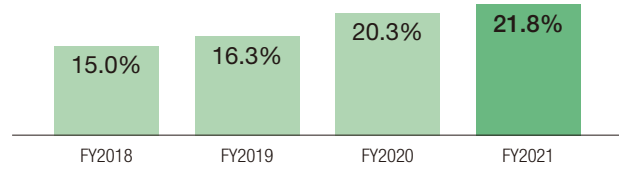
\*<sup>3</sup> The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for 12 companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru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

[https://www.7andi.com/library/dbps\\_data/\\_template\\_/res/en/sustainability/sustainabilityreport/2021/pdf/2021\\_19\\_01.pdf](https://www.7andi.com/library/dbps_data/_template_/res/en/sustainability/sustainabilityreport/2021/pdf/2021_19_01.pdf)

## Measures against plastic

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

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



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

\*5 Including *Seven Premium* merchandise

## Initiatives with customers' "plastic bottle resource circulation"

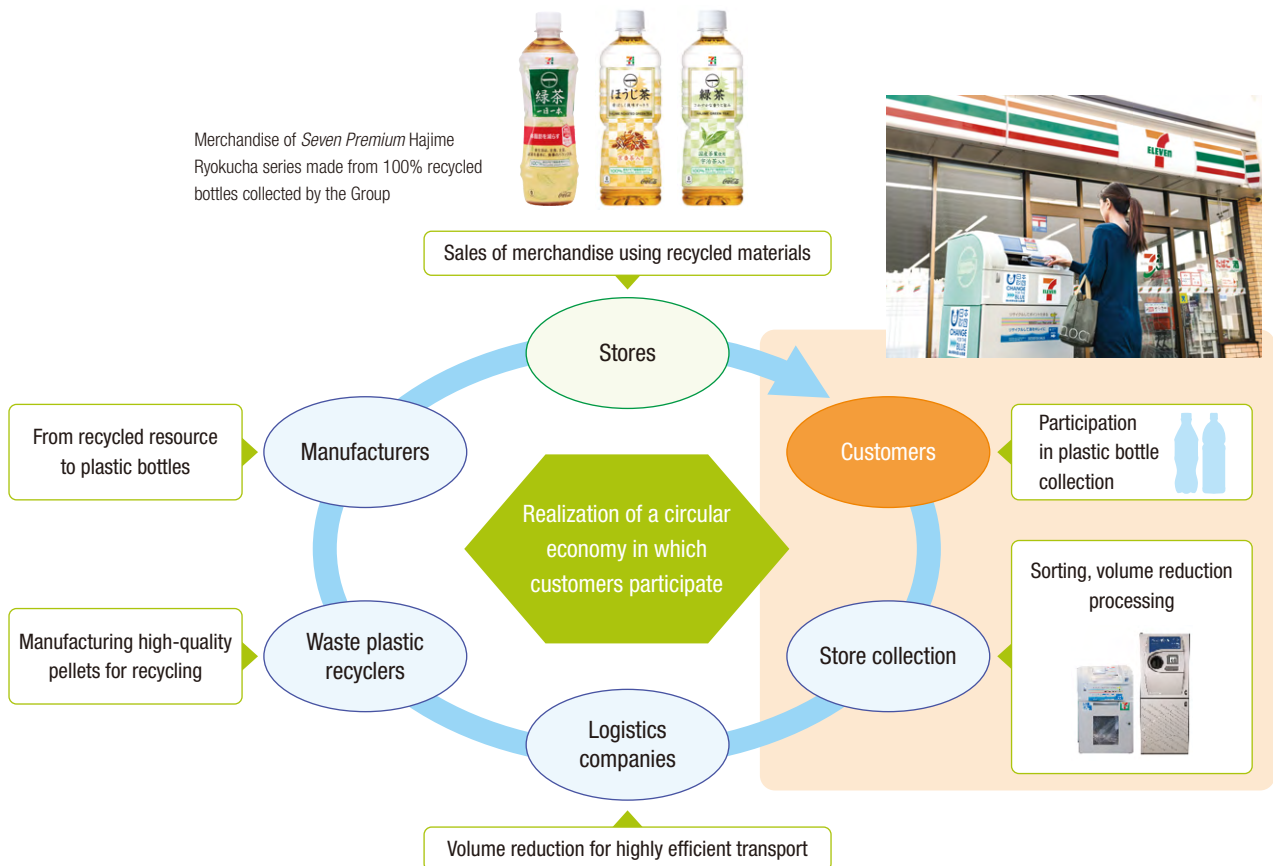
The Group has been installing plastic bottle collection machines at stores since 2012.

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

Some of these recycled plastic bottles are turned back into

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

## Plastic bottle recycling system using collection machines



## Technological innovation to reduce use of plastic

The Group is working to reduce the amount of petroleum-derived plastic in our packaging for original merchandise.

The *Seven Premium Caffé Latte* series uses a new type of container that does not require film, reducing the amount of plastic used roughly 10%. SEVEN-ELEVEN JAPAN has also decreased the amount of plastic in its sandwich packaging by using paper materials as part of the film material portion,



Seven Premium Caffé Latte series

reducing the amount of plastic roughly 40%. In addition to merchandise packaging, we are expanding the scope of this effort by having some shelf display labels in 7-Eleven stores made partially with plant-derived biomass resin, decreasing the amount of previously used petroleum-derived plastic approximately 12%.



Examples of shelf display labels made with a reduced amount of petroleum-derived plastic

## Promoting a circular economy in Japan

Heightened environmental awareness is being accompanied by increasing demand for recycled PET resin. At the same time, the small number of recycling plants in Japan is becoming an issue. To resolve this issue, the Group is investing in plastic bottle recycling plants. In 2021, the Group, together with J&T Recycling Corporation and Kyoei Sangyo Co., Ltd., opened a plant to recycle waste plastic bottles in Tsu City, Mie Prefecture. We are also planning to build a recycling plant

in Tsuyama City, Okayama Prefecture, with Veolia Japan K.K. and MITSUI & CO., LTD. In addition, we have taken an equity stake in R Plus Japan Ltd., a joint venture conducting research and development toward realizing chemical recycling.

With our stores as collection points and as a joint operator of recycling plants, as well as a company that manufactures merchandise using recycled PET materials, the Group is promoting a circular economy.

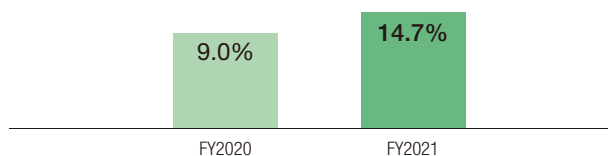


Kyoei J&T Recycling Corporation's Western Japan PET Bottle MR Center commenced operations in 2021 (Tsu City, Mie Prefecture)

## Measures against food loss/waste and for organic waste recycling

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

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



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

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

## Ethical project

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



## Temaedori activities

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

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



## Introduction of *mottECO*

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

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

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





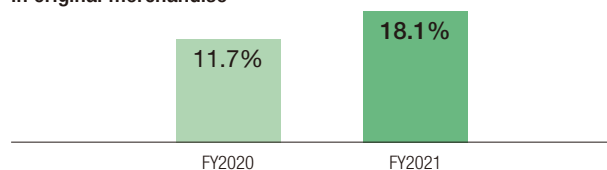
## Sustainable procurement

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

### Sales of MEL-certified merchandise

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

### Raw food ingredients with guaranteed sustainability used in original merchandise\*



\*Including *Seven Premium* merchandise

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



### Procurement of palm oil

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

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

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



*Seven Premium Lifestyle* brand Yashinomi dish detergent bottle and refill

### Procurement of organic cotton

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

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

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



## Response to TCFD recommendations



Response to TCFD Recommendations  
<https://www.7andi.com/en/sustainability/tcfd.html>

### Increasing severity of climate change issues and response to TCFD recommendations

Climate change issues are becoming increasingly serious year by year and have a major impact on people's lives on a global scale. Japan also saw record rainfall in July and August 2021 that affected people's daily lives and severely inhibited economic activity.

The Group recognizes that climate change will undermine the stable society that is essential to the sustainable development of companies, and intends to contribute to the achievement of the Paris Agreement's greenhouse gas reduction targets. 『GREEN CHALLENGE 2050』, the environmental declaration formulated in May 2019, identifies the reduction of CO<sub>2</sub> emissions as one of the priorities and the Group is examining and implementing measures to reduce CO<sub>2</sub> emissions. In addition, the Group believes that enhanced disclosure of

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

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



### Governance and risk management for climate change

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

charge of managing these efforts.

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



Overview of Corporate Governance "Systems"  
<https://www.7andi.com/en/ir/management/governance/structure.html>

### Governance structure related to climate change



## Overview of FY2020 scenario analysis

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

We recognize that scenario analysis should cover the entire Group, including the supply chain, but in FY2020, we conducted a trial analysis with limited scenarios and scope. The 2°C and 4°C scenarios were adopted as the scenarios.

The analysis covered the store management of SEVEN-ELEVEN JAPAN, which accounts for about 60% of the Group's operating income.

### Scenario analysis assumptions (FY2020)

Scenario	2°C and 4°C scenarios
Relevant project	Operation of SEVEN-ELEVEN JAPAN stores in Japan
Target year	Impact as of 2030

## Scenario definitions and impact assessment of significant risks/opportunities

1

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

2

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

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

3

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

## Countermeasures and indicators/targets

The Group's environmental declaration, 『GREEN CHALLENGE 2050』, sets a target of reducing CO<sub>2</sub> emissions from the Group's store operations by 50% by 2030 compared to FY2014, and to achieve net zero emissions by 2050. In the FY2020 scenario analysis, we limited our business impact assessment to a few specific cases, and thus it is not possible to determine the overall impact of climate change. However, we believe that the risks covered in the analysis can be reduced and opportunities expanded by promoting our current disaster response and 『GREEN CHALLENGE 2050』 initiatives.

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

leads to reduced CO<sub>2</sub> emissions. Regarding to the risk of procuring raw materials, we believed that promoting the sharing of information on producing areas and the joint development of producing areas within the Group will lead to a reduction in the risk of procuring as we are promoting our measures of 『GREEN CHALLENGE 2050』 for sustainable procurement.

Furthermore, in response to the increase in extreme weather and other disasters, we will further collaborate with local governments to enhance our infrastructure function for when disasters strike.

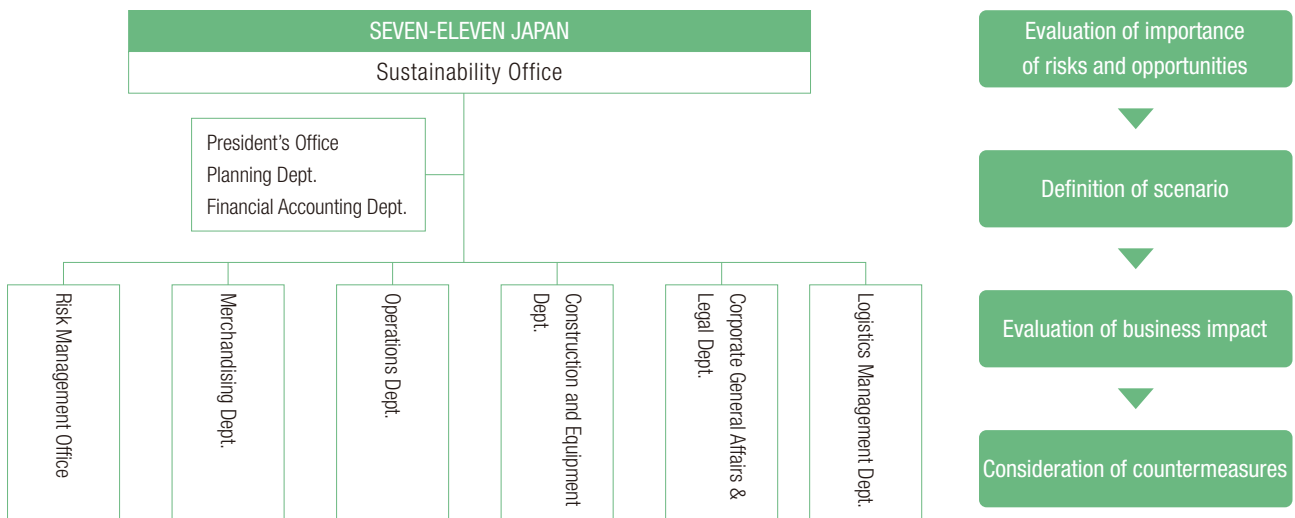
**Currently under way** Adding depth to SEVEN-ELEVEN JAPAN's FY2022 scenario analysis

In addition to the analyses carried out to date, SEVEN-ELEVEN JAPAN launched in FY2022 an internal project to formulate practical countermeasures, with Directors bearing that responsibility. Meetings cover 10 departments—the six departments with a high possibility of being affected by climate

change, the Sustainability Office, and the planning departments. The general managers and managers of each department and office discuss specific risks and opportunities, then consider countermeasures.

**SEVEN-ELEVEN JAPAN scenario analysis structure**

Meetings cover roughly 160 risks/opportunities submitted by various departments and consider countermeasures.



**Scenario analysis assumptions**

The Glasgow Climate Pact, concluded at the 26th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in fall 2021, included a call for efforts to limit the rise in the average global temperature to 1.5°C above pre-industrial levels. The pursuit of this “1.5°C target” has become a global trend. The Group’s environmental declaration, 『GREEN CHALLENGE 2050』, calls for store operations to have net zero CO<sub>2</sub> emissions by 2050. Given this global movement, in FY2022, we are carrying out an analysis of this 1.5°C target. Specifically, we have set two scenarios—a “decarbonization scenario (1.5°C–2.0°C)” and a “warming scenario (2.7°C–4.0°C)” —referencing the multiple scenarios

given in the International Energy Agency’s World Energy Outlook (STEP, SDS, NZE2050), as well as reports and other forward-looking forecasts published by governments and international agencies. This analysis is as of 2030. A carbon tax, which is envisioned to have a major impact, is being considered in the analysis and countermeasures, together with the effects of 『GREEN CHALLENGE 2050』. We have also broadened the scope of the analysis to cover elements including raw materials procurement and disaster risks and responses.

We will make the results of the FY2022 scenario analysis available to stakeholders on our website when they are compiled.

**Scenario analysis assumptions (FY2022)**

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



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

## Promoting energy saving and reducing greenhouse gas emissions

7-Eleven, Inc., which is pursuing initiatives to decrease its energy use and increase its environmental effectiveness, has set a target of reducing the amount of greenhouse gas emissions from store operations 50% in 2030 compared with that of FY2013. In FY2020, energy-saving measures reduced greenhouse gas emissions 60,088 MTCO<sub>2</sub>e per 1,000 square feet of store floor space per year compared with that of FY2019, and 240,647 MTCO<sub>2</sub>e per 1,000 square feet of store floor space per year compared with that of FY2013. In percentage terms, the decrease from FY2013 to FY2020 was 24%, equivalent to a reduction of the greenhouse gas emitted by roughly 52,336 automobiles over one year.

## Increasing the use of renewable energy

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

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

more than 860 stores in Texas. This wind power program has reduced CO<sub>2</sub> emissions at 7-Eleven, Inc. an estimated 14% and has also significantly decreased operating costs.

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



Large-scale solar power facility in Florida











Initiatives at 7-Eleven, Inc.

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

# External Recognitions and Response to/Participation in External Frameworks

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

<p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p> <p>Dow Jones Sustainability Asia/Pacific Index</p>	 <p><b>FTSE4Good</b></p> <p>FTSE4Good Index*1</p>	 <p><b>FTSE Blossom Japan</b></p> <p>FTSE Blossom Japan Index*2</p>
 <p>MSCI ESG Leaders Indexes*3</p>	 <p>Gold Product Safety Company*4</p>	 <p>2021 Certified Health &amp; Productivity Management Outstanding Organizations (White 500)*5</p>
 <p>The first company certified as an Employer Promoting the Active Roles of Persons with Disabilities*6</p>	 <p>Third rank      Second rank</p> <p>"L-Boshi" certification mark*7</p>	 <p>"Platinum Kurumin" certification*8      "Kurumin" certification*8</p>

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

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

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

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

\*4 Ito-Yokado Co., Ltd.

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

\*6 Terube Ltd.

\*7 Third rank of "L-Boshi": Seven & i Holdings Co., Ltd., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., Seven Bank, Ltd., Seven Card Service Co., Ltd., Seven Financial Service Co., Ltd., Nissen Co., Ltd., Nissen Life Co., Ltd. Second rank of "L-Boshi": SEVEN-ELEVEN JAPAN CO., LTD., Seven & i Food Systems Co., Ltd.

\*8 "Platinum Kurumin": Ito-Yokado Co., Ltd.

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



External Recognition and Awards

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

# S

## Social Initiatives

[ CGC Supplementary Principle 3.1.3 ]

### Human resource measures [ CGC Supplementary Principle 2.4.1 ]

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

#### Human resource measures linked to the business strategy

**Creation of organizations in which both companies and employees can grow together (Motivation for work)**  
(Development of each employee’s ability and support for self-directed learning, etc.)

**Creation of a workplace that is comfortable for everyone**  
(Work-style reform, improvement of productivity, promotion of diversity and inclusion, etc.)

### Improvement of employee engagement

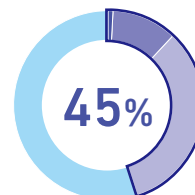
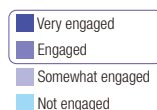
The Group annually conducts an employee engagement survey\* with the aim of creating comfortable and fulfilling work environments. We believe that improving engagement and motivation to contribute will energize our organization and enhance corporate competitiveness. In FY2021, we conducted surveys of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

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

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

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

#### Results of the FY2021 employee engagement survey



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



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



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

## System enhancement centered on Human Resources

### Development Department

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

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



Cooking skills contest at the Ito Training Center

## Ensuring employee health

The Group believes that the good health of its employees not only improves the quality of their lives, but also increases the vitality of the company and enhances management efficiency. In cooperation with the Seven & i Holdings Health Insurance Union, we formulated the Seven & i Health Declaration 2018 in 2014 and the Seven & i Health Declaration NEXT in October 2019. To achieve our targets, the promotion of health and productivity management was added as a theme for the Corporate Ethics and Culture Subcommittee under the CSR Management Committee, and various Groupwide efforts, such as walking events, health seminars, mental health training and support for quitting smoking, are being promoted in collaboration with human resources supervisors at Group companies, led by Seven & i Holdings and its Health Insurance Union. These efforts have been recognized and, in March 2021, we were named one of "2021 Certified Health & Productivity Management Outstanding Organizations (White 500)," a certification from the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi, just as we were the previous year.



### Health Declaration NEXT Targets



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

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

\*<sup>2</sup> Proposal for demonstrating preparation of menu items at stores



## Promotion of diversity and inclusion

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

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

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

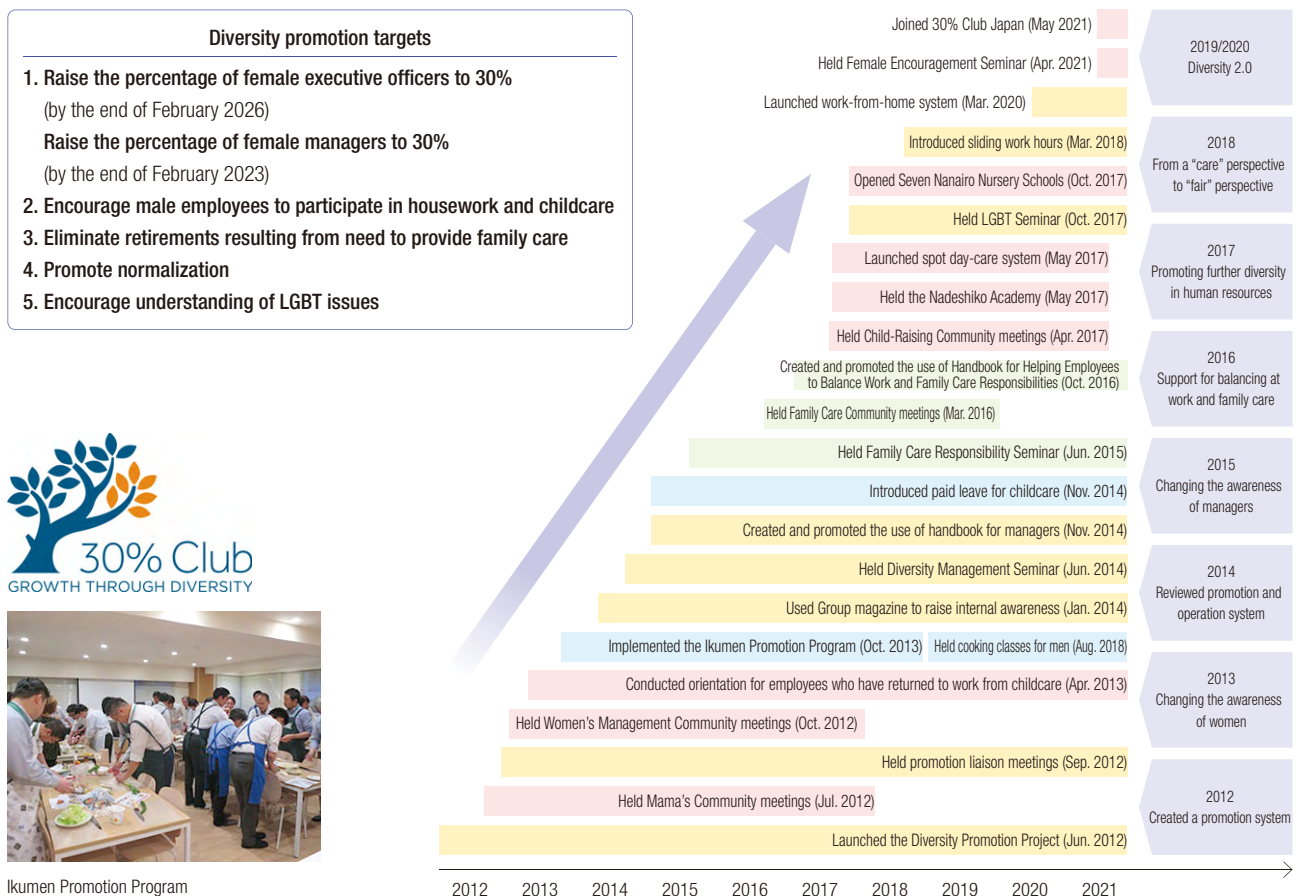
### Diversity and inclusion promotion targets and efforts

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

deployment of good practices to other Group companies. The details of these activities are regularly reported to the Corporate Ethics and Culture Subcommittee, which gathers the personnel managers of the 26 Group companies, and to the CSR Management Committee.

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

### Steps for promoting diversity and inclusion



Ikumen Promotion Program

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

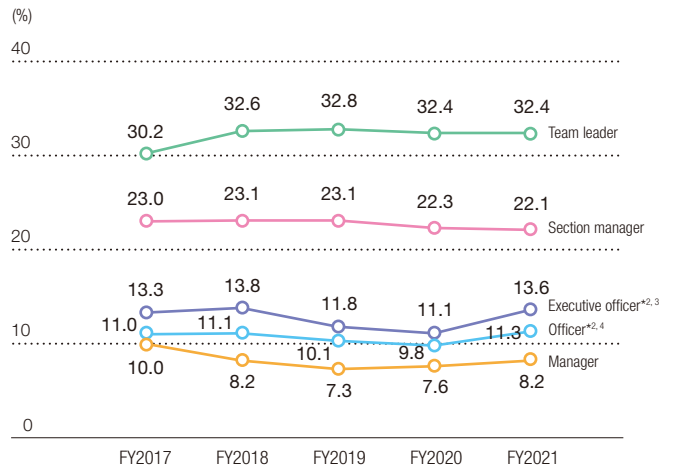
### Recruiting non-Japanese and mid-career hires

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

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

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

### Percentage of female managers\*1



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

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

\*3 Excluding executive officers who are Directors

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

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

### Holding of Female Encouragement Seminars

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

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



The first term of Female Encouragement Seminars

### Support for active participation of non-Japanese employees

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

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



Hospitality Training

## Supply chain management

### Building a sustainable supply chain with our business partners

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

Various human rights issues have come up in the world today. Expectations are high for companies to fulfill their social responsibilities throughout their supply chains for the merchandise and services they provide. That means respecting and protecting human rights, complying with laws and regulations, protecting the environment, and giving consideration to working conditions. The Group places the highest priority on respecting and

protecting human rights, and we ask our business partners to understand and implement the Seven & i Group Business Partner Sustainable Action Guidelines (“Action Guidelines”).

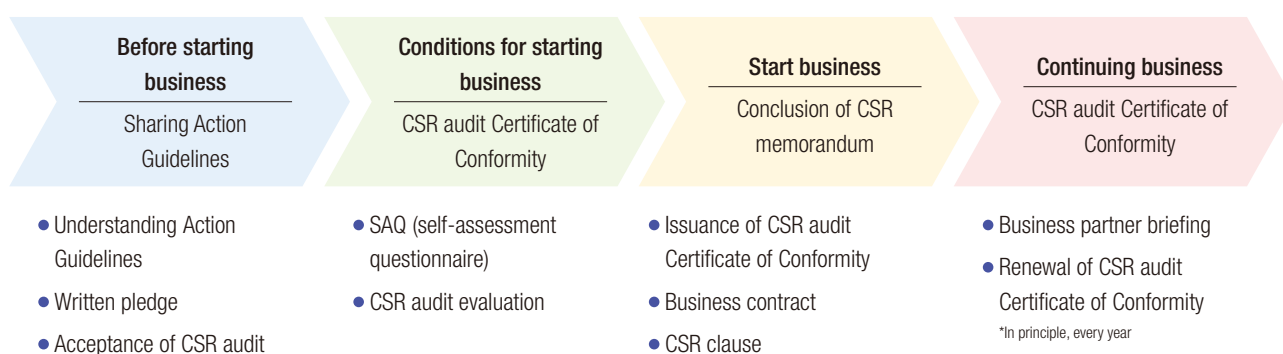
Together with our business partners, we apply the Action Guidelines in building a sustainable supply chain. In this way, we not only provide our customers with merchandise and services whose safety and quality are ensured, but we also promote the protection and respect of human rights, compliance with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

### Implementing CSR audits of business partners

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

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

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



CSR audit

## Conducting CSR audits

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

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

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

### The 16 categories of CSR audits

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

■ The four top-priority categories

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

## Results of CSR audits

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

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

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

### Numbers of CSR audits (overseas factories)

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

<sup>\*1</sup> Proportion of the number of factories audited to the number of factories where audits were planned (excluding factories that no longer need to be audited due to termination of production or suspension of business relationship)

<sup>\*2</sup> In FY2021, audits at 47 factories were suspended to prevent the spread of COVID-19.



## Human rights initiatives

### Seven & i Group Human Rights Policy established

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

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



Details of the Seven & i Group Human Rights Policy

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

### Promotion system

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

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

### Human rights awareness and training

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

To further support education at Group companies, we are

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

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

### Conducting human rights due diligence

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

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

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

### Helplines for human rights issues

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

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

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

The rules of the internal reporting system stipulate that

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

## Health and nutrition considerations

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

In May 2020, in order to create new value for the Group's private brand *Seven Premium* merchandise, we formulated the "Seven Premium Connect Declaration," which consists of four pillars: eco-friendliness, health-consciousness, high-quality merchandise, and global compatibility. As part of our health support initiatives, we have added sugars (available carbohydrates) and dietary fiber to nutritional components labelling (from September 2019) and are developing merchandise with less salt and sugars (available carbohydrates) content. In addition, considering seniors, children, and working

women as our main customers, we are developing merchandise to meet the needs of each of these segments to maintain and improve their health, based on the concepts of "add" and "reduce." We have adopted a "Team Merchandising" method for development, incorporating the knowledge and technologies of our business partners in nutrition and health, and are promoting the reduction of additives.

### Main measures for each customer segment

	Working women	Seniors	Children
Add	Dietary fiber/vegetables		
	Iron	Calcium	Calcium
	High-quality protein	High-quality protein	
Reduce	Salt		
	Excessive sugars (available carbohydrates) intake		
	Excessive fat intake		



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



Salad Chicken with 0 g of sugar

## Our approach to the use of food additives

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

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

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



Details of SEVEN-ELEVEN JAPAN's initiatives

[https://www.sej.co.jp/products/anshin/thought\\_tenkabutsu.html](https://www.sej.co.jp/products/anshin/thought_tenkabutsu.html) (in Japanese only)

## Quality control for safety and reliability

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

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

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

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

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

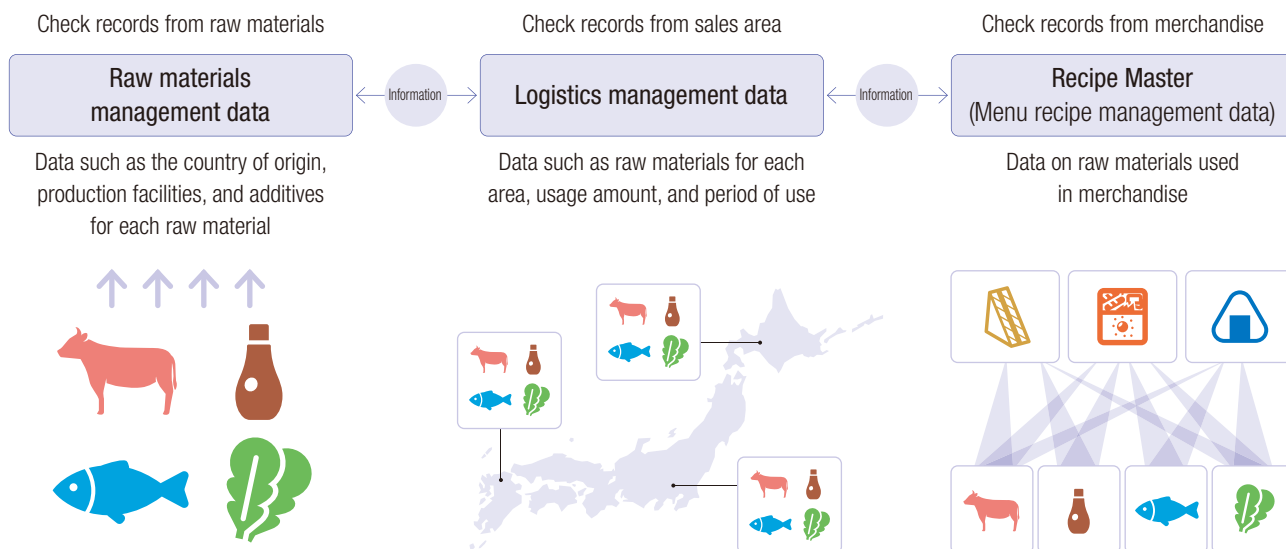
\*2 FSMS: Food Safety Management System. A structure for delivering safe and trustworthy food to consumers by appropriately controlling hazards that threaten food safety.

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

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

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

#### 7-Eleven's Recipe Master System



## Disaster preparedness and response

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

### Disaster preparedness

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

to evolve to further contribute to early recoveries from disasters by strengthening cooperation with the government and research institutions since FY2020. We currently have a system in place that supports the Group's contingency planning with a map showing locations of Ito-Yokado, York-Benimaru, York, Sogo & Seibu stores and Denny's restaurants. In addition, the results of a simulation exercise (graphical exercise) conducted by SEVEN-ELEVEN JAPAN in September 2020 were also utilized in its response to Typhoon No. 10 (Haishen) in 2020.

\*Visual Information Emergency Web



Situation at the time of the Hokkaido Eastern Ibari Earthquake



Simulation exercise (graphical exercise)

### “On-site-first” approach to disasters

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



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



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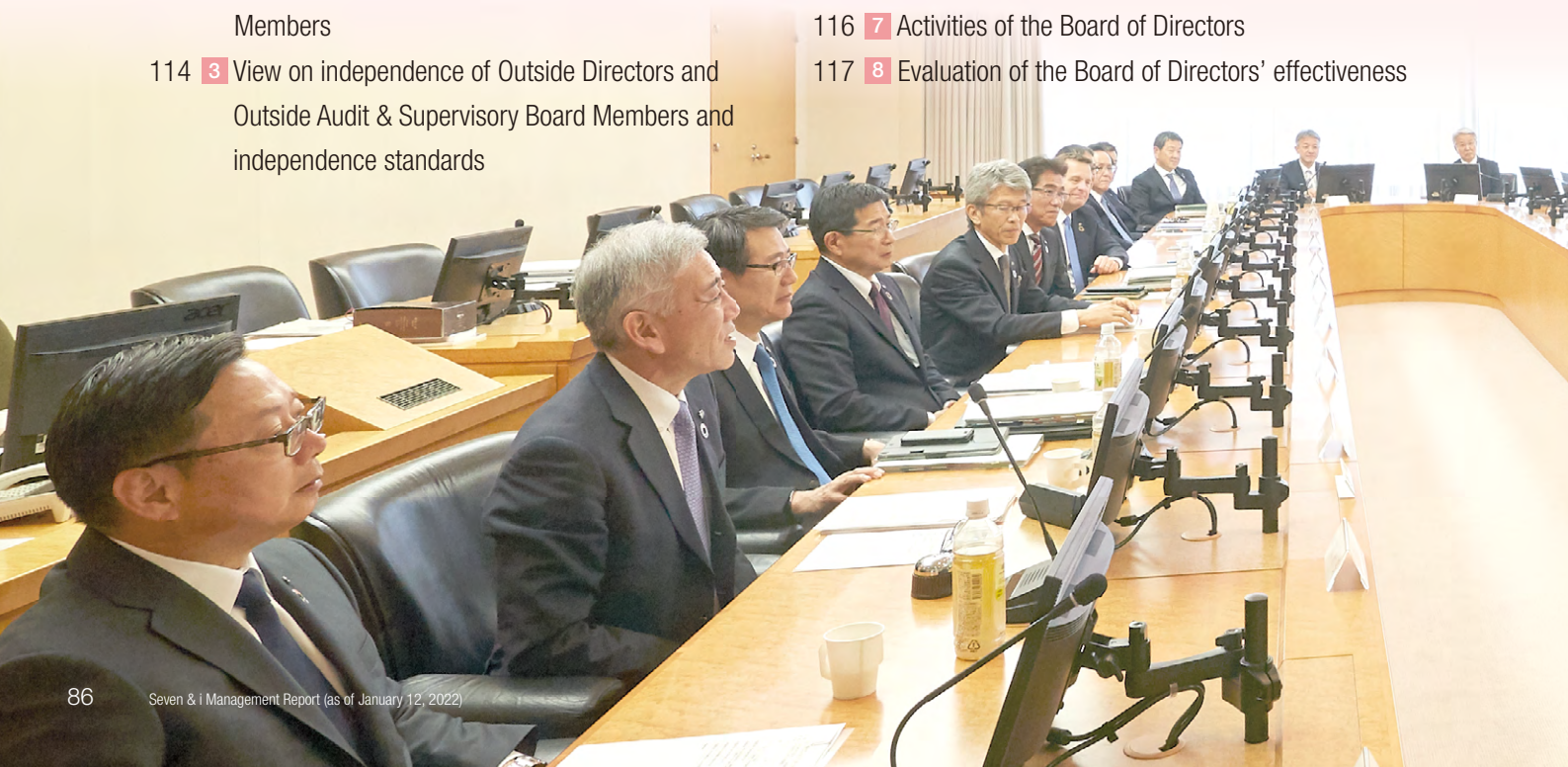
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**NEW** New sections added to this revised report

**Updated** Main sections updated from the previous report (issued on February 3, 2021)

## 119 Policies and Procedures for Appointment/Dismissal and Nomination of Directors and Audit & Supervisory Board Members, and Training

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Board meeting on May 23, 2019



# Messages from Outside Directors

**The new Medium-Term Management Plan is the result of numerous discussions on the primary role that Seven & i Holdings should play going forward. It defines the Group's sense of direction.**

## Kunio Ito

Chair, Nomination Committee, and Chair, Compensation Committee  
Outside Director

Chief Financial Officer (CFO) and Head of Education Research Center, Hitotsubashi University. Professor Emeritus, Hitotsubashi University. Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University. Fields of specialty include accounting, economics with marketing and branding, corporate governance, corporate value management, and ESG (environment, society, governance). Published "Ito Review" in 2014 under a project of the Ministry of Economy, Trade and Industry. Chairman of TCFD Consortium, established on May 27, 2019. Outside Director at Seven & i Holdings since May 2014.



## Management strategy that promotes sufficient understanding of stakeholders and fosters expectations of success

Seven & i Holdings recently kicked off a new chapter in its corporate history when it announced the new Medium-Term Management Plan. In drafting this plan, the Board of Directors spent a considerable amount of time in discussion. The starting point for discussion was the challenging task of recognizing the successes from the previous Medium-Term Management Plan as well as issues that still require attention. Within this conversation, the creation of Group synergy was discussed, but there is still room for improvement on the topic. Synergy is a word you hear a lot these days. Seven & i Holdings has to present stakeholders, including shareholders, with information to promote a sufficient understanding and expectation about exactly how synergy will be realized through the combination of respective business models applied by each operating company. In addition, amid significant changes in the business environment and an obvious shift in consumer behavior

due to the COVID-19 pandemic, business models themselves must be shaped with a firm grasp of prevailing conditions. In the new Medium-Term Management Plan, Seven & i Holdings hammers out Groupwide DX and financial strategies and seeks to build synergy through strategies that connect operating companies horizontally. The challenge of the Last Mile, tagged as a priority response to changes in society, is by no means easy to achieve, but I would like to see Seven & i Holdings produce a business model with high customer value Groupwide through DX and the creation of a new financial system.

Discussions on the business portfolio also unfolded from various perspectives, but on the one assumption that restructuring will move forward with Seven & i Holdings indicating the direction for operating companies to follow, supporting growth appropriately, and striving to be the best owner possible. The new Medium-Term Management Plan is thus the result of a reinterpretation reflecting these various perspectives for understanding the primary role that the Company should play to best support its operating companies. Additionally, it defines the Group's core sense of direction.

## Maximize the strength of physical customer contact to become a world-class global distribution group

Going forward, the expansion of business overseas will be a major component of the Group's growth strategy. I offered the opinion that the Company has to build a consistent brand with the SEVEN-ELEVEN JAPAN (SEJ) business model as a template to be complemented by the merits of 7-Eleven, Inc., so that the brand loses none of its luster when operations are set up in different countries and different markets. Also, the Seven & i Group has poured efforts into developing quality merchandise under the *Seven Premium* private brand, which enjoys a high profile with many consumers and contributes to a richer food lineup. And while the *Seven Premium* merchandise has to be made available across the country, I think the Group needs to tweak the brand by adding some local color, that is, area-specific items and flavors, to the homogeneity of the quality merchandise mix.

Another point to consider—what advantages are gained by physical customer contact in the retail and distribution sector? Customers can take merchandise in their hands. Shopping is easy. But is that really all customers expect? I think the essence of customer contact is person-to-person interaction. A point worth further discussion is how everyone working at stores should realize the benefits of physical customer service.

## Paint an ideal from both environmental and social perspectives and proceed accordingly

Seven & i Holdings has also deepened its exploration of ESG themes. In regard to environmental issues, since consumer sentiment has already changed, naturally the corporate stance should also evolve. Seven & i Holdings has to persuade consumers to see that the Seven & i Group, as a cohesive unit, takes environmental issues seriously and is doing everything it can in response, then translate this awareness into higher customer experience value.

A look at the human resources strategy reveals that in 2020 Seven & i Holdings rolled out an employee engagement survey. Companies under the Group umbrella are now working to

enhance engagement, using the survey's results to drive improvement. SEJ's strength right now is its extremely solid business model or, to put it differently, its straight-out operational excellence. In addition, enhancing employee motivation and fostering greater enthusiasm for the job will be another huge strength for SEJ.

## Will supervise management by always using both brake and accelerator functions

In the separation of execution and supervision, it is the role of Outside Directors to supervise. The word "supervision" carries the nuance of putting the brakes on activity. But I think there is more to it than that. Supervision also places a helping hand on the corporate back, guiding efforts to assume the risks necessary for growth.

The Board of Directors at Seven & i Holdings engages in extremely robust discussion and dialogue. When internal Directors and Outside Directors look at the corporate landscape, they see aspects of the terrain from different vantage points. Conversation is based on a common set of values, but dialogue is a discussion among people with different points of view and different perspectives. That is what dialogue is. If a gap in perceptions appears between internal and external perspectives, discussion will help find the source of disparity and facilitate the search for ways to bridge the gap. I believe the Board of Directors has achieved this pattern of dynamic dialogue.





**The new Medium-Term Management Plan cuts a new path in the changing social landscape. Will contribute to solutions that address social issues 10 and 20 years in the future.**

### **Yoshio Tsukio**

Outside Director

Professor Emeritus, the University of Tokyo. President and Representative, Tsukio Research Institute. Areas of speciality are media policy and system engineering. Held posts as professor in the Department of Architecture, School of Engineering, Nagoya University, and in the Department of Industry Mechanical Engineering, Faculty of Engineering, and the Graduate School of Frontier Science, the University of Tokyo. From December 2002, was responsible for the national government's IT policy as Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications. Saw and heard about the current status of issues affecting the natural environment around the world and participated in regional plans to achieve a sustainable society. Became Outside Director at Seven & i Holdings in May 2014.

## **Expect further progress on digital transformation (DX), the environment, and human resources**

The social environment, the backdrop for the new Medium-Term Management Plan, announced in July 2021, is hugely different from that of previous plans. First off, DX is being rapidly embraced by society, and Seven & i Holdings too has renewed its efforts to upgrade and reinforce operations from both organizational and human resources perspectives. In the new Medium-Term Management Plan, the Company highlights strategies designed to provide new value, such as the challenge of the Last Mile utilizing DX. I look forward to the demonstration of DX synergy throughout the Seven & i Group going forward, particularly in enhanced collaboration by the principal operating companies.

The environment is also attracting increased attention, as countries around the world show heightened commitment with announcements like carbon neutral declarations. For its part, the Seven & i Group formulated an environmental declaration, 『GREEN CHALLENGE 2050』, which sets a target of net zero

CO<sub>2</sub> emissions from stores across the Group by 2050. As a distribution and retail group with about 77,000 stores worldwide, the Group has a tremendous influence on society and on the lives of consumers. Going forward, I would like to see the Company and the Group utilize this influence, awaken environmental awareness in as many people as possible, encourage everyone to get on board, and build this momentum into an even bigger environmental response.

Another important issue from an ESG perspective is human resources. All sorts of industries are embracing technologies such as AI and robots, but it is people who assign targets and scope to the work facilitated by AI and robots. Human capital is a corporate treasure, and that concept is unlikely to change going forward. I hope that the Seven & i Group will become a corporate group that appreciates its connections to regional communities and grows together with its human resources.

## Collect accurate information and promote concrete discussions

In formulating management strategy, a company has to follow a process of imagination and preparation, wherein the management team imagines the future business environment and possible changes in society, then makes appropriate preparations and lays out a management plan. Imagination, in this sense, is not something idealistic or abstract. It is based on careful information-gathering, which the team will use to pursue concrete discussions to pinpoint the kind of preparations and planning necessary. Discussions by Seven & i Holdings' Board of Directors and those in Management Opinion Exchange Meetings are increasingly of the concrete type and very animated year by year. This was evident when the new Medium-Term Management Plan was being drafted, as the discussion unfolded from diverse perspectives.

In the new Medium-Term Management Plan, the Group's growth strategy centers on the global expansion of convenience store operations. Management plans are meant to drive progress and to grow a company—and by extension, a

corporate group—but to successfully implement a proactive push like this definitely requires rigorous information-gathering, and imagination and preparation. Since the characteristics of markets overseas vary greatly by region, Seven & i Holdings must be thorough in information-gathering efforts and preparation efforts, taking into account such factors as international circumstances, markets, and national identities.

One last point. Seven & i Holdings must accurately understand post-COVID-19 society. In history, the end of a pandemic has been followed by a proliferation of new styles that differ on many fronts, including daily routines, workstyles, social behavior, and economic activities. In the post-COVID-19 world, what kind of presence should the Seven & i Group have? I hope that, even amid the widespread use of digital technology and AI, as operations expand globally, the Group will further develop its strength in diverse customer contacts in a way that retains the quintessential Japanese style of human warmth.

**Management plans are meant to drive progress.  
Carefully repeat the processes of “imagination and  
preparation” to assess risks and grow globally.**

### Toshiro Yonemura

Outside Director

Joined National Police Agency (1974), Superintendent General, Tokyo Metropolitan Police Department (2008), Deputy Chief Cabinet Secretary for Crisis Management (2011), and Special Advisor to the Cabinet. From December 2015, Chief Security Officer for the Tokyo Organising Committee of the Olympic and Paralympic Games. Has broad, high-level insight and experience in organizational management and risk management. Became Outside Director at Seven & i Holdings in May 2014.







**With diverse opinions and candid discussions,  
the Board of Directors is moving closer to  
a preferable structure.**

### **Tetsuro Higashi**

Outside Director

Drove development at Tokyo Electron Limited for many years, as Representative Director and President, then Representative Director and Chairman of the Board, and then Corporate Director and Corporate Advisor. Has broad, high-level expertise and experience in many areas, including international corporate management, business management, and finance and accounting. Served as Chairman of Semiconductor Equipment and Materials International (SEMI) Board of Directors and as Chairman of the Semiconductor Equipment Association of Japan. In 2015, received the SEMI Sales and Marketing Excellence Award, in memory of Bob Graham. Became Outside Director at Seven & i Holdings in May 2018.

## **Take a position that not only addresses trends within an extremely changeable business environment but also looks inward at changes that the Group itself can initiate**

I definitely see the Seven & i Holdings' Board of Directors engaging in increasingly more robust discussions and making progress. Outside Directors are people with extremely diverse career backgrounds, and comments are thus made from various perspectives, based on the individual's area of expertise, such as governance, risk management, law, marketing, finance, and business management. In addition, like Outside Directors, internal Directors are not bound by title or rank in voicing comments and can engage in candid discussions. I believe the Board of Directors is moving closer to a preferable structure.

Right now, the business model applied to the retail industry is on the threshold of major transformations worldwide. In an environment undergoing such intense changes, merely responding to new trends is not enough. The Seven & i Group must take it upon itself to change the business environment of the retail industry.

While drafting the new Medium-Term Management Plan too, the Board of Directors pursued various lines of discussion on such topics as key domains and overseas strategy. A strength of the Seven & i Group definitely lies in customer contact, and capturing the market through a balance of global and local perspectives is from a tactical perspective extremely important in defining overseas strategy. Without a doubt, management with a heightened sense of speed and responses more accurately geared to customer needs will underpin future growth.

Going forward, in an era of new business environments emerging one after another, no corporate group except the Seven & i Group can, in my opinion, lead both the global retail market and the local retail market. I have very high expectations for implementation of the strategies of the new Medium-Term Management Plan.

## Promote measures with true value for consumers

The Board of Directors spent a considerable amount of time over the past year on discussions related to the new Medium-Term Management Plan. My expertise is in marketing, so I always return to the consumer's perspective, and I participated in these discussions with the intention of confirming whether the goals of the plan were really appealing and valuable to customers. For example, responses to data utilization and DX are vital tactical elements of the new Medium-Term Management Plan, but when companies adopt new technology, they typically look to the value that they will derive from greater efficiency and cost reduction. Similarly, the use of customer data is often analyzed not for real benefit to the consumer but rather for corporate advantage. The underlying purpose of DX and data analysis is to generate new value for consumers, so the measures outlined in the new Medium-Term Management Plan should not be allowed to end until the ultimate goal is reached. I made this point at every opportunity from the perspective of a consumer and someone outside the organization.

Sincerity is a strength of the Seven & i Holdings' Board of Directors. During meetings, no one makes vague comments. Directors are sincere in their approach to communication. "Sincerity" is a word in the Corporate Creed, but I feel it is practiced in business activities and in the conduct of the Board of Directors as well.

In addition, given the ever-changing time we live in, it is quite possible that events or circumstances beyond what might have been expected will occur during the five years of the new Medium-Term Management Plan. Should that happen, measures and approaches to implementation should be adjusted without hesitation but also without deviation from fundamental goals. Agile management with flexibility is essential for realizing targets.

### A strength of the Seven & i Holdings' Board of Directors is sincerity.

Use it to achieve agile management that expedites responses even beyond expectations and realize the goals of the new Medium-Term Management Plan.

#### Kazuko Rudy

Outside Director

Representative Director and President, WITAN ACTEN Co., Ltd., a marketing consulting firm. Has gained rich insights and experience, especially in marketing and brand strategies through positions as Marketing Manager at U.S.-based cosmetics company Estee Lauder Co., Ltd., General Manager, Direct Marketing Department, Time Life Books Division, Time Inc., and Professor at Graduate School of Management, Ritsumeikan University. Became Outside Audit & Supervisory Board Member at Seven & i Holdings in May 2014 and Outside Director of the Company in May 2019.





## Basic Views on Corporate Governance [ CGC Principle 3.1 (ii) ]

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group's corporate value over the medium and long term in both financial and non-financial (ESG) aspects to ensure the trust and longstanding patronage of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees, based on the Corporate Creed.

The Company's mission as a holding company is to strengthen corporate governance and maximize the Group's corporate value, and the Company will strive to achieve this mission through the provision of support, oversight, and optimal resource allocation to its operating companies.

### Development and establishment of corporate governance linked to the advancement of group management Updated

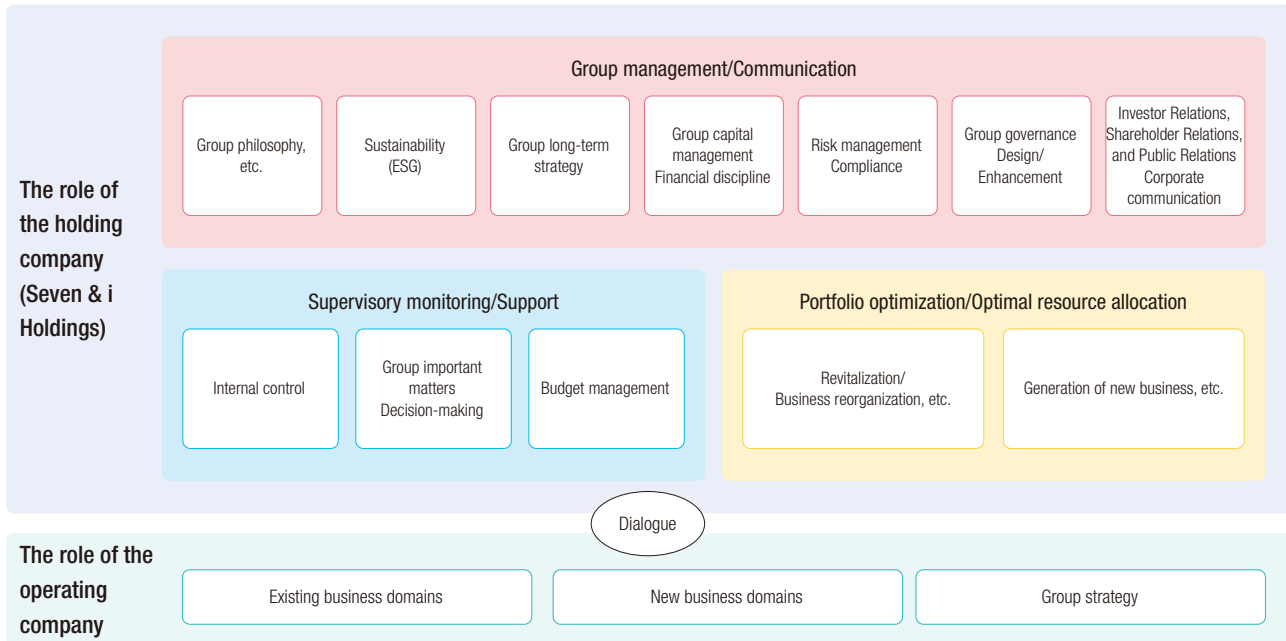
The Group is improving every day under its slogan of "Responding to Change while Strengthening Fundamentals," and is also engaged in the development and establishment of the corporate governance "system," in line with the advancement of the group management stage.



\*Figures for percentage displays, rounded down to the first decimal place

# Group Governance Framework Driving Corporate Value Creation

## Group governance using a holding company system



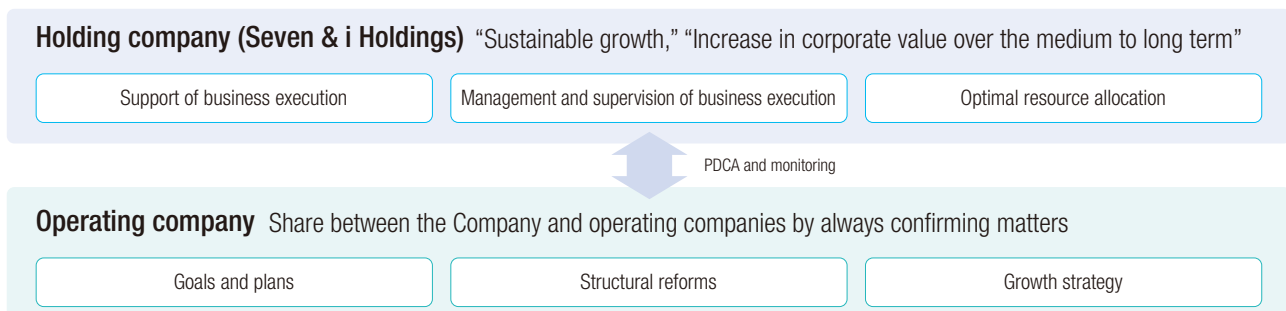
Based on the Group's philosophy and management policies, we employ a Group governance framework based on a holding company system as a mechanism to drive the creation of Group corporate value, not only in the short term but also over the medium to long term.

As the holding company overseeing the Group, in order to achieve sustainable growth for the Group and to increase corporate value over the medium to long term, the Company supports and supervises management execution by operating companies, as well as optimally allocates resources to them. In addition, the Company is responsible for "Group management," including disseminating the Group philosophy, drawing up sustainability policies and long-term Group strategies, managing the Group's capital and maintaining financial discipline, enhancing the risk management and compliance system, and enhancing Group governance, as well as "Group communication," including investor relations, shareholder relations, and public relations activities.

Meanwhile, each operating company under the Company's umbrella, while demonstrating autonomy, aggressively performs structural reforms and growth strategies utilizing the PDCA cycle with respect to its own business area, based on the goals and plans established through dialogue with the Company, and fulfills their own responsibilities, striving to increase corporate value and improve capital efficiency.

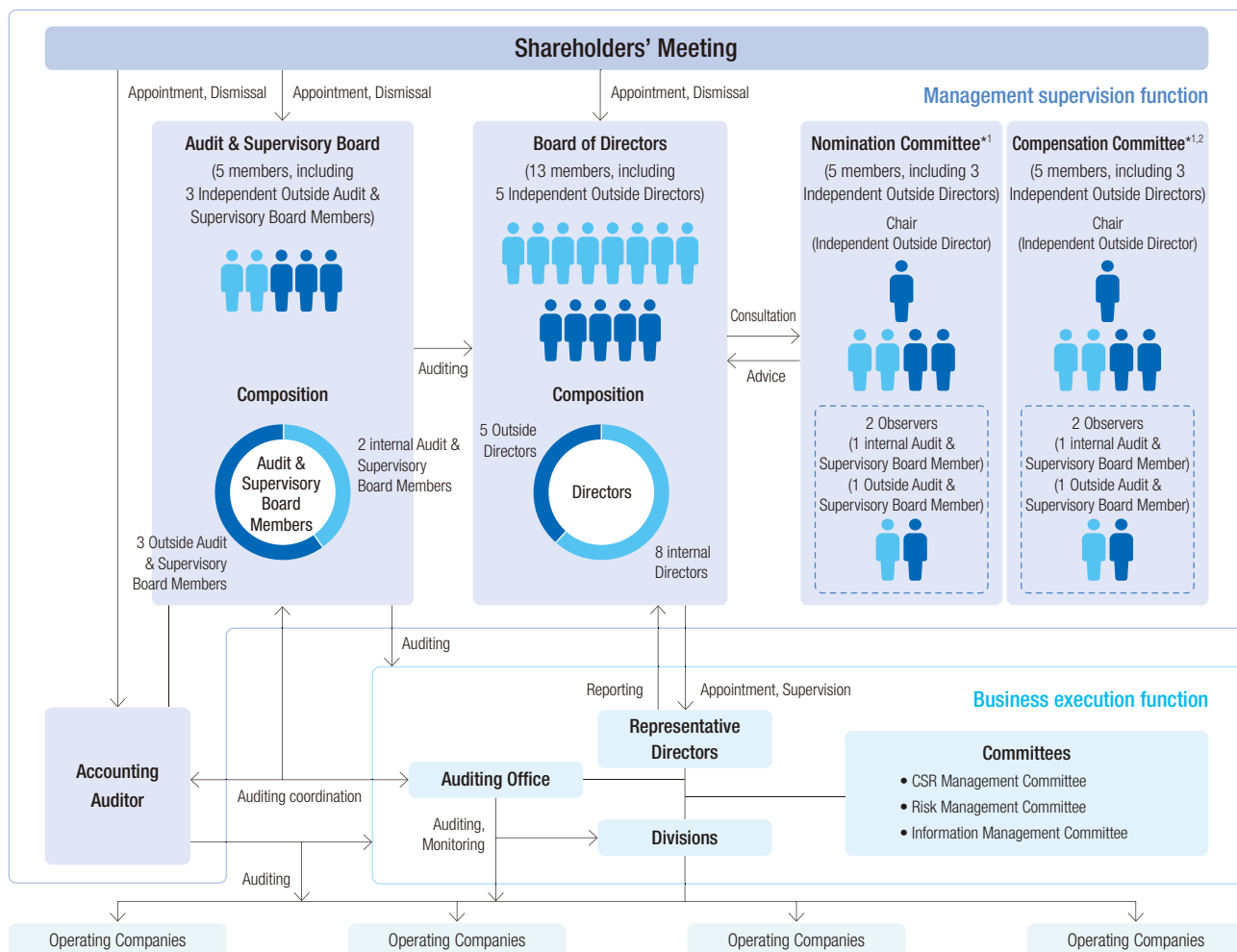
Based on the clear division of roles among the Group companies, we will steadily execute the Medium-Term Management Plan, realize the management philosophy and management policies, and strive to increase Group corporate value, by having closer and stronger dialogue and collaboration between us, the holding company and operating companies.

### Mechanism for creating corporate value based on enhanced dialogue and collaboration with operating companies



# Overview of Corporate Governance “Systems”

Corporate Governance System (as of October 31, 2021) [ CGC Supplementary Principle 4.10.1 ]



\*1 The chair and committee members are selected by the Board of Directors, and the observers are selected through discussion among Audit & Supervisory Board Members.  
 \*2 Internal committee members are selected from Directors other than Representative Directors.

## 1 Reason for adoption of current corporate governance system

The Company ensures the effectiveness of its corporate governance by coordinating “audits” conducted by the Audit & Supervisory Board Members (Audit & Supervisory Board), including multiple Outside Audit & Supervisory Board Members who maintain their independence and have specialized knowledge in such areas as legal affairs and financial accounting, through their actively cooperating with the accounting auditor and the internal audit division, and “formulation of management strategies” and “supervision of business execution” conducted by the Board of Directors, including multiple Outside Directors who maintain their independence and have advanced management knowledge and experience.

The Company has adopted this corporate governance structure because it judges the structure to be workable for realizing and ensuring the Company’s corporate governance and for conducting appropriate and efficient corporate management.

### Utilization of the company with Audit & Supervisory Board Member system

The Company considers the following characteristics and advantages of the Audit & Supervisory Board Member system to be effective for ensuring the appropriateness of the Company’s Group governance and has therefore adopted it as the corporate governance system:

1. Each Audit & Supervisory Board Member independently has its own auditing authority (individual independence system), which allows audits to be conducted from the perspectives of each Audit & Supervisory Board Member.
2. The independence of the Audit & Supervisory Board Members is clearly specified by law, which enables independent and objective audits.
3. The Audit & Supervisory Board Members have legally specified authority to investigate subsidiaries, which is effective also from a Group audit perspective.

Composition of Directors and Audit & Supervisory Board Members at each meeting body (as of October 31, 2021) Updated

(◎: Board or committee chair)

Name	Position in the Company	Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee	CSR Management Committee	Risk Management Committee	Information Management Committee
Ryuichi Isaka	Representative Director and President Executive Officer and President	◎		○		◎		
Katsuhiko Goto	Representative Director and Vice President Executive Officer and Vice President Information Management Supervisor	○		○		○	○	◎
Junro Ito	Director and Managing Executive Officer General Manager of the Corporate Development Division	○			○	○	◎	○
Kimiyoshi Yamaguchi	Director and Executive Officer General Manager of the Corporate Communication Division	○			○	○	○	○
Yoshimichi Maruyama	Director and Executive Officer General Manager of the Corporate Finance & Accounting Division	○				○	○	○
Fumihiko Nagamatsu	Director	○						
Shigeki Kimura	Director In charge of the President Office In charge of Group Cooperation	○						
Joseph M. DePinto	Director	○						
Yoshio Tsukio	Independent Outside Director	○		○				
Kunio Ito	Independent Outside Director	○		◎	◎			
Toshiro Yonemura	Independent Outside Director	○		○				
Tetsuro Higashi	Independent Outside Director	○			○			
Kazuko Rudy (Real name: Kazuko Kiriya)	Independent Outside Director	○			○			
Noriyuki Habano	Standing Audit & Supervisory Board Member		◎			○	○	○
Yoshitake Taniguchi	Standing Audit & Supervisory Board Member		○			○	○	○
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member		○					
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member		○					
Kaori Matsuhashi (Real name: Kaori Hosoya)	Independent Outside Audit & Supervisory Board Member		○					

Values

Business Model

Strategy

Sustainability/Growth

Governance

Key Indicators

Financial Section



## 2 Separation of the Board of Directors' supervisory functions and executive officers' business execution functions through introduction of the executive officer system (clarification of the scope of matters delegated to management) Updated

To facilitate prompt decision making and business execution even amid a dramatically changing operating environment, the Company has introduced the executive officer system and separated the Board of Directors' supervisory functions from the executive officers' business execution functions. This developed an environment where the Board of Directors is able to focus on the "formulation of management strategies" and the "supervision of business execution," while the executive officers can focus on "business execution." The executive officers comprise 16 members (15 men and 1 woman) as of October 31, 2021.

The term of office of the Directors is set to one year in order to reflect the intentions of shareholders regarding the appointment of the management team in a timely manner.

### Clarification of the scope of matters delegated to management [ CGC Supplementary Principle 4.1.1]

Matters to be decided by the Board of Directors at the Company are stipulated in the Board of Directors Regulations, the Decision Authority Regulations, and so forth, and matters stipulated by the Companies Act and the Company's internal regulations are decided by the Board of Directors.

The Decision Authority Regulations clearly set forth the scope of matters to be decided by the Representative Director and President. This clarifies the decision-making process for management and the structure of responsibility, while also expediting decision-making by rational delegation of authority.

## 3 Nomination Committee and Compensation Committee system [ CGC Principle 3.1 (iii) (iv)] [ CGC Supplementary Principle 4.10.1] [ CGC Supplementary Principle 4.11.1]

### (1) Outline of basic policy and system

The Company has established the "Nomination Committee" and the "Compensation Committee" (in this paragraph, "the Committees") as advisory committees to the Board of Directors. The Committees' chair and the majority of their members are Independent Outside Directors. It has been utilizing the more diverse range of knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members to ensure further objectivity and transparency in procedures for deciding the nomination of and compensation for Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers (in this paragraph, "Officers, etc."), thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. Internal committee members of the Compensation Committee are selected from among Directors other than Representative Directors.

	Nomination Committee	Compensation Committee
<b>Main items for deliberation</b>	Basic policies and standards for nomination of candidates for the Company's Officers, etc. and candidates for the Representative Directors of the core operating companies	Basic policies and standards for compensation, etc., for Officers, etc. of the Company and of the core operating companies
	Contents of appointment proposals for candidates for the Company's Officers, etc. and candidates for the Representative Directors of the core operating companies	Contents of proposals for the limit on the total amount of compensation, etc. for Directors and Audit & Supervisory Board Members of the Company and of the core operating companies Contents of individual compensation, etc. for Officers, etc. (excluding Audit & Supervisory Board Members) of the Company and for the Representative Directors of the core operating companies Development of a stock-based compensation system for Officers, etc. of the Company and its subsidiaries, the establishment and change of criteria for granting stocks, and important matters regarding operation thereof (including determination of renewal of the stock-based compensation system)

\*As of October 31, 2021, the above "core operating companies" are SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., Seven & i Food Systems Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., and York Co., Ltd.

### (2) Proper Group management and utilization of the Nomination Committee and Compensation Committee

The Committees deliberate on the nomination and compensation of not only the Company's Officers, etc., but also Representative Directors of the core operating companies.

The Representative Directors of the core operating companies occupy an important position for the Group's management and are included within the purview of deliberations by the Committees from the perspective of emphasizing the objectivity and transparency of the principal nomination and compensation procedures for the management of not only the Company but also the Group.

The Company will also appropriately determine the companies to be "core operating companies" with an emphasis on the objectivity and transparency of the Group management procedures, in accordance with the Group's business portfolio strategy and governance system.

### (3) Involvement of Audit & Supervisory Board Members from the perspective of ensuring correct procedures

One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the Committees.

This is because deliberations by the Committees include nomination of candidate Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and it is important to ensure due process at the Committees as advisory committees to the Board of Directors.

## 4 Auditing

### (1) Audits by the Audit & Supervisory Board Members

The Company's Audit & Supervisory Board develops audit plans with the basic audit policies of ensuring sound and sustainable growth of the Company and its Group companies and establishing high-quality corporate governance systems to respond to public trust. The Audit & Supervisory Board sets the establishment and management of internal control systems, and the system to promote legal compliance and risk management, as key audit items.

The Audit & Supervisory Board Members attend the Board of Directors meetings and other important meetings. They conduct audits in the following manner: exchanging opinions with the Representative Directors and periodically interviewing Directors and others on the status of business execution; viewing important documents for approval such as request forms; and surveying the status of operations and assets at the Head Office and others. For subsidiaries, they communicate and share information with the Directors and Audit & Supervisory Board Members of subsidiaries, visit the subsidiaries' Head Offices and stores to survey the actual status of operations in accordance with the audit plans, and receive reports.

### (2) Internal audits

In order to enhance and reinforce its internal auditing function, the Company has appointed, within the Auditing Office, the "operational auditing staff" and the "internal control evaluation staff," which are independent internal auditing divisions.

<b>Operational auditing staff</b>	<ol style="list-style-type: none"> <li>1. Verifies and provides guidance on internal auditing, including the status of the maintenance and management of compliance systems, by core operating companies or to directly audit them.</li> <li>2. Audits the Company, the holding company</li> </ol>
<b>Internal control evaluation staff</b>	Evaluates internal controls regarding the financial reporting of the whole Group

### (3) Coordination between Audit & Supervisory Board Member audits, internal audits, and accounting audits to improve their quality of audits

In order to improve the overall quality of audits, the Company ensures that the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm proactively exchange information and endeavor to maintain close ties with each other, by such means as periodically holding meetings as follows.

Coordination method	Frequency	Participants	Main proceedings
Tri-partite meetings	Basically twice a year	<ul style="list-style-type: none"> <li>• Audit &amp; Supervisory Board Members (including Outside Audit &amp; Supervisory Board Members)</li> <li>• Auditing Office</li> <li>• Auditing firm</li> </ul>	Exchanges information on the performance of accounting audits with the auditing firm, the performance of internal audits with the Auditing Office, and the performance of Audit & Supervisory Board Member audits with the Audit & Supervisory Board Members and conducts exchanges of opinions.
Reporting sessions for accounting audits	Basically twice a year	<ul style="list-style-type: none"> <li>• Standing Audit &amp; Supervisory Board Members</li> <li>• Representative Directors and other officers</li> <li>• Auditing Office, etc.</li> <li>• Auditing firm</li> </ul>	Receives reports from the accounting firm on the accounting audits, and confirms, among other matters, the results of accounting audits. In addition, conducts exchanges of opinions on the status of audits as necessary.
Meetings between the Standing Audit & Supervisory Board Members and the Auditing Office	Basically once a month	<ul style="list-style-type: none"> <li>• Standing Audit &amp; Supervisory Board Members</li> <li>• Auditing Office</li> </ul>	<ul style="list-style-type: none"> <li>• The Auditing Office reports on the results of operational audits and the progress of internal control evaluations, etc.</li> <li>• Actively exchanges opinions on, among other matters, priority matters that should be examined in order to improve the quality of audits.</li> </ul>
Audit & Supervisory Board meetings, etc.	Basically twice a month	<ul style="list-style-type: none"> <li>• Audit &amp; Supervisory Board Members (including Outside Audit &amp; Supervisory Board Members)</li> <li>• Auditing Office (as necessary)</li> <li>• Auditing firm (as necessary)</li> </ul>	The Standing Audit & Supervisory Board Members report to the Outside Audit & Supervisory Board Members on, inter alia, the contents of the meetings with the auditing firm and Auditing Office and conduct discussions. The Standing Audit & Supervisory Board Members also provide the Auditing Office and the auditing firm with feedback on the matters thus discussed.

## 5 Corporate governance by various committees Updated

The Company has established the “CSR Management Committee,” “Risk Management Committee,” and “Information Management Committee,” which report to the Representative Directors. Each committee determines Group policies in cooperation with the operating companies, and strengthens corporate governance by managing and supervising their dissemination and execution.

### CSR Management Committee

The Company has established the CSR Management Committee based on CSR Basic Rules for the purpose of promoting, administrating and supervising the CSR activities of the entire Group through operating activities in order to contribute to solving social issues and aim for sustainable growth for both society and the Group. The Company has also established five subcommittees under the CSR Management Committee tasked with the examination and promotion of concrete measures to promote operating activities that will contribute to solving material issues (Materiality) identified to address the expectations and demands of stakeholders and realizing a more thorough compliance practice. Through these subcommittees, the Company has carried out initiatives to find solutions to issues and implemented preventive measures.

Under the CSR Management Committee, to resolve material issues (Materiality), the Company tasks the “Environment Subcommittee” with helping mitigate climate change, depletion of resources, and other environmental burdens, the “Supply Chain Subcommittee” with building a sound supply chain that takes human rights and the environment into consideration and with improving quality and ensuring safety for merchandise and services, the “Corporate Ethics and Culture Subcommittee” with ensuring thorough awareness and adoption of the Corporate Creed and the Corporate Action Guidelines, building worker-friendly workplaces, promoting advancement of diverse human resources and improving the labor environments, the “Compliance Subcommittee” with strengthening compliance and internal controls, and the “Social Value Creation Subcommittee” with the planning, proposal and operation of new businesses originating from addressing social issues through the main business, by utilizing business characteristics and management resources. These subcommittees have formulated and carried out measures to address such individual issues on a Group-wide basis.

The Company operates an internal whistleblowing system available to the Group’s Directors and Audit & Supervisory Board Members, employees and business partners as part of the internal controls of the whole Group. The executive officer in charge of the secretariat of the CSR Management Committee is tasked with regularly reporting and confirming the operational status of the internal whistleblowing system at the Board of Directors’ meetings, along with other activities.

### Risk Management Committee

In accordance with the basic rules for risk management, the Company and its Group companies establish, streamline, and manage comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors.

The Risk Management Committee receives reports from the departments in charge of risk management regarding the risk management status of the Company. The committee comprehensively determine, assess, and analyze risks and discuss measures, and determine the future direction going forward.

In recent years, the Risk Management Committee has been striving to improve the effectiveness of the entire Group’s risk management and to establish a PDCA cycle by building a framework to support and instruct each Group company in mitigating risks overseen by the Company’s department in charge of risk management, and also by adopting shared risk management indicators for the entire Group. In FY2022, the committee is working to strengthen coordination between the Company and each Group company, while identifying high-priority risks and further improving the system for preventing and mitigating risks as well as preventing their recurrence.

### Information Management Committee

In accordance with the Information Control Regulations, which were redesigned in FY2021, the Company has carried out risk analysis, evaluation and measures regarding the information management of all operations-related information that is learned, created or retained by officers and employees of the Group under the Information Management Committee, chaired by the information management supervisor.

During FY2022, the committee coordinated with the Company’s relevant departments to clarify the definition of important information in emerging facts and events, and to revise the reporting format. In this manner, the committee is working to gather important information from Group companies in an appropriate and timely manner, in order to respond systematically as the parent company, while strengthening the system for reporting information without omission or delay to management and the relevant divisions.

The Company has also taken steps to build and strengthen a shared information security system for the entire Group. Specifically, the Company has established the security management division with independence from business execution as an organization directly under the control of the Representative Director of the Company and redeveloped information security policies, guidelines, etc., the Group’s common basis. For operating companies, the Company assists in building security environments, strengthens monitoring, upgrades trainings, and evaluates internal controls, among other measures. In addition, guided by the Information Management Committee, the Company is raising awareness of security throughout the Group, further enforcing rigorous security measures through a specialized subcommittee, and ensuring Group-wide safety and security.

Through these measures, the Company has worked to strengthen the Group’s information management and information security.

**6 Risk management** Updated

**(1) Basic approach to risk management**

The Company is taking steps to appropriately manage the various risks associated with business continuity, in an effort to secure the soundness of its management and the efficiency of its business, while ensuring the lasting preservation and development of the Group and continuing to provide the merchandise and services required by its customers. In the management of the Group's risks, the Company quantifies the risks of every business domain to the extent possible, verifies that these risks are within an acceptable range based on the Company's owners' equity, and employs an integrated risk management method, which implements measures that avoid, transfer, mitigate, and retain risks.

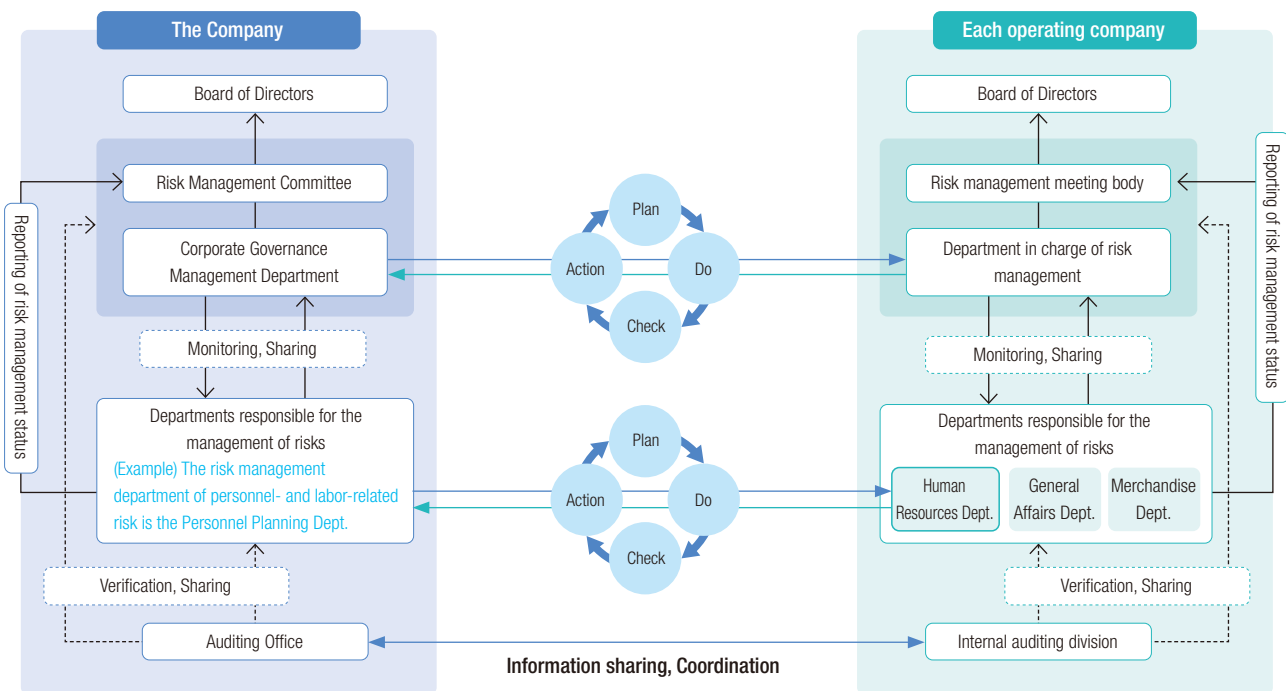
**(2) Group risk management system**

The Company and its Group companies have established a Risk Management Committee, with the departments that oversee the overall risk management of the respective companies as the secretariat.

As a general rule, the Risk Management Committee meets once every six months to receive reports on the risk management status of the respective companies from the departments responsible for the management of risks, to comprehensively determine, assess, and analyze risks and discuss measures, and to determine the future direction going forward.

Meanwhile, with regard to individual risks, Group policies related to such risks, initiatives to mitigate risks undertaken by each company, and various internal and external examples illustrating signs of materializing risks, etc., are shared through a group-wide meeting body, etc., headed by the Company's departments responsible for the management of risks.

**Group Risk Management System**





### (3) Risks to be managed

The Company has established a basic policy on risk management that is shared by the whole Group.

The Company classifies the risks to be managed into the four categories of governance risk, operational risk, B/S risk, and business risk.

In order to assess the group-wide status of each risk and effectively make improvements, the Company has clarified the departments responsible for the management of risks within the Company, while also establishing the Corporate Governance Management Department to centrally and comprehensively manage all risk areas.

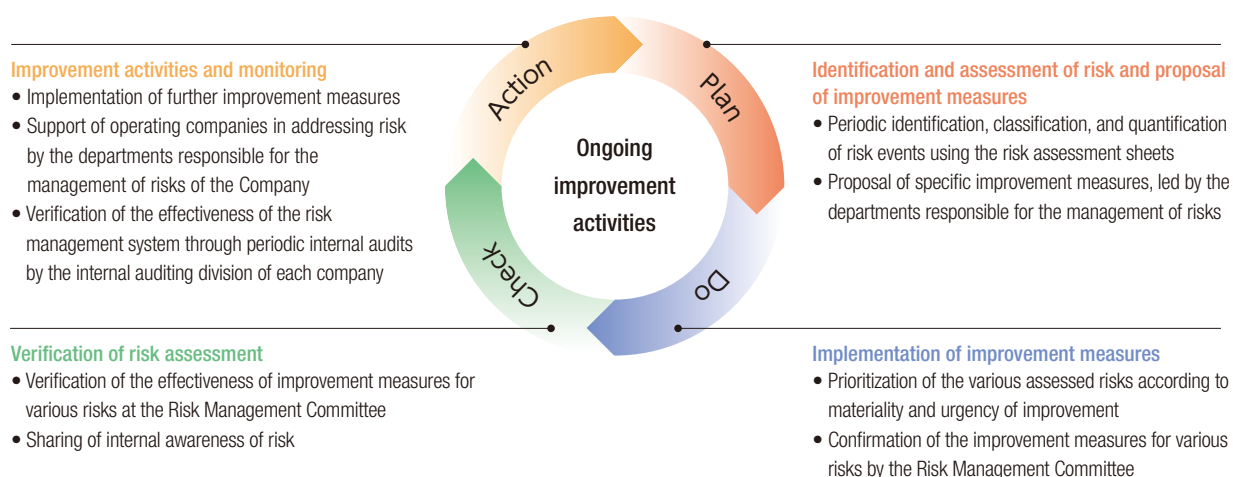
#### Risk category

Large classification	Middle classification
<b>Governance risk</b>	—
<b>Operational risk</b>	Information management risk, System risk, Quality assurance and labeling risk, IR risk, PR risk, Reputational risk, Legal risk, Risk associated with intellectual property rights (rights of trademark, etc.), Business continuity risk, Risk of incidents and accidents, Risk associated with antisocial groups, Accounting risk, Tax-related risk, Personnel- and labor-related risk, Environmental risk
<b>B/S risk (Risk occurring as a result of, or derived from assets and liabilities)</b>	Asset risk, Business credit risk, Financial credit risk, Market risk, Liquidity risk
<b>Business risk</b>	Existing business risk, Investment return risk

### (4) PDCA for risk management

The Group conducts risk management through the comprehensive identification and quantification of risks based on the shared Group risk assessment sheets, “risk assessment and proposal of improvement measures,” “prioritization of risks,” and “improvement activities and monitoring.”

In addition, the internal auditing division of each company verifies whether risk management is being conducted effectively, from an independent perspective, through periodic internal audits of the departments in charge of overall risk management and the departments responsible for the management of risks of the respective companies, and provides each department with the necessary advice for improving risk management, as required.



### (5) Utilization of risk management indicators

In FY2021, the Company introduced shared Group risk indicators (Key Risk Indicators, “KRIs”) to enhance the effectiveness of the Group’s risk management.

KRIs are quantitative monitoring indicators that facilitate the early detection of the materialization or potential materialization of risks, as well as the reduction and minimization of any possible damage and its impact. For these tasks, approximately 110 KRIs for operational risks have been set.

In operations, priority risks and their KRIs are identified from the perspectives of Group companies and operating companies. By conducting assessments from a Groupwide cross-organizational perspective, along with self-assessments by each operating company, the Company coordinates with the operating companies to take measures before a major incident occurs.

These KRIs are utilized as one of the PDCA tools for risk management to further enhance the effectiveness of Group risk management.

**(6) To further strengthen risk management**

The environment surrounding the Group, including recent technological innovations and social values, has changed drastically, and we are continuously revising our views on risk management, accordingly.

In particular, regarding risks associated with information security, damage from cyberattacks is increasing, as corporate DX (digital transformation) is advancing.

Accordingly, the Group has been engaged in redeveloping its information security policy, regulations, guidelines, etc., increasing personnel with expertise in security, and providing internal training to instill a better awareness of information security within the Group.

In addition, as the business environment changes drastically, recognizing that prevention and early detection of incidents are crucial, the Company is promoting company-wide initiatives that require each line of defense, i.e., the operating division—the first line of defense, the administrative divisions—the second line of defense, and the internal auditing division—the third line of defense, to function properly.

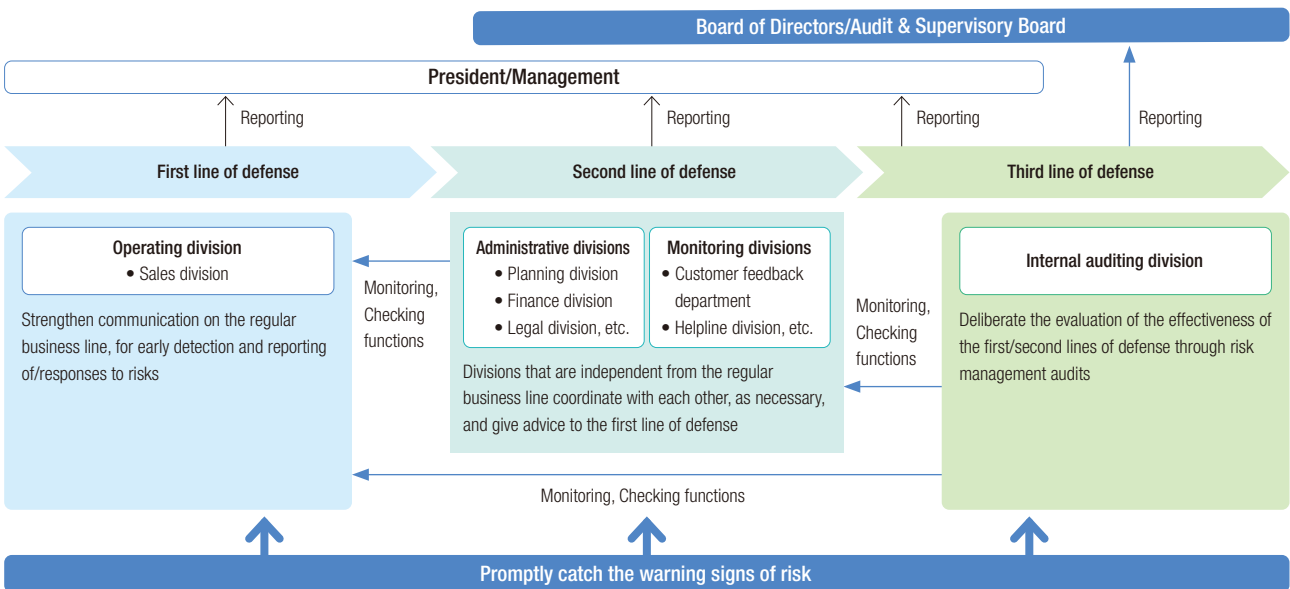
In the first line of defense, the operating division strengthens communication in the regular business line to ensure the early detection and reporting of/responses to risks onsite. In March 2020, the Company established a new Compliance Subcommittee under its CSR Management Committee to thoroughly enforce compliance at each Group company, and is also making efforts to strengthen the compliance systems of each Group company and ensure effective supervision.

In the second line of defense, the internal control promotion division, which is independent from the regular business lines (e.g., the administrative divisions and monitoring divisions), has established a system to give feedback, advice and support to the operating division, the first line of defense, regarding the information gathered daily, while engaging in mutual coordination, as necessary.

In the third line of defense, the internal auditing divisions of the Company and its Group companies conduct the risk management audits that analyze and evaluate whether the first and second lines of defense of each company are functioning properly.

In addition to the above, given the lightning speed of changes in today’s business environment, the Company is strengthening analysis of information on social media as well as the content of opinions from its customers and other parties, as part of its efforts to strengthen early understanding of the warning signs of risk.

**Toward further strengthening of risk management: detecting the warning signs of risk**



## 7 Internal whistleblowing Updated

As part of the internal controls of the whole Group, the Group operates a “Groupwide Employee Help Line” for blowing the whistle by Group employees, a “Business Partner Help Line” for blowing the whistle by business partners, and an “Audit & Supervisory Board Member Hotline” regarding management team members, with the aim of preventing, rapidly identifying, rapidly rectifying, and preventing the recurrence of violations of laws and regulations, social norms, and internal rules.

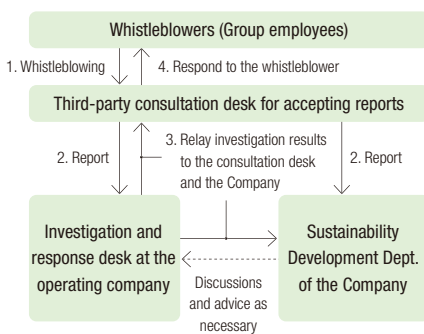
- The Company has established a point of contact for reporting at an outside third-party organization to thoroughly protect those who issue reports by enabling reports to be made anonymously, ensuring the confidentiality of report content, protecting the personal information and privacy of the reporting person (whistleblower), and preventing the whistleblower from being subjected to disadvantageous treatment for having used the help line.
- When a serious violation is found to have occurred, it is reported immediately to a Representative Director. The relevant department and relevant companies then confer about the response and take necessary measures.
- The executive officer in charge of the secretariat of the CSR Management Committee at the Company regularly reports and confirms the operational status of the internal whistleblowing system at the Board of Directors’ meeting.

### Registration of conformity with the “Whistleblowing Compliance Management System (Self-Declaration of Conformity Registration Program)”

For the Seven & i Group to be trusted by society and continue its sustainable growth, it must comply with all laws and regulations. To do so, it is important for the Group to prevent, rapidly identify, rapidly rectify, and prevent the recurrence of violations. In July 2019, the Company’s whistleblowing system was recognized as being designed to protect whistleblowers and maintain the confidentiality of reports, and the Company was registered as conforming to the Consumer Affairs Agency’s Whistleblowing Compliance Management System (Self-Declaration of Conformity Registration Program). It has already renewed its registration. The Company will continue to fully inform employees of the whistleblowing system to maintain thorough compliance.



#### Groupwide Employee Help Line



#### Business Partner Help Line



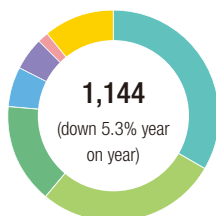
#### Audit & Supervisory Board Member Hotline\*<sup>1</sup>



\*1 For cases in which the subject of the whistleblowing is an executive officer or person in a higher position

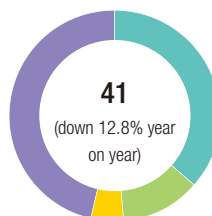
### [Number of reports for FY2021]\*<sup>2</sup>

#### Groupwide Employee Help Line\*<sup>3</sup>



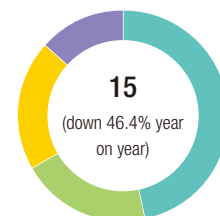
Work environment, human relations	33.6%
Suspected power harassment	27.7%
Suspected violation of employment rules	15.2%
Labor contracts and performance reviews	6.2%
Suspected violation of laws/rules	4.9%
Suspected sexual harassment/pregnancy discrimination	1.7%
Other	10.8%

#### Business Partner Help Line



Suspected power harassment	36.6%
Suspected abuse of superior bargaining position/violation of Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	12.2%
Hygiene management	4.9%
Other (internal reports related to business partners, etc.)	46.3%

#### Audit & Supervisory Board Member Hotline



Suspected power harassment	46.7%
Work environment, human relations	20.0%
Suspected violation of rules/laws	20.0%
Labor contracts and performance reviews	13.3%

\*2 Figures for percentage displays, rounded down to the first decimal place

\*3 The Employee Help Line received 1.2 reports annually per 100 employees for FY2021.

**(1) Policy on cross-shareholdings**

Overall, the Group’s cross-shareholdings as of the end of February 2021 comprise 54 stocks, with a market value of ¥74.3 billion accounting for 2.6% of consolidated net assets.

In principle, the Group does not hold cross-shareholdings except where there is an accepted rationale for doing so, such as maintaining or strengthening business alliances or business relationships, in order to maintain and strengthen business competitiveness.

Stocks held are reviewed annually and shares with less rationale or less effectiveness for holding are to be sold in view of the circumstances of the investee companies.

\*The market value is rounded down to the nearest 10 million yen and the ratio is rounded to the first decimal place.

**(2) Standards for exercising voting rights**

When exercising voting rights as to listed cross-shareholdings, based on the following Detailed Rules regarding Standards for Exercising Voting Rights, the Company decides whether to vote for or against proposals from the perspective of increasing the medium- to long-term corporate value of the Company and the investee companies, and engages in dialogue with the investee companies about the proposals before exercising its voting rights if necessary.

**Detailed Rules regarding Standards for Exercising Voting Rights**

- a. Whether proposals at each Shareholders’ Meeting inure to medium-to long-term improvement of corporate value?
- b. Whether proposals at each Shareholders’ Meeting will maximize the benefits of shareholders of the company that convenes the Shareholders’ Meeting?
- c. Whether a convocation notice of Shareholders’ Meetings and other materials such as documents that explain proposals are timely and appropriate as information disclosure?

**(3) Method for determining the rationale and effectiveness of shareholding**

The Company’s Board of Directors assesses the matters below regarding the rationale for and effectiveness of holding listed cross-shareholdings and makes comprehensive decisions regarding the appropriateness of holding said shares. The Company will continually review the matters to be assessed.

**Matters reviewed**

**Qualitative Matters**

- 1. Background of acquisition
- 2. Presence or absence of business relationship
- 3. Strategic significance at the time of holding
- 4. Possibility of future business
- 5. Risks related to survival or stability, etc. of business if shares are not held
- 6. Continuity of advantages, future outlook for business, and risks if shares continue to be held

**Quantitative Matters**

- 1. The most recent amounts of transactions and profits if any business is conducted through business alliances, etc.
- 2. Annual dividends received and gain or loss on valuation of shares
- 3. Whether the benefits and risks from each holding cover the Company’s cost of capital

**(4) FY2021 assessment of cross-shareholdings**

The results of the Board of Directors’ FY2021 assessment of all of the Company’s listed cross-shareholdings are as below. (The review was performed at the Board of Directors meeting on April 8, 2021.)



## Results of the assessment of the Company's listed cross-shareholdings in FY2021

Stock	Purpose of shareholding	Qualitative/ quantitative rationale and effectiveness of shareholding	Holding of the Company's shares
AIN HOLDINGS INC.	Further reinforcement of business collaboration in promotion of joint merchandise development, etc.	Yes*	No
Credit Saison Co., Ltd.	Further reinforcement of business collaboration through the Group financial business companies, etc.	Yes*	Yes
Mitsui Fudosan Co., Ltd.	Further reinforcement of business collaboration in transactions, etc., related to stores, logistics facilities, and other real estate for the Group operating companies	Yes*	Yes
SEIBU HOLDINGS INC.	Further reinforcement of business collaboration in joint development of stores, areas, etc., of the Group operating companies	Yes*	Yes
TBS HOLDINGS, INC.	Further reinforcement of business collaboration in sales promotion leveraging media content, etc.	Yes*	Yes
Dai-ichi Life Holdings, Inc.	Further reinforcement of business collaboration in life insurance and other financial transactions, etc., with the Group companies	Yes*	Yes

\*The qualitative and quantitative matters in "Matters reviewed" were assessed and it was comprehensively determined that rationale and effectiveness existed for all stocks held. (The quantitative effects of shareholding are not indicated in view of confidentiality of contracts and agreements pertaining to individual transactions.)

The Company's Board of Directors confirms that its Group companies other than listed subsidiaries also assess the Group's cross-shareholdings based on the same shareholding policy as the Company.

### 9 Advisors, etc. (as of October 31, 2021)

Status of the advisors for the Company and major operating companies is as below.

- Regarding the assumption of office by advisors of the Company and major operating companies, the Company's Board of Directors deliberates and confirms matters and appropriately supervises their work.
- Upon consultation from the Company's Board of Directors, the Company's Nomination Committee deliberates and confirms the duties, work arrangements, and conditions, such as compensation terms for the advisors of the Company and major operating companies.
- The roles of advisors of the Company and major operating companies are to provide advice when needed by the management team of each company, and advisors have no authority to affect the management decisions of each company.

#### The Company

Name	Masatoshi Ito
Title/position	Honorary Chairman
Duties	Provide advice when needed by the Company's management team
Working arrangement/ conditions	Full-time/with compensation
Term of office	1 year

Name	Toshifumi Suzuki
Title/position	Honorary Advisor
Duties	Provide advice when needed by the Company's management team
Working arrangement/ conditions	Full-time/with compensation
Date of retirement of the Company's president, etc.	May 26, 2016
Term of office	1 year

#### Main operating companies

Name	Noritomo Banzai
Title/position	Advisor of SEVEN-ELEVEN JAPAN CO., LTD.
Duties	Provide advice when needed by the company's management team
Working arrangement/ conditions	Full-time/with compensation
Term of office	1 year

## 10 Framework for checking related party transactions [ CGC Principle 1.7]

With regard to transactions with related parties, the Company investigates and identifies related parties and checks if there are any transactions with related parties and the details thereof. The Company discloses the transactions in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations, as well as the regulation of the Tokyo Stock Exchange.

Furthermore, with regard to any competing transactions and conflict-of-interest transactions between the Company and any Directors, the Company makes it a rule for the Directors to obtain approval of the Board of Directors in accordance with laws and regulations and the Board of Directors Regulations and to report material facts if the Directors carry out such transactions.

## 11 Approach, etc., to the independence of listed subsidiaries Updated

### (1) Views and policies on group management

Although the Company owns the listed subsidiary, Seven Bank, Ltd., from the standpoint of respecting the independence of Seven Bank, Ltd., we value the management decisions of the said listed subsidiary, and respect the independent and autonomous deliberation and determination of its business strategies, personnel policies, capital policies, etc., as it engages in its operating activities.

### (2) Significance of holding a listed subsidiary

In order for Seven Bank, Ltd. to achieve sound and sustained growth, the development of business innovation through an advanced combination of collaborations with various business partners based on the foundations of corporate trustworthiness and transparency of management is thought to be indispensable. Furthermore, the Company believes that listing the said subsidiary's shares on the market is one of the most effective method of ensuring the said subsidiary's trustworthiness and transparency of management, and it is preferable for the said subsidiary to enhance its corporate value through its own growth strategies, etc., from the standpoint of group management.

### (3) Measures to ensure the effectiveness of the governance structure of the listed subsidiary

Seven Bank, Ltd. has established a Nomination and Compensation Committee chaired by an Independent Outside Director, as an advisory organization to the Board of Directors, in order to deliberate matters regarding the nomination of candidates for Director and Executive Officer, thereby ensuring the independence of the election of the management team of the said subsidiary from the Company. Furthermore, the said subsidiary has assigned Independent Outside Directors and Independent Outside Audit & Supervisory Board Members to conduct monitoring to prevent the occurrence of any conflicts of interest between the Company and shareholders other than the Company.

The Company has not entered into a group management agreement with the said subsidiary.

Moreover, to comply with disclosure and other requirements, the "Reporting Guidelines for Significant Events" has been set forth between the Company and the said subsidiary, which require the said subsidiary to report only matters that could impact the Company's timely disclosures, matters that could significantly impact the Company's consolidated financial statements, and matters that could damage trust in the Group.

## Composition, etc., of the Board of Directors (as of October 31, 2021)

### 1 Composition of the Board of Directors (balance among knowledge, experience, and skills, and diversity and size, of the Board of Directors) and reasons for selection as Director

[ **CGC** Principle 3.1 (v)] [ **CGC** Supplementary Principle 4.11.1, 2] **Updated**

The Company emphasizes the composition of Directors and Audit & Supervisory Board Members for the Board of Directors having a good overall balance of knowledge, experience, and skills to effectively perform the role and responsibilities of the Board and ensuring both diversity and an appropriate size.

In particular, as a holding company, the Company needs to conduct comprehensive and multifaceted management for diverse business domains. Therefore, the Company examines the Board composition, considering diversity (including career and age) in terms of female and non-Japanese Directors and Audit & Supervisory Board Members as well as the balance among their knowledge, experience, and skills. For the Company's Audit & Supervisory Board Members, the Company takes care to appoint such persons with appropriate knowledge of finance and accounting.

The Company stipulates the aforementioned policies in the "Guidelines for Directors and Audit & Supervisory Board Members" (See separate document 2).

#### Composition, etc., of the Board of Directors for FY2022

With respect to the members of the Board of Directors for FY2022, from the perspective of ensuring a good balance of knowledge, experience, skills, and diversity, and starting from FY2022, by also utilizing the "Skills Matrix," we selected members who are deemed appropriate for the Board of Directors, which continues to promote measures aimed at improving the Group's corporate value over the medium to long term, and will be responsible for formulating and supervising the implementation of the new Medium-Term Management Plan.

In the formulation of the "Skills Matrix," deliberations were conducted by the Nomination Committee and the Board of Directors as part of the discussion regarding the effectiveness evaluation of the Board of Directors, based on advice obtained through constructive dialogue with institutional investors. Checks have been placed on skills, etc. that are associated with the required "Management Experience" based on the Group's business environment and business attributes, and the required "Management Skills" for solving the management issues of the Group.

We will continue to deliberate the details of the experience and skills that are required for the Board of Directors going forward, through dialogues with stakeholders.

With members that ensure diversity, the Company's Board of Directors will continue to appropriately fulfill its roles and responsibilities by conducting highly effective supervision and engaging in decision-making that supports swift and decisive risk-taking regarding important decisions.

#### Appointment of Audit & Supervisory Board Members with expertise with regard to finance and accounting

The Company has appointed the following three Audit & Supervisory Board Members who have expertise with regard to finance and accounting.

- Standing Audit & Supervisory Board Member Yoshitake Taniguchi was engaged in operations relating to finance and accounting in the finance and accounting division in the Company and its Group companies for a total period of seven (7) years or more.
- Audit & Supervisory Board Member Kazuhiro Hara is a certified public accountant and certified tax accountant.
- Audit & Supervisory Board Member Kaori Matsuhashi is a certified public accountant.

## Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members




Board Members NEW

Name	Title	Management and Industry Experience				Management Skills, Knowledge, etc.						
		CEO Experience	Retail Experience	International Business Experience	Financial Business Experience	Organizational Management	Marketing/ Branding	DX/IT/ Security	Finance and Accounting	Risk Management/ Crisis Response/Legal	Sustainability	
Ryuichi Isaka	Representative Director and President	○	○	○		○	○					○
Katsuhiro Goto	Representative Director and Vice President		○		○	○	○	○				
Junro Ito	Director		○			○					○	○
Kimiyoshi Yamaguchi	Director		○				○					○
Yoshimichi Maruyama	Director				○				○	○		
Fumihiko Nagamatsu	Director	○	○			○	○					
Shigeki Kimura	Director		○			○			○	○		
Joseph M. DePinto	Director	○	○	○		○	○	○				
Yoshio Tsukio	Independent Outside Director						○	○				○
Kunio Ito	Independent Outside Director					○	○	○	○	○	○	○
Toshiro Yonemura	Independent Outside Director					○		○		○		
Tetsuro Higashi	Independent Outside Director	○		○		○			○			
Kazuko Rudy (Real name: Kazuko Kiriya)	Independent Outside Director		○			○	○					
Noriyuki Habano	Standing Audit & Supervisory Board Member		○				○				○	
Yoshitake Taniguchi	Standing Audit & Supervisory Board Member				○				○			
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member								○	○		
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member							○		○		
Kaori Matsuhashi (Real name: Kaori Hosoya)	Independent Outside Audit & Supervisory Board Member					○			○	○		

\*The above table is not an exhaustive list of the knowledge and experience each person can offer.



## Director (Internal) Updated






Name (date of birth)	Area of Responsibility in the Company and Important Concurrent Positions	Attendance at Meetings	Reasons for Selection (experience and knowledge)
 <p><b>Ryuichi Isaka</b> October 4, 1957</p> <p style="background-color: #add8e6; padding: 2px;">Member of the Nomination Committee</p>	<p>Representative Director and President Director of SEVEN-ELEVEN JAPAN CO., LTD. Director of 7-Eleven, Inc.</p>	<p>Board of Directors*1</p> $\frac{14}{14}$ <p>Nomination and Compensation Committee*2</p> $\frac{2}{2}$ <p>Nomination Committee*2</p> $\frac{3}{3}$	<p>He has overseas business experience and broad knowledge of the retailing industry cultivated as a president of a Group company and a director of the Company as well as broad knowledge and experience in company management including the franchise business, marketing, and management administration, as well as sustainability (addressing environmental and social issues and so forth). The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to maximize the Group's corporate value through the generation of new business and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories.</p>
 <p><b>Katsuhiko Goto</b> December 20, 1953</p> <p style="background-color: #add8e6; padding: 2px;">Member of the Nomination Committee</p>	<p>Representative Director and Vice President Information Management Supervisor Director of Seven Bank, Ltd.</p>	<p>Board of Directors*1</p> $\frac{14}{14}$ <p>Nomination and Compensation Committee*2</p> $\frac{2}{2}$ <p>Nomination Committee*2</p> $\frac{3}{3}$	<p>He has broad knowledge of the retailing and financial industries cultivated as a director of the Company and its Group companies including a finance related subsidiary as well as broad knowledge and experience in areas including advertising and branding, management administration, risk management, and so forth. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to advance Group function (strengthening the provision of high value added services and the function of administrative divisions).</p>
 <p><b>Junro Ito</b> June 14, 1958</p> <p style="background-color: #f080f0; padding: 2px;">Member of the Compensation Committee</p>	<p>Director and Managing Executive Officer General Manager of the Corporate Development Division Outside Director of AIN HOLDINGS INC.</p>	<p>Board of Directors*1</p> $\frac{14}{14}$ <p>Compensation Committee*2</p> $\frac{2}{2}$	<p>He has overseas business experience and broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience in ESG (Environment, Social, Governance), risk management, accounting and finance, social marketing, and so forth. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to enhance its corporate value including non-financial aspects, and to smoothly execute group management.</p>

\*1 Attendance at meetings of the Board of Directors held in the 16th fiscal year (from March 1, 2020 to February 28, 2021) (The same applies to the following.)

\*2 Due to the reorganization of the Nomination and Compensation Committee into the Nomination Committee and the Compensation Committee after the Annual Shareholders' Meeting held on May 28, 2020, the attendance status for the period from March 1, 2020 to May 28, 2020 represents the attendance at the Nomination and Compensation Committee, while that for the period from May 28, 2020 to February 28, 2021 represents the attendance at each of the Committees. (The same applies to the following.)

Name (date of birth)	Area of Responsibility in the Company and Important Concurrent Positions	Attendance at Meetings	Reasons for Selection (experience and knowledge)
 <p><b>Kimiyoshi Yamaguchi</b> November 8, 1957</p> <p>Member of the Compensation Committee</p>	<p>Director and Executive Officer General Manager of the Corporate Communication Division Director of Sogo &amp; Seibu Co., Ltd.</p>	<p>Board of Directors*1 <u>14</u> 14</p> <p>Compensation Committee*2 <u>2</u> 2</p>	<p>He has broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience relating to marketing including advertising, branding, management information analysis and sustainability (addressing environmental and social issues and so forth). The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to activate the Group companies' corporate communication, etc.</p>
 <p><b>Yoshimichi Maruyama</b> November 2, 1959</p>	<p>Director and Executive Officer General Manager of the Corporate Finance &amp; Accounting Division Director of 7-Eleven, Inc. Representative Director and President of Seven &amp; i Financial Center Co., Ltd.</p>	<p>Board of Directors*1 <u>11</u> 11</p>	<p>He has business experience in a financial institution and broad knowledge relating to the Group's overall operations cultivated as a senior officer in the risk management division of the Company and the finance division of the Company as well as broad knowledge and experience relating to risk management, finance and accounting, and so forth. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to stabilize the Group's financial base, and to strengthen financial discipline.</p>
 <p><b>Fumihiko Nagamatsu</b> January 3, 1957</p>	<p>Director Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. Director of 7-Eleven, Inc.</p>	<p>Board of Directors*1 <u>14</u> 14</p>	<p>He has broad knowledge of the retailing industry cultivated as a president of a Group company and a director of the Company as well as broad knowledge and experience relating to company management including the franchise business, management administration, personnel management, etc. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to advance Group functions, and to pursue Group synergies.</p>
 <p><b>Shigeki Kimura</b> March 16, 1962</p>	<p>Director In charge of the President Office In charge of Group Cooperation Director of SEVEN-ELEVEN JAPAN CO., LTD.</p>	<p>Board of Directors*1 <u>14</u> 14</p>	<p>He has broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience in areas including management administration and risk management. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to coordinate with Group companies, etc.</p>
 <p><b>Joseph M. DePinto</b> November 3, 1962</p>	<p>Director Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. Chairman of the Board (Independent Director) of Brinker International, Inc. Independent Director of DHC Acquisition Corp.</p>	<p>Board of Directors*1 <u>14</u> 14</p>	<p>He has broad knowledge of the international retailing business cultivated as a president of our American Group company and as a director of the Company as well as broad knowledge and experience relating to company management, the franchise business, management administration, marketing and so forth. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to provide advice to the Company's Board of Directors from an international perspective, and to promote global management of the Company.</p>

## Director (Outside) Updated

Name (date of birth)	Area of Responsibility in the Company and Important Concurrent Positions	Attendance at Meetings	Reasons for Selection (experience and knowledge)
 <p><b>Yoshio Tsukio</b> April 26, 1942</p> <p style="background-color: #add8e6; padding: 2px;">Member of the Nomination Committee</p>	<p>Independent Outside Director President and Representative, Tsukio Research Institute</p>	<p>Board of Directors*<sup>1</sup> 14 14</p> <p>Nomination Committee*<sup>2</sup> 3 3</p>	<p>He has broad high level knowledge and experience including his experience being responsible for IT policy for the government as Vice-Minister for Policy Coordination at the Ministry of Internal Affairs and Communications, participation in city planning for various areas around the world as a university professor and involvement in constructing a sustainable society, and monitoring current natural environmental issues by visiting various places around the world, and he has insights regarding measures for such issues, etc. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors.</p>
 <p><b>Kunio Ito</b> December 13, 1951</p> <p style="background-color: #add8e6; padding: 2px;">Chair of the Nomination Committee</p> <p style="background-color: #ffb6c1; padding: 2px;">Chair of the Compensation Committee</p>	<p>Independent Outside Director Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. Outside Director of Toray Industries, Inc.</p>	<p>Board of Directors*<sup>1</sup> 14 14</p> <p>Nomination and Compensation Committee*<sup>2</sup> 2 2</p> <p>Nomination Committee*<sup>2</sup> 3 3</p> <p>Compensation Committee*<sup>2</sup> 2 2</p>	<p>He has broad high level knowledge and experience regarding finance and accounting, economics including marketing and branding, ESG (Environment, Society, Governance), risk management, etc. cultivated through his long term work experience as a university professor and his abundant experience as an outside executive of other companies. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors.</p>
 <p><b>Toshiro Yonemura</b> April 26, 1951</p> <p style="background-color: #add8e6; padding: 2px;">Member of the Nomination Committee</p>	<p>Independent Outside Director</p>	<p>Board of Directors*<sup>1</sup> 14 14</p> <p>Nomination and Compensation Committee*<sup>2</sup> 2 2</p> <p>Nomination Committee*<sup>2</sup> 3 3</p>	<p>He has held such important positions as Superintendent General of the Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management, has held positions such as Chief Security Officer (CSO) of the Tokyo Organising Committee of the Olympic and Paralympic Games, and has broad high level knowledge and experience regarding organizational management, risk management, etc. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve risk management and the effectiveness of the Company's management and the Board of Directors.</p>
 <p><b>Tetsuro Higashi</b> August 28, 1949</p> <p style="background-color: #ffb6c1; padding: 2px;">Member of the Compensation Committee</p>	<p>Independent Outside Director Outside Director of Ube Industries, Ltd. External Director of Nomura Real Estate Holdings, Inc.</p>	<p>Board of Directors*<sup>1</sup> 14 14</p> <p>Compensation Committee*<sup>2</sup> 2 2</p>	<p>He has business experience overseas, has held such important positions as Representative Director, Chairman and President, etc. of Tokyo Electron Limited, and has broad high level knowledge and experience regarding international corporate management, management administration, finance, accounting, etc. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors.</p>
 <p><b>Kazuko Rudy</b> October 10, 1948</p> <p style="background-color: #ffb6c1; padding: 2px;">Member of the Compensation Committee</p>	<p>Independent Outside Director Representative Director of WITAN ACTEN Co., Ltd. Outside Director of TOPPAN FORMS CO., LTD.</p>	<p>Board of Directors*<sup>1</sup> 14 14</p> <p>Compensation Committee*<sup>2</sup> 2 2</p>	<p>She has business experience overseas and broad high level knowledge and experience in the retail industry and marketing gained through her career, such as working at a cosmetics company and a mail-order firm and later serving as a consultant and as a graduate school professor specializing in branding and direct marketing. The Company would like her to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors.</p>

## Audit & Supervisory Board Member (Internal/Outside) Updated

Name (date of birth)	Area of Responsibility in the Company and Important Concurrent Positions	Attendance at Board of Directors Meetings*1	Attendance at Audit & Supervisory Board Meetings*3	Reasons for Selection (experience and knowledge)
 <p><b>Noriyuki Habano</b> February 10, 1958</p>	Standing Audit & Supervisory Board Member Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd. Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.	14 14	26 26	He has broad knowledge related to the overall operations of the Group cultivated as a Senior Officer of the Auditing Office of the Company, as well as broad knowledge and experience in marketing, branding, risk management, etc. The Company would like him to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing his knowledge and experience.
 <p><b>Yoshitake Taniguchi</b> March 13, 1958</p>	Standing Audit & Supervisory Board Member Audit & Supervisory Board Member of SEVEN-ELEVEN JAPAN CO., LTD. Audit & Supervisory Board Member of York Co., Ltd.	14 14	26 26	He has experience in investment bank operations in the financial industry, group management operations, and business management operations of business companies, as well as broad knowledge and experience related to the retail industry, finance, and accounting, cultivated through his work at the finance and accounting division in the Company and its Group companies. The Company would like him to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing his knowledge and experience.
 <p><b>Kazuhiro Hara</b> February 25, 1954</p>	Independent Outside Audit & Supervisory Board Member Certified Public Accountant Certified Tax Accountant	14 14	26 26	He has abundant experience and technical knowledge related to finance, accounting, tax, and risk management cultivated as a certified public accountant and tax accountant. The Company would like him to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing his knowledge and experience.
 <p><b>Mitsuko Inamasu</b> March 15, 1976</p>	Independent Outside Audit & Supervisory Board Member Attorney at Law	14 14	26 26	She has abundant experience and technical knowledge related to overall corporate legal affairs, including legal affairs pertaining to the digital field, and risk management cultivated as an attorney at law. The Company would like her to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing her knowledge and experience.
 <p><b>Kaori Matsuhashi</b> June 7, 1969</p>	Independent Outside Audit & Supervisory Board Member Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd.	14 14	26 26	She has abundant experience and technical knowledge related to finance, accounting, business management, and risk management cultivated through her experience in a business company and as a consultant and certified public accountant. The Company would like her to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing her knowledge and experience.

\*3 Attendance at meetings of the Audit & Supervisory Board held in the 16th fiscal year (from March 1, 2020 to February 28, 2021)



## 2 Numbers and composition ratios of Outside Directors and Outside Audit & Supervisory Board Members

As a holding company, the Company needs to conduct comprehensive and multifaceted management for diverse business domains. Accordingly, the composition of its Outside Directors and Outside Audit & Supervisory Board Members is to be examined considering not only ensuring diversity but also bearing in mind the overall balance of knowledge, experience, and skills. The Company therefore values having a diverse team of Outside Directors and Outside Audit & Supervisory Board Members to provide multifaceted management advice, including raising issues, and thereby ensures active discussion within the Board of Directors.

While being extremely conscious of the diversity of its Outside Directors and Outside Audit & Supervisory Board Members, we believe that the most important aspect is “personnel selection.” We have not yet reached the conclusion that setting formal numbers of Outside Directors and Outside Audit & Supervisory Board Members based on constant composition ratios would be optimal for the Company’s Board of Directors. Therefore, we have not set a specific policy on the composition ratio of Outside Directors and Outside Audit & Supervisory Board Members, including Independent Outside Directors.

We will continue to discuss this point, not only through dialogue with our stakeholders, but also based on social trends.

## 3 View on independence of Outside Directors and Outside Audit & Supervisory Board Members and independence standards [CGC Principle 4.9]

### (1) Designation of Independent Directors and Independent Audit & Supervisory Board Members

The Company designates all Outside Directors and Outside Audit & Supervisory Board Members who satisfy the qualifications for independent officers as the Independent Outside Directors and Independent Outside Audit & Supervisory Board Members.

### (2) Independence standards for Outside Directors and Outside Audit & Supervisory Board Members

As mentioned above, the Company emphasizes diversity in its Directors and Audit & Supervisory Board Members, including in Outside Directors and Outside Audit & Supervisory Board Members, and strives to secure high-quality external human resources who will support enhanced corporate governance. Accordingly, the Company has adopted the following standards for independence of Outside Directors and Outside Audit & Supervisory Board Members, considering that it is better to judge each candidate from the essential perspective of whether they have any potential conflict of interest with general shareholders.

The opinions of the Outside Directors and Outside Audit & Supervisory Board Members were also considered in the adoption of the following standards; the Company will continue to discuss the standards going forward, noting that other companies and so forth have examined their independence standards from various perspectives.

#### 1. Independence standards for Outside Directors and Outside Audit & Supervisory Board Members

##### i) Fundamental approach

Independent Directors and Independent Audit & Supervisory Board Members are defined as Outside Directors and Outside Audit & Supervisory Board Members who have no potential conflicts of interest with general shareholders of the Company.

In the event that an Outside Director or an Outside Audit & Supervisory Board Member is likely to be significantly controlled by the management of the Company or is likely to significantly control the management of the Company, that Outside Director or Outside Audit & Supervisory Board Member is considered to have a potential conflict of interest with general shareholders of the Company and is considered to lack independence.

##### ii) Independence standards

In accordance with this fundamental approach, the Company uses the independence standards established by the financial instruments exchange as the independence standards for the Company’s Outside Directors and Outside Audit & Supervisory Board Members.

#### 2. De minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible

(In the most-recent business year of the Company)

- With regard to “transactions,” “less than 1% of the non-consolidated revenues from operations of the Company in the most recent accounting period”
- With regard to “donations,” “less than ¥10 million”

## 4 Support system for Outside Directors and Outside Audit & Supervisory Board Members

The Company has assigned dedicated employees to assist the Outside Directors and Outside Audit & Supervisory Board Members in their duties, enabling close coordination and smooth exchange of information with the internal Directors and internal Audit & Supervisory

Board Members. The Company has also concluded liability limitation agreements with Outside Directors and Outside Audit & Supervisory Board Members to ensure they can perform their roles as expected. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts.

## 5 Main activities of Outside Directors and Outside Audit & Supervisory Board Members Updated

### (1) Remarks at meetings of the Board of Directors and the Audit & Supervisory Board during the 16th fiscal year (from March 1, 2020 to February 28, 2021)

#### Outside Director

Name	Advice and proposals made by Outside Directors to ensure the validity and appropriateness of the Board's decision making
Yoshio Tsukio	Opinions based on his broad high level knowledge and experience including his experience being responsible for IT policy for the government, experience participating in city planning to be involved in constructing a sustainable society, and insights regarding measures to address natural environmental issues, etc.
Kunio Ito	Opinions based on his broad high level knowledge and experience regarding finance, accounting, economics, ESG (Environment, Society, Governance), risk management, etc.
Toshiro Yonemura	Opinions based on his broad high level knowledge and experience regarding organizational management, risk management, etc.
Tetsuro Higashi	Opinions based on his broad high level knowledge and experience regarding international corporate management, management administration, finance, accounting, etc.
Kazuko Rudy	Opinions based on her broad high level knowledge and experience regarding the retail industry, marketing, etc.

#### Outside Audit & Supervisory Board Member

Name	Opinions expressed by Outside Audit & Supervisory Board Members
Kazuhiro Hara	Questions and opinions based on his abundant experience and technical knowledge related to finance, accounting, tax and risk management
Mitsuko Inamasu	Questions and opinions based on her abundant experience and technical knowledge related to overall corporate legal affairs and risk management
Kaori Matsuhashi	Questions and opinions based on her abundant experience and technical knowledge related to finance, accounting, management administration and risk management

### (2) Functions and roles of Outside Directors and Outside Audit & Supervisory Board Members

The Outside Directors and Outside Audit & Supervisory Board Members provide supervision or audits and advice and proposals from an external perspective based on their respective expertise and wide-ranging, high-level experience and insight into management from an objective and neutral standpoint with no risk of conflict of interest with general shareholders, and fulfill the function and role of ensuring valid and appropriate decision-making and business execution by the Board of Directors.

## 6 Exchange of opinions with Outside Directors and Outside Audit & Supervisory Board Members

In addition to meetings of the Board of Directors, Outside Directors and Outside Audit & Supervisory Board Members meet with the Representative Directors, Directors, Standing Audit & Supervisory Board Members, and others. These meetings including Management Opinion Exchange Meetings are held on a regular and as-needed basis. The themes are set for each of the meetings, centered on various management issues and matters of high social concern. Reports are provided by Directors, the internal control divisions, and so forth, regarding the status of business execution and internal control at the Company and its Group companies, and explanations are given in response to questions from the Outside Directors and Outside Audit & Supervisory Board Members, who also express their opinions regarding the Company's management, corporate governance, and other topics based on their respective expert knowledge and wide-ranging, high-level experience and insight into management. In these and other ways, the Outside Directors and Outside Audit & Supervisory Board Members coordinate with each other while exchanging frank and lively opinions.

The Outside Directors and Outside Audit & Supervisory Board Members also exchange opinions with the Directors and Audit & Supervisory Board Members, etc. of operating companies.

Through these activities, Outside Directors supervise operational execution, and Outside Audit & Supervisory Board Members perform audits of operational execution and accounting practices.

#### What is the Management Opinion Exchange Meeting?

Comprising all the Company's Directors and Audit & Supervisory Board Members, the Management Opinion Exchange Meeting is a meeting body aimed at explaining in advance the proposals at the Board of Directors meetings to the Directors and the Audit & Supervisory Board Members, as well as sharing information on the management and business strategies of the Company and operating companies.

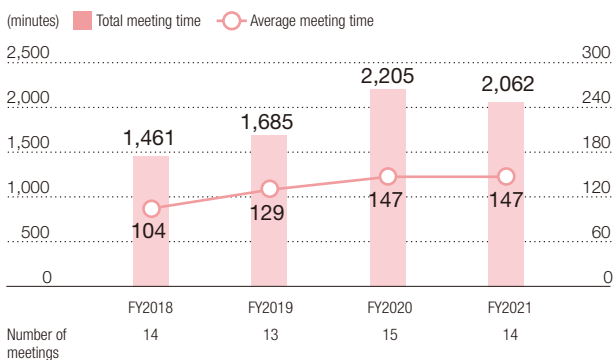
## 7 Activities of the Board of Directors

### (1) Setting the dates of the meetings of the Board of Directors and securing deliberation time

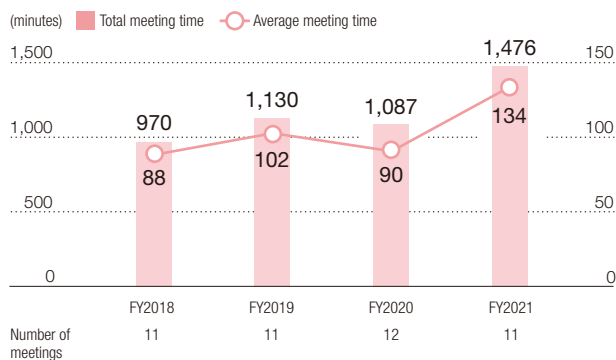
The meetings of the Board of Directors of the Company are basically held once per month, and are chaired by a Director selected by the Board of Directors.

Item	Details
Setting the dates of the meetings of the Board of Directors	Considering the increase in the number of Outside Directors and Outside Audit & Supervisory Board Members, as well as the fact that some Directors reside overseas, the Company begins preparations early and sets the dates of meetings six months prior to the commencement of the fiscal year.
Deliberation time	<ul style="list-style-type: none"> <li>In light of the fact that meeting materials are shared in advance, the key points of the agenda are explained clearly and briefly, while sufficient time is allocated for question and answer sessions and discussion.</li> <li>The Company is making efforts to secure sufficient time for deliberation, through means such as prolonging the meetings themselves, in order to accommodate the recent increase in active discussions from diverse standpoints.</li> </ul>
Matter for resolution and reporting	If further deliberation is required, the agenda, etc. after being redrafted and improved to reflect the observations of the Board of Directors, is again presented as follow-up deliberations at the next and subsequent meetings of the Board of Directors, and is accordingly confirmed and resolved, etc.

#### Deliberation time of the meeting of the Board of Directors Updated



#### Deliberation time of the Management Opinion Exchange Meetings Updated



### (2) Matters for deliberation Updated

Although the Board of Directors deliberates a wide range of topics, the major items and the points of each item are as follows. (The following presents examples. Accordingly, deliberations include, but are not limited to these items.)

Main matters for deliberation	Examples of main themes discussed in FY2021
1. Matters determined by laws and regulations, including the Companies Act	<ul style="list-style-type: none"> <li>Approval of quarterly financial statements</li> <li>Approval of the agenda of the Shareholders' Meetings</li> <li>Amendments to the Articles of Incorporation (reduction of the number of Directors, possible separation of the positions of the Chair of the Board of Directors and the President), etc.</li> </ul>
2. Matters determined by the Corporate Governance Code (including deliberations on matters related to sustainability, such as environmental policy)	<ul style="list-style-type: none"> <li>Assessment of cross-shareholdings</li> <li>Evaluation of the Board of Directors' effectiveness</li> <li>Confirmation of responses to TCFD recommendations, etc.</li> </ul>
3. Items for follow-up deliberations, in cooperation with the Nomination Committee and the Compensation Committee (including the succession plan and revision of the compensation system for Directors and Audit & Supervisory Board Members)	<ul style="list-style-type: none"> <li>Separation of the Nomination and Compensation Committee, and review of its members (making the majority of the members Outside Directors and Outside Audit &amp; Supervisory Board Members)</li> <li>Revision of the compensation system for Directors and Audit &amp; Supervisory Board Members (introduction of non-financial indicators, compliance with the revised Companies Act), etc.</li> </ul>
4. Progress of the Medium-Term Management Plan, and the strategies and policies of the Group and its operating companies	<ul style="list-style-type: none"> <li>Domestic CVS business strategy, overseas CVS business strategy, Group food strategy, large-scale commercial base strategy, Last Mile initiatives, DX/financial strategies, and sustainability strategy</li> <li>Speedway project (including eco-friendliness and bond issuance)</li> <li>New Medium-Term Management Plan, etc.</li> </ul>
5. Management situation of the major operating companies (including PMI reports)	<ul style="list-style-type: none"> <li>Business reports of SEVEN-ELEVEN JAPAN CO., LTD., 7-Eleven, Inc., Sogo &amp; Seibu Co., Ltd., Ito-Yokado Co., Ltd., and York-Benimaru Co., Ltd.</li> <li>Reports on responses to COVID-19 and the management situation of each company</li> </ul>
6. Internal controls, the status of risk management, and the implementation status of compliance	<ul style="list-style-type: none"> <li>Reports of the internal auditing division</li> <li>Deliberations with the accounting auditor</li> <li>Strengthening the governance structure at 7-Eleven, Inc.</li> <li>Activity reports of the CSR Management Committee, Risk Management Committee, and Information Management Committee, etc.</li> </ul>

## (1) Fundamental approach to evaluation of the Board of Directors' effectiveness

The Company conducts the Board of Directors' effectiveness evaluation (referred to as "Board of Directors' evaluation") through objective analysis and thorough discussions by members of the Board of Directors regarding "whether the Board of Directors is effectively functioning to realize corporate value and improve corporate governance as the Company aims." The evaluation is positioned as an important factor in the PDCA cycle leading to specific actions for further improvements.

In addition, the Company has established the Board of Directors' evaluation implementation policy, as follows.

### Board of Directors' evaluation implementation policy

1. The evaluation shall basically be a "self-evaluation," to be performed each year by all Directors and all Audit & Supervisory Board Members.
2. Progress of the important topics set in the previous year's Board of Directors' evaluation shall be confirmed and evaluated.
3. With regard to the Board of Directors' evaluation process (conducting surveys and interviews, utilizing third-party organizations, etc.), the Board of Directors' secretariat shall prepare a draft each time, and this draft shall be discussed by the Board of Directors.

## (2) FY2021 Board of Directors' evaluation process

### Overview

With regard to the FY2021 Board of Director' evaluation process, the evaluation was carried out by utilizing third-party organizations to conduct surveys and individual interviews with all Directors and Audit & Supervisory Board Members, followed by discussions with all members.

	Pre-evaluation survey	Individual interviews	Discussion
FY2018	Conducted for all Directors and all Audit & Supervisory Board Members	Conducted for all Directors and all Audit & Supervisory Board Members	Conducted for all Directors and all Audit & Supervisory Board Members
FY2019		Conducted only for newly appointed Directors and newly appointed Audit & Supervisory Board Members	
FY2020		Conducted for all Directors and all Audit & Supervisory Board Members	
FY2021			

### Scope of evaluation

In addition to the Board of Directors itself, the scope of evaluation also covered relevant meeting bodies such as the Nomination Committee and the Compensation Committee, advisory bodies, as well as the Management Opinion Exchange Meeting and the Audit & Supervisory Board.

### Points of evaluation

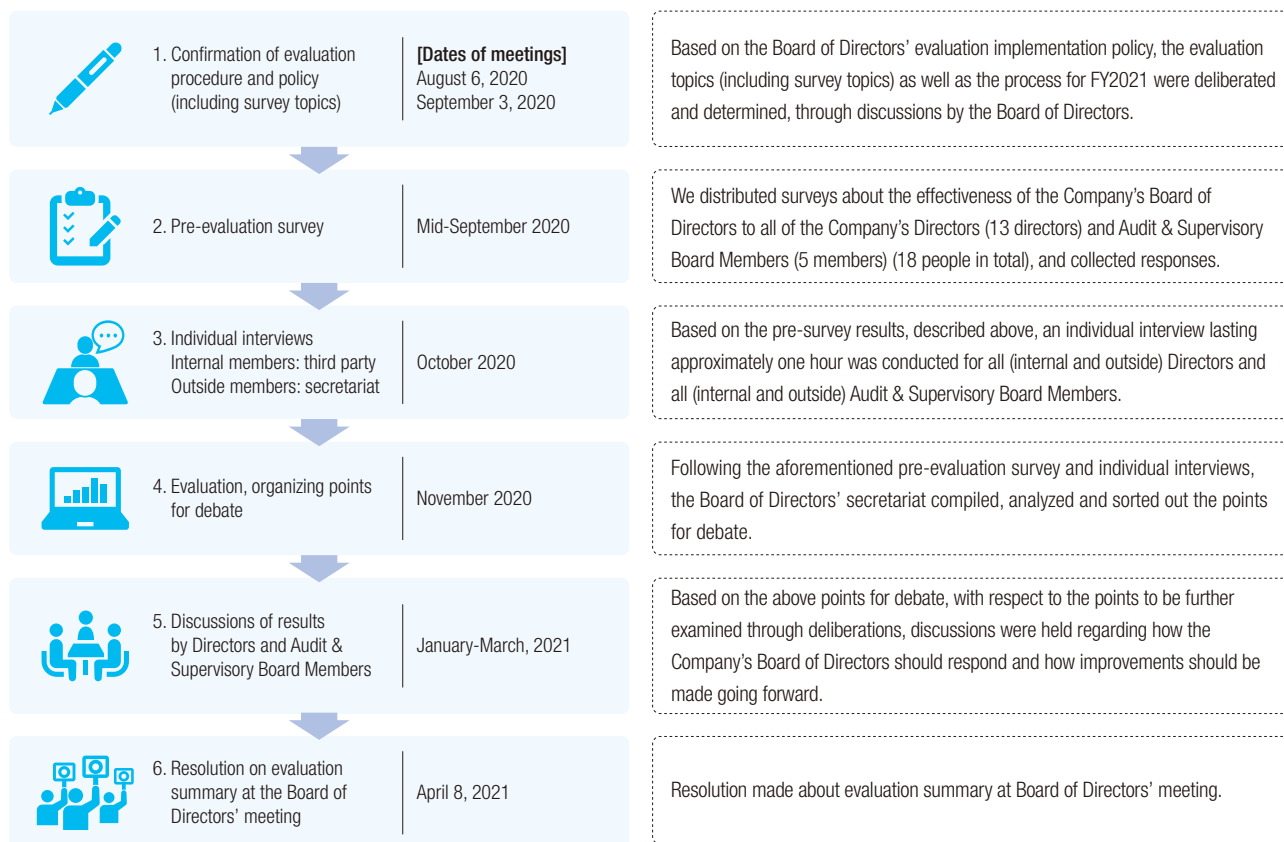
1. Evaluation of the progress of the FY2021 important topics determined by the previous year's Board of Directors' evaluation
2. Fixed-point evaluations of the items monitored by the Board of Directors (values, sustainability, strategies, governance, etc.), based on the Guidance for Collaborative Value Creation
3. Fixed-point evaluations of important corporate governance-related items, as topics for the Board of Directors
4. Evaluation of the Audit & Supervisory Board, in addition to advisory bodies of the Board of Directors, etc. (the Nomination Committee, the Compensation Committee and the Management Opinion Exchange Meeting)



### (3) Evaluation schedule and evaluation process

Overviews of the Board of Directors' evaluation schedule and process are as below.

#### Overviews of evaluation schedule and process



### (4) Results of Board of Directors' evaluation

The overview of the aforementioned Board of Directors' evaluation (resolved on April 8, 2021) is as below.

#### Overview of results of the FY2021 Board of Directors' evaluation

1. Each Director and Audit & Supervisory Board Member is conducting deliberations from a variety of perspectives, based on his or her knowledge, experience, and skills, through free and open discussions, and the Board of Directors is appropriately fulfilling its role and responsibilities, including its monitoring functions.
2. The Board of Directors is contributing to the enhancement of the effectiveness of governance and ensuring its effectiveness to improve medium- to long-term corporate value. Effectiveness has been steadily improving since the introduction of the Board of Directors' evaluation.
3. On the other hand, with regard to the various issues that were identified during this evaluation, improvement measures must continue to be considered centering on FY2022 important topics to further improve the effectiveness of the Board of Directors.

## FY2022 important topics (examples)

Important topics	Measures
Revision of the Medium-Term Management Plan and confirmation of the progress of the Group's important strategies	Revise the Medium-Term Management Plan toward an improvement in corporate value over the medium to long term, and conduct appropriate monitoring, as the Board of Directors, regarding the progress and achievements of the Group's important strategies, including the DX strategy, together with a confirmation of the effects of investments
Deliberation of the Group's management strategy, business model, and business portfolio	Redefine the Group's management strategy and business model within the context of the new Medium-Term Management Plan, while conducting ongoing deliberations at the Board of Directors, etc. regarding the ideal business portfolio for the medium to long term
Confirmation of the progress of large-scale M&A projects	Conduct periodic monitoring at the Board of Directors regarding the status of implementation of PMI after the large-scale M&A in North America, including both financial and non-financial (ESG perspectives) aspects
Optimization of the composition of the Board of Directors	Utilize the Skills Matrix and conduct ongoing deliberations regarding the skills (experience and knowledge) and composition that will be required by the Board of Directors of the Company going forward, while also considering the standpoint of ensuring diversity
Reinforcing the effectiveness of the Nomination Committee and the Compensation Committee	Strengthen the cooperation between the two Committees, and further improve the matters to be deliberated, the associated processes, etc.
Strengthening the Group's governance structure	With regard to the ideal division of roles between the operating companies and the Company, and the Group's governance and risk management structures including those of overseas subsidiaries, conduct appropriate monitoring following deliberations at the Board of Directors, and ensure further effectiveness

We will confirm and evaluate the progress on these important topics at upcoming and future evaluations of the Board of Directors.

Based on the results of this evaluation of the Board of Directors' effectiveness, we will work to further improve the effectiveness of the Board of Directors in order to achieve sustainable growth and increase corporate value over the medium to long term.

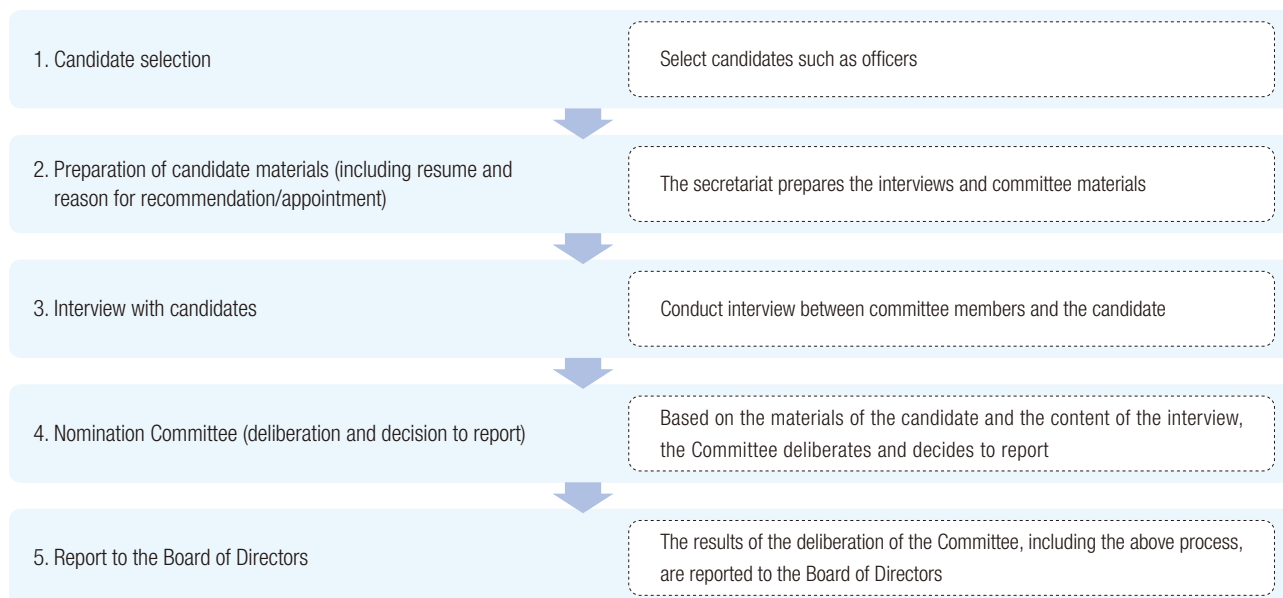
## Policies and Procedures for Appointment/Dismissal and Nomination of Directors and Audit & Supervisory Board Members, and Training

### 1 Board policies and procedures in the appointment/dismissal of senior management and the nomination of Director and Audit & Supervisory Board Member candidates [ CGC Principle 3.1 (iv) ] [ CGC Supplementary Principle 4.11.1 ]

#### (1) Basic policy

The Company established the "Nomination Committee" as an advisory committee to the Board of Directors. The committee's chair and the majority of its members are Independent Outside Directors. Through the committee's deliberations on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers (in this paragraph, "Officers, etc."), the Company utilizes the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members and ensures objectivity and transparency in the procedures for deciding the nomination of Officers, etc., thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. Please refer to the "Nomination Committee and Compensation Committee system" (page 98) regarding the Nomination Committee system, etc.

## (2) Reporting process (an example of the nomination process)



## 2 Requirements and qualities of Directors and Audit & Supervisory Board Members [ CGC Principle 3.1 (iv)] Updated

The Company has stipulated the requirements and qualities of the Directors and Audit & Supervisory Board Members in the “Guidelines for Directors and Audit & Supervisory Board Members.”

### (1) Formulation of the Guidelines for Directors and Audit & Supervisory Board Members

To improve the Company’s corporate governance, the “Governance Roundtable Talks” have been held several times since January 2016 comprising all of the Outside Directors and Outside Audit & Supervisory Board Members and the management team to discuss corporate governance based on the main themes of Japan’s Corporate Governance Code. This is a discretionary initiative to enable intensive discussion and receive free and open advice from the Outside Directors and Outside Audit & Supervisory Board Members.

In the above process, the members discussed the standards for nomination of Directors and Audit & Supervisory Board Members to determine what kind of personnel are “needed” and “desirable” for the Group’s Directors and Audit & Supervisory Board Members. The results of the discussion regarding the requirements and qualities for these personnel have been formulated as the “Guidelines for Directors and Audit & Supervisory Board Members.”

The “Guidelines for Directors and Audit & Supervisory Board Members” were formulated with the approval of the Nomination and Compensation Committee meeting held in April 2016 and of the Board of Directors meeting held on April 7, 2016. (Some of the wording was revised at the Board of Directors meetings held on May 26, 2016, November 1, 2018 and October 7, 2021).

### (2) Basic perspective on the requirements and qualities of Directors and Audit & Supervisory Board Members

The Company believes that discussion of corporate governance concerning Officers, etc. should begin with the assumption that “nobody is perfect.”

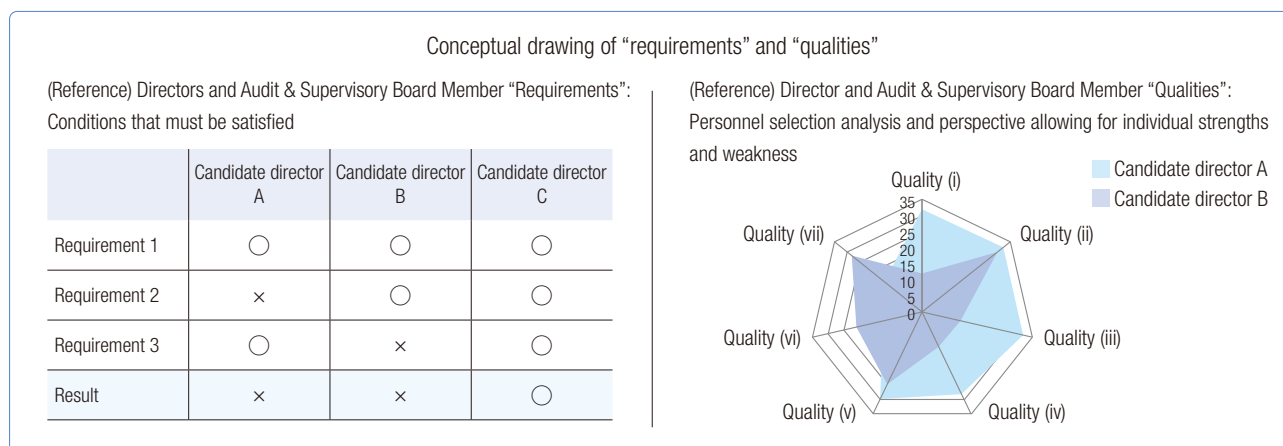
Thus, the Company has clarified “conditions that must be satisfied by Directors and Audit & Supervisory Board Members” as universal “requirements.” Meanwhile, the “strengths” of each individual can vary; thus, the Company has treated these “personnel selection analysis and perspective that allows for individual strengths and weaknesses” as “qualities” separately from the requirements.

The desirable “qualities” differ depending on the duties assigned to each Director and Audit & Supervisory Board Member, and have been set separately depending on the positions as set forth below:

1. Directors responsible for business execution
2. Directors and Audit & Supervisory Board Members responsible for supervision and audits
3. Group representative (Company President)

On the assumption that each individual Director and Audit & Supervisory Board Member has different strengths and weaknesses with regard to his/her “qualities,” the Company considers it important to select Board members by utilizing and combining individual “strengths” while emphasizing the diversity of the Directors and Audit & Supervisory Board Members.

If any Director or Audit & Supervisory Board Member has come to lack these “requirements” or “qualities,” the Company shall consider dismissing such Director or Audit & Supervisory Board Member.



**Reference information** Separate document 2: “Guidelines for Directors and Audit & Supervisory Board Members” 1–4

### 3 Basic policy regarding qualities and appointment/dismissal of Group representative (Company President) (Group representative succession plan) [ CGC Principle 3.1 (iv) ]

The Company has stipulated the following qualities desired for Group representative (Company President) in the Guidelines for Directors and Audit & Supervisory Board Members.

Appropriate qualities and viewpoints for Group representative	
Qualities	Viewpoints
Business management capability	<ul style="list-style-type: none"> <li>• Have problem-solving capabilities</li> <li>• Have outstanding judgement, etc.</li> </ul>
Leadership ability	<ul style="list-style-type: none"> <li>• Set constructive targets and lead the Company to achieve beyond them</li> <li>• Strong ability to communicate with other Directors, Audit &amp; Supervisory Board Members, and employees</li> <li>• Ability to drive change, etc.</li> </ul>
Personal qualities	<ul style="list-style-type: none"> <li>• Understand own strengths and weaknesses, able to collaborate with persons who possess qualities to compensate for qualities he or she lacks</li> <li>• Always prepared to learn</li> </ul>

The basic policy regarding appointment/dismissal of Group representative is as follows.

- Evaluate the candidate through a sincere process using multifaceted and objective materials
- Examine in detail whether the candidate has the management capabilities required for solving management issues facing the Group companies
- Specifically check and evaluate the leadership style and ability of the candidate



#### 4 Training for Directors and Audit & Supervisory Board Members [ CGC Supplementary Principle 4.14.2]

The Company has built and implements a training system tailored to each position for its Directors, Audit & Supervisory Board Members, executive officers, and other officers and employees.

Training for Directors covers corporate governance, relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, which is also provided for executive officers who have responsibility for administrative divisions. The expenses for the training are borne by the Company.

In addition, the Company's Directors and Audit & Supervisory Board Members make use of all opportunities to train themselves through their own efforts, and the Company affords opportunities for improvement. The Company's training policy for Directors and Audit & Supervisory Board Members is set out in the Guidelines for Directors and Audit & Supervisory Board Members.

The Company provides Outside Directors and Audit & Supervisory Board Members with opportunities to visit the places of business of the major subsidiaries.

Reference information Separate document 2: "Guidelines for Directors and Audit & Supervisory Board Members" 6

## Compensation for Board of Directors and Audit & Supervisory Board Members [ CGC Principle 3.1 (iii)]

### Policies (revised on February 4, 2021) and procedures in determining the compensation of Directors and Audit & Supervisory Board Members

#### 1 Basic views on compensation for Directors and Audit & Supervisory Board Members

The Company considers the compensation system for Directors and Audit & Supervisory Board Members of the Company (in this Policy, "officers") to be "an important mechanism to appropriately take risks for the sake of the continued growth of the medium- and long-term corporate value and sustainable growth of the Group, based on our basic views on corporate governance," and builds and operates the system based on the points set forth below.

- Emphasis is placed on the link between the financial results and corporate value of the Group, and establishing a system that further increases the motivation and morale to contribute to improved financial results and increased corporate value continuously over the medium to long term.
- To secure highly capable human resources who will support enhanced corporate governance through appropriate oversight and auditing of operational execution, provide compensation levels and systems commensurate with responsibilities.
- Ensure the objectivity and transparency of the compensation decision process, and establish a compensation system trusted by all stakeholders.
- With regard to the design of a specific compensation system for officers, continue to consider tailoring it more appropriately in light of future trends in legal systems and society.

#### Introduction of a non-financial indicator from FY2021

Aiming for the balance of corporate value and social value, the Company decided to add a target to reduce the amount of CO<sub>2</sub> emissions under the environmental declaration called 『GREEN CHALLENGE 2050』made in May 2019, as a non-financial indicator of the Key Performance Indicator (KPI) for the stock-based compensation from the fiscal year ended February 28, 2021.

\*For the target level of the amount of CO<sub>2</sub> emissions for each fiscal year as the KPI for the stock-based compensation, it will be the target level for each fiscal year calculated based on the assumption of the actual amount of emission for the fiscal year ended February 28, 2019 to be equally reduced for each fiscal year to achieve the target level for the fiscal year ending February 28, 2031 (reducing emissions from Group store operations by 30% compared to the fiscal year ended February 28, 2014).

#### 2 Compensation levels

The levels of compensation for officers will be determined, taking into consideration various fundamentals in the business content and the business environment of the Company, with reference to the compensation levels of officers in major companies of the same size as the Company based on market capitalization and operating income levels, etc.

### 3 Compensation composition Updated

#### (1) Operating Directors

The compensation composition ratios and composition for operating Directors are as follows:

Compensation composition ratios\*

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
60%	20%	20%

Monetary compensation
 

 Stock-based compensation

\*Calculated under the assumption that bonuses and stock-based compensation are based on a standard compensation amount.

#### Composition

Fixed compensation	A fixed monetary compensation commensurate with the responsibilities of each position will be paid. Compensation will be paid monthly during the term of office.																				
Performance-based compensation (bonuses)	<ul style="list-style-type: none"> <li>Short-term incentive compensation will be a performance-based compensation that varies based on the company's business performance and individual evaluations, etc., for the relevant fiscal year.</li> <li>Compensation will be paid annually after the company's business performance and individual evaluations, etc., for the relevant fiscal year have been confirmed.</li> <li>The Key Performance Indicators (KPIs) for performance-based compensation (bonuses) are per the table below. While evaluating the degree of improvement of profit-making capability in the main business, for incorporating the shareholders' viewpoint, consolidated ROE and consolidated net income are also used together as KPIs.</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Key Performance Indicators for performance-based compensation (bonuses)</th> </tr> <tr> <th style="width: 30%;">KPIs</th> <th style="width: 20%;">Ratio</th> <th style="width: 50%;">Purpose of evaluation</th> </tr> </thead> <tbody> <tr> <td>(A) Consolidated Operating Income</td> <td style="text-align: center;">60%</td> <td>Evaluation of the degree of improvement of the capability of making profit</td> </tr> <tr> <td>(B) Consolidated ROE</td> <td style="text-align: center;">20%</td> <td>Evaluation of profitability against equity</td> </tr> <tr> <td>(C) Consolidated Net Income</td> <td style="text-align: center;">20%</td> <td>Evaluation of the degree of achievement of budgeted net income</td> </tr> </tbody> </table>			Key Performance Indicators for performance-based compensation (bonuses)			KPIs	Ratio	Purpose of evaluation	(A) Consolidated Operating Income	60%	Evaluation of the degree of improvement of the capability of making profit	(B) Consolidated ROE	20%	Evaluation of profitability against equity	(C) Consolidated Net Income	20%	Evaluation of the degree of achievement of budgeted net income			
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Stock-based compensation	<ul style="list-style-type: none"> <li>Medium- and long-term incentive compensation will be a performance-based and stock-based compensation that varies based on the company's business performance, management indicators, non-financial indicators, etc., (introduction of the BIP Trust system*<sup>1</sup> as a stock-based compensation system was resolved at the Annual Shareholders' Meeting held in May 2019).</li> <li>Performance-based and stock-based compensation will enhance sharing profits and risks with our shareholders who have medium- and long-term perspectives by providing points during the term of office based on which shares will be delivered.</li> <li>The covered period will be four fiscal years starting from the fiscal year ended February 29, 2020.</li> <li>Shares will be delivered to Directors upon their retirement.</li> <li>Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a performance-based coefficient and will vary between 0% and 200% depending on the achievement level of targets, etc.</li> <li>The KPIs for stock-based compensation are per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators, and in order to evaluate that these can be achieved by strengthening the capability for making profit by the main business, consolidated operating income is also used together as a KPI.</li> <li>The Company, aiming for the balance of corporate value and social value, added a target to reduce the amount of CO<sub>2</sub> emissions under the environmental declaration called 『GREEN CHALLENGE 2050』 made in May 2019, as a non-financial indicator of the KPI for stock-based compensation from the fiscal year ended February 28, 2021.</li> </ul> <p>*<sup>1</sup> A BIP (Board Incentive Plan) trust is an incentive plan for officers established with reference to a performance share plan and a restricted share compensation plan in the U.S.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Key Performance Indicators for stock-based compensation</th> </tr> <tr> <th style="width: 30%;">KPIs</th> <th style="width: 20%;">Ratio</th> <th style="width: 50%;">Purpose of evaluation</th> </tr> </thead> <tbody> <tr> <td>(A) Consolidated Operating Income</td> <td style="text-align: center;">40%</td> <td>Evaluation of the degree of improvement of the capability of making profit</td> </tr> <tr> <td>(B) Consolidated ROE</td> <td style="text-align: center;">40%</td> <td>Evaluation of profitability against equity</td> </tr> <tr> <td>(C) Consolidated EPS</td> <td style="text-align: center;">20%</td> <td>Evaluation of net income from shareholders' viewpoint</td> </tr> <tr> <td>(D) CO<sub>2</sub> Emissions</td> <td style="text-align: center;">See the formula below*<sup>2</sup></td> <td>Evaluation of the degree of promotion of reducing the environmental burden</td> </tr> </tbody> </table> <p>*<sup>2</sup> Formula of the performance-based coefficient: Performance-based coefficient = (A) + (B) + (C) × (D)</p> <div style="display: flex; justify-content: space-between; font-size: small;"> <div> <p>(A) "Consolidated operating income" related coefficient × 40%</p> <p>(B) "Consolidated ROE" related coefficient × 40%</p> <p>(C) "Consolidated EPS" related coefficient × 20%</p> <p>(D) "CO<sub>2</sub> emissions" related coefficient</p> </div> </div>			Key Performance Indicators for stock-based compensation			KPIs	Ratio	Purpose of evaluation	(A) Consolidated Operating Income	40%	Evaluation of the degree of improvement of the capability of making profit	(B) Consolidated ROE	40%	Evaluation of profitability against equity	(C) Consolidated EPS	20%	Evaluation of net income from shareholders' viewpoint	(D) CO <sub>2</sub> Emissions	See the formula below* <sup>2</sup>	Evaluation of the degree of promotion of reducing the environmental burden
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	<ul style="list-style-type: none"> <li>When evaluating KPIs, the range of compensation of Representative Directors is set wider by using different performance-based coefficients from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.</li> <li>If an eligible Director commits a material illegal or unlawful act, no shares under this system will be delivered to such Director (malus) or the Company may request that such Director refund money corresponding to the shares delivered to him (clawback).</li> </ul>																				

## (2) Outside Directors and Audit & Supervisory Board Members

The compensation composition ratios and composition for Outside Directors and Audit & Supervisory Board Members are as follows:

Compensation composition ratios

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
100%		

← Monetary compensation →

Composition

Fixed compensation	With an emphasis on further strengthening the independence of Outside Directors and Audit & Supervisory Board Members from management, the compensation of Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation. Performance-based compensation (bonuses and stock-based compensation) will not be paid to Outside Directors and Audit & Supervisory Board Members. Compensation will be paid monthly during the term of office.
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## 4 Compensation governance

The Company's compensation governance is as follows:

Compensation Committee	The Company has established a compensation committee (the "Compensation Committee") to ensure objectivity and transparency in the procedures for deciding the compensation of Officers, etc. (referring in this Policy to Directors, Audit & Supervisory Board Members, and executive officers). The committee's chair and the majority of its members are Independent Outside Directors, and all of its members are Directors other than Representative Directors.
Method of determining compensation	<p>This Policy, the basic policy on compensation of officers, is determined by the Board of Directors through deliberations by the Compensation Committee. Based on this Policy, the amount of compensation of each Director is deliberated by the Compensation Committee in accordance with the evaluation of each Director's function, degree of contribution, and the Group's results, as well as the degree of achievement of KPIs, and then determined by the Representative Director, who is entrusted with such responsibility by the Board of Directors to whom the Compensation Committee reports, and who makes determinations based on the reports of the Compensation Committee.</p> <p>The compensation of each Audit &amp; Supervisory Board Member is determined through discussions by the Audit &amp; Supervisory Board Members.</p>

## 5 Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of officers is decided within the following compensation limits, determined at the Shareholders' Meeting.

Directors	Monetary compensation	Not more than ¥1 billion per year (not including employee salaries paid to Directors who serve concurrently as employees) (Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)
	Stock-based compensation	3 fiscal years/not more than ¥600 million (not more than ¥200 million per 1 fiscal year) Limit on the points granted per 1 fiscal year: 40,000 points (1 point = 1 common stock) (Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)
Audit & Supervisory Board Members	Monetary compensation	Not more than ¥200 million per year (Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)

The Company has already abolished the severance payment system for officers, and no severance payments will be paid.

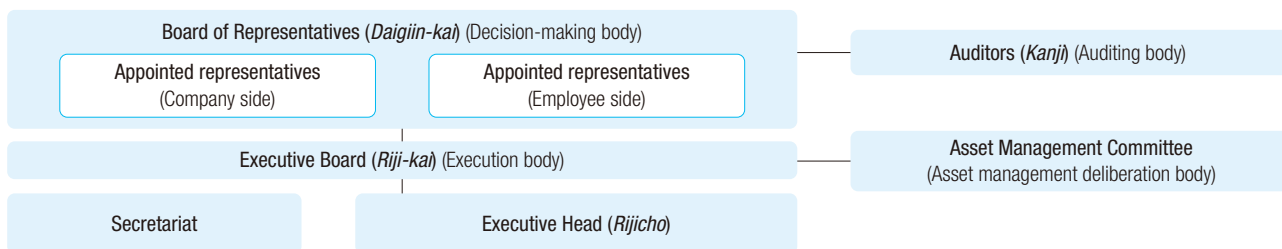
# Roles of Corporate Pension Funds as Asset Owners [ CGC Principle 2.6 ]

Investment management of the Group's corporate pensions is operated mainly by Seven & i Holdings Employees' Pension Fund (the "Corporate Pension Fund").

The Company confirms that the Corporate Pension Fund performs the roles of corporate pension funds as asset owners.

## 1 Scheme of the Corporate Pension Fund Updated

Organizational chart of the Corporate Pension Fund (as of October 31, 2021)



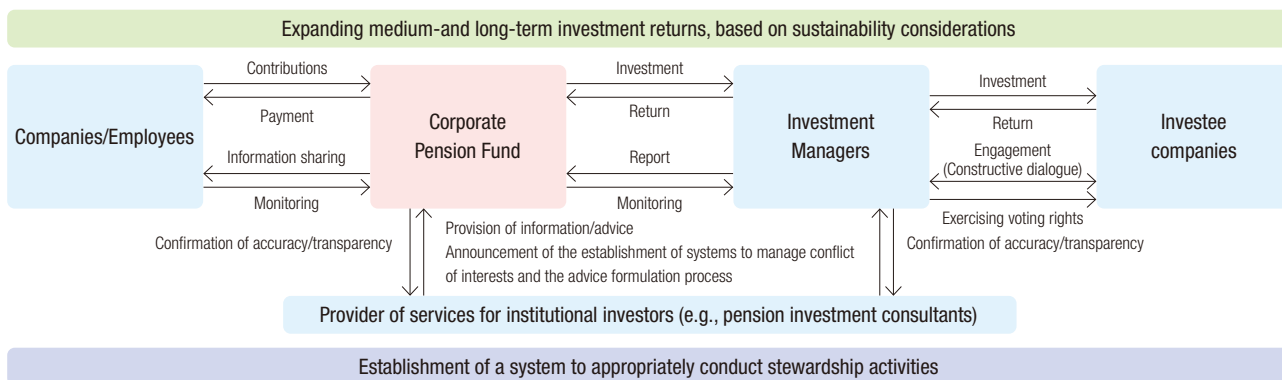
The Board of Representatives consists of an equal number of appointed representatives (company side) and mutually-elected representatives (employee side); the Board confirms the status of asset management twice a year and resolves the investment policy for investment portfolios as necessary. The Executive Board executes business based on the investment policy.

As an asset management deliberation body, the Asset Management Committee consists of members belonging to finance and accounting divisions of the Group and performs monitoring every two months based on their expert knowledge.

The Secretariat has staff members with knowledge of finance and human resources, which enables expert investment management, including monitoring of investment managers.

## 2 Management of the Corporate Pension Fund

### Investment flow



The Corporate Pension Fund confirms that all investment managers for domestic shares have accepted the Stewardship Code.

The Company monitors investment managers regarding their constructive dialogue with investee companies and status of exercising voting rights, and on those occasions, confirms their status, including specific instances of stewardship activities. Further, the Company confirms the accuracy and transparency of the information provided by the pension investment consultants, and shares information on these activities and investment results with employees via Group magazines and other means.

Conflicts of interest are appropriately managed by executing a discretionary agreement with each investment manager for selection of individual investee companies and exercise of voting rights.



## Communication (Dialogue) with Shareholders; Shareholders' Meetings

### 1 Dialogue with shareholders and IR-SR activity policy [ CGC Principle 5.1]

The Company conducts IR-SR activities based on the following policy. Our aim is to contribute to the increase in corporate value over the medium to long term and sustainable growth of the Company, and to provide shareholders, investors, and all other stakeholders with a better understanding of the Company so that they can evaluate it appropriately.

#### (1) Basic Policy on Constructive Dialogue with Shareholders and Investors

Constructive dialogue with shareholders and investors contributes to the increase in corporate value over the medium to long term and sustainable growth of the Company. Our policy on such dialogue is determined by the Board of Directors.

1. The Company has a dedicated department (the Investor & Shareholder Relations Department) responsible for planning and execution of activities for dialogue with shareholders and investors.
2. The Investor & Shareholder Relations Department is responsible for overall dialogue with shareholders and investors, and the president is in charge of it. The president, directors, and so forth strive to meet with shareholders and investors personally to the extent reasonable, in accordance with their wishes and the main topics of dialogue.
3. The Investor & Shareholder Relations Department has regular meetings with the relevant departments to promote smooth dialogue with shareholders and investors. The meetings facilitate the cooperation within the Company, such as information sharing, and the department also conducts appropriate exchange of information with the respective operating companies.
4. The opinions, wishes, concerns, and so forth gathered through dialogue with shareholders and investors are reported to management and the Board of Directors meetings as required, so that they can be reflected in management activities and business operation.
5. The Company holds the Shareholders' Meetings and individual meetings, as well as proactive quarterly financial results briefings and briefings at operating companies. In addition, the Company advances constructive dialogue to increase corporate value regarding the medium to long term management strategies, capital policies, corporate governance, responses to environmental and social issues, and so forth with the shareholders recorded in the shareholders' registry and the shareholders who effectively hold the Company's shares. In doing so, the Company strives to promote deeper understanding of its management activities and business operations among shareholders and investors.
6. To ensure that material information is not selectively presented only to certain people in the dialogue with shareholders and investors, the Company has determined the basic policy on information disclosure, and rigorously manages material information.

Further, the information management supervisor of the Company is appointed and strives to prevent external leakage of material information and insider trading.

7. The Company will regularly assess the shareholder composition on the shareholders' registry. In addition, the Company will conduct a survey to determine the shareholders who effectively hold the Company's shares and use the results for constructive dialogue with shareholders and investors.

#### Annual IR/SR schedule (FY2021) Updated

Q1	Mar.	
	Apr.	Financial Results Presentation for the Fiscal Year (Teleconference), Small Financial Results Meeting
	May	Annual Shareholders' Meeting
Q2	Jun.	
	Jul.	Financial Results Presentation for Q1 (Teleconference), Small Financial Results Meeting
	Aug.	7-Eleven, Inc. Business Presentation
Q3	Sep.	Securities company conference
	Oct.	Financial Results Presentation for Q2 (Teleconference), Small Financial Results Meeting, SEJ Merchandising Strategy Presentation
	Nov.	Securities company conference
Q4	Dec.	
	Jan.	Financial Results Presentation for Q3 (Teleconference), Small Financial Results Meeting
	Feb.	Securities company conference, Small Financial Results Meeting, revision of "Seven & i Management Report," SR activities

## External recognition Updated

2016 Institutional Investor: Most Honored Company
2017 Award for Excellence in Corporate Disclosure from The Securities Analysts Association of Japan: "Companies with Notable Improvements in Disclosure"; By industry: 3rd place in retail industry
Nikko Investor Relations: All Japanese Listed Companies' Website Ranking in 2016; Overall: Best website; By industry: Excellent website
Nikko Investor Relations: All Japanese Listed Companies' Website Ranking in 2017; Overall: Best website
2018 Most-improved Integrated Report, selected by GPIF's asset managers entrusted with domestic equity investment
JIRA 25th Anniversary Commemorative Award for "Companies with Greatest Improvement in IR" from the Japan Investor Relations Association
Nikko Investor Relations: All Japanese Listed Companies' Website Ranking in 2018; Overall: Excellent website
2019 Excellent Corporate Governance Report, selected by GPIF's asset managers entrusted with domestic equity investment
Nikko Investor Relations: All Japanese Listed Companies' Website Ranking in 2019; Overall: Excellent website
2020 Most-improved Integrated Report, selected by GPIF's asset managers entrusted with domestic equity investment
Nikko Investor Relations: All Japanese Listed Companies' Website Ranking in 2020; Overall: Best website
2021 Institutional Investor: Retailing Best IR Team
Daiwa Investor Relations Internet IR Commendation Award 2021
Nikko Investor Relations: All Japanese Listed Companies' Website Ranking in 2021; Overall: Best website; By industry: Excellent website

## (2) Basic Policy on Information Disclosure

The Company's basic policy is to provide fair and highly transparent information disclosure to shareholders, investors, and all other stakeholders. To obtain a correct evaluation of its corporate value, the Company conducts proper information disclosure in line with applicable laws and regulations as well as securities exchange listing rules. Moreover, to assist all stakeholders to deepen their understanding of the Company, we also strive to actively disclose information judged likely to have an impact on shareholder and investor decisions, even if the information is not subject to disclosure obligations under applicable laws and regulations or securities exchange listing rules.

### 1. Standard for Disclosure

The Company considers the following information to require disclosure.

#### i) Information for statutory or timely disclosure

Information requiring disclosure under laws and regulations such as the Financial Instruments and Exchange Act and the Companies Act

Information requiring disclosure under the securities exchange listing rules, such as those set out by the Tokyo Stock Exchange

#### ii) Information for discretionary disclosure

Information that is likely to have an impact on shareholders and investors investment decisions, even though it is not information described in i).

### 2. Information Disclosure Methods

Statutory disclosures under the Financial Instruments and Exchange Act are disclosed through EDINET (electronic disclosure system for disclosure documents such as annual securities reports in accordance with the Financial Instruments and Exchange Act), while information disclosures required by securities exchange listing rules and so forth are disclosed through TDnet (timely disclosure information transmission system provided by the Tokyo Stock Exchange). In principle, all disclosures are also promptly posted on the Company's website. Timely disclosure materials are also provided in English, so that information can be disclosed fairly and promptly not only with in Japan, but also to overseas markets. Discretionary disclosures are made appropriately, such as by posting on the Company's website. The Company strives to help stakeholders gain a deeper understanding of its businesses by holding business strategy briefings for domestic analysts and institutional investors and publishing an Integrated Report, Corporate Outline, and so forth.

### 3. Quiet Period

The Company observes a quiet period from the day following the financial closing date until the day of announcement of financial results in order to prevent financial information leaks and ensure fair disclosure. During this period, the Company refrains from making comments or answering questions regarding its financial results.

However, even during the quiet period, the Company will respond to inquiries regarding information that does not relate to its financial results or information that has already been publicly disclosed.

Moreover, if any major event requiring disclosure under the securities exchange listing rules and so forth occurs during the quiet period, for example if the results are expected to deviate significantly from the earnings forecast, the Company makes a public announcement appropriately in line with the securities exchange listing rules and so forth.

#### Quiet period

Q1			Q2			Q3			Q4		
Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
←→			←→			←→			←→		

#### 4. Forward-Looking Statements

The information disclosed by the Company may contain forward-looking statements. These statements are based on management’s judgment in accordance with materials available to the Company at the time of disclosure, with future projections based on certain assumptions. The forward-looking statements therefore incorporate various risks, estimates, and uncertainties, and as such, actual results and performance may differ from the future outlook included in disclosed information due to various factors, such as changes in business operations and the financial situation going forward.



Investor Relations

<https://www.7andi.com/en/ir/>

#### Enhancing disclosure and communication for individual investors NEW

The Company has been employing various methods to enhance disclosure and communication for individual investors.



##### Shareholder questionnaires

The Company conducts questionnaires to draw on the valuable comments of shareholders for improving management activities going forward.

The collected opinions are used for activities to enhance corporate value, including distributing various types of information such as that for IR and SR activities, and implementing other measures.



##### Website for individual investors

<https://www.7andi.com/ir/individual/>  
(in Japanese only)

The Company has a dedicated website for individual investors that clearly and comprehensively communicates explanations of business and other information of the Group.



##### “Quarterly Report” Shareholder Newsletter

<https://www.7andi.com/group/quarterly.html>  
(in Japanese only)

Every three months, the Company publishes a newsletter for its shareholders that sheds light on the latest initiatives of the Group and each Group company, covering various topics in each issue.

## 2 Securing shareholders' rights at Shareholders' Meetings

### (1) Initiatives to secure the rights and substantial equality of shareholders

The Company makes effort to secure the rights and substantial equality of shareholders. The Company strives to secure the substantive rights of non-Japanese and minority shareholders, in terms of securing an environment where they can exercise their rights and enjoy substantial equality.



Disclosures of the "Articles of Incorporation" and "Rules for Handling Shares" on the Company's website



Translation of timely disclosure documents in English and their posting on the Company's website

#### Anti-takeover measures

Adoption of anti-takeover measures: None

At present, the Company has not clearly defined "basic policies regarding the way a person is to control the determination of financial and business policies of the stock company" (Article 118, (iii), Regulation for Enforcement of the Companies Act). However, with the aim of maximizing the Group's corporate value through the further improvement of business performance and strengthening of corporate governance, etc., the Company believes it to be necessary to appropriately address large-scale purchases of the shares of the Company, and other acts which may damage the Group's corporate value. The Company will continue to carefully consider these basic policies, in light of future trends in legislation and court decisions, etc., as well as social trends.

### (2) Shareholders' Meetings

The Company takes measures from the following perspectives to substantially secure the voting rights and other rights of shareholders at the Shareholders' Meetings. Voting results for each proposal at Shareholders' Meetings are confirmed by the Board of Directors after the meeting. In cases where the proportion of opposing votes exceeds a certain level, the Board undertakes a causal analysis and discusses its response.

#### Convocation Notices of the Shareholders' Meeting

Securing consideration time



#### Disclosure on the Company's website

Japanese: Disclosed about four weeks before the meeting

English: Posted as quickly as possible following posting of the above Japanese-language versions



#### Early mailing

Mailed early to allow delivery about three weeks before the meeting

#### System for exercising voting rights

Adopted



Voting Instructions Form

Adopted



System for exercising voting rights via the Internet

Adopted



System for exercising voting rights using the Platform for Electronic Exercise of Voting Rights

#### Shareholders' Meeting venue



Held at the Company's Head office, which offers good access



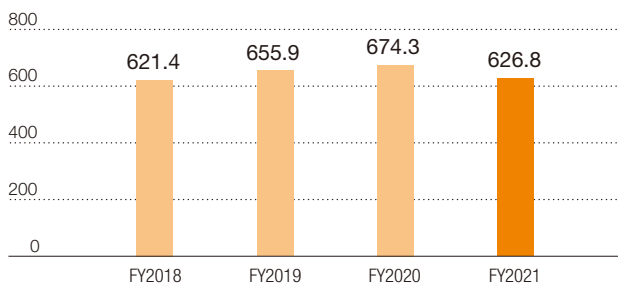
# Key Indicators

Below are some of the Seven & i Group's key indicators.

## Financial indicators

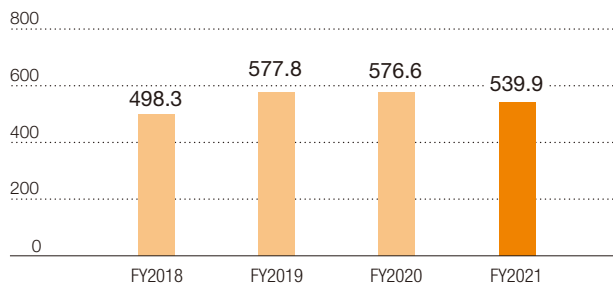
### EBITDA

(Billions of yen)



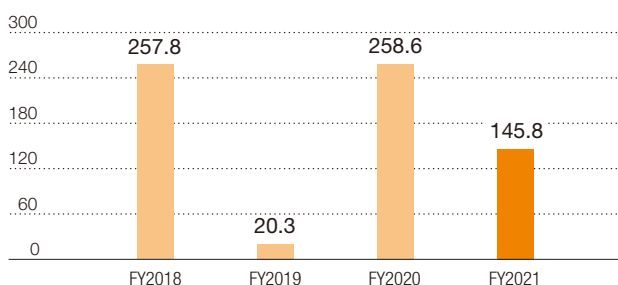
### Cash flows from operating activities

(Billions of yen)



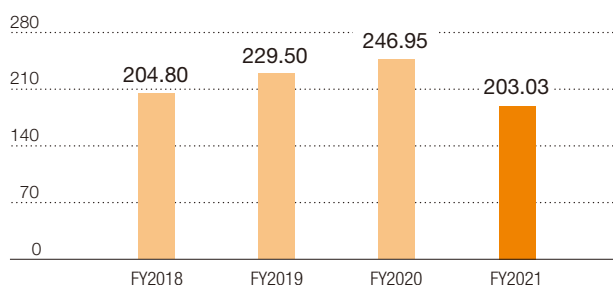
### Free cash flows\*1

(Billions of yen)



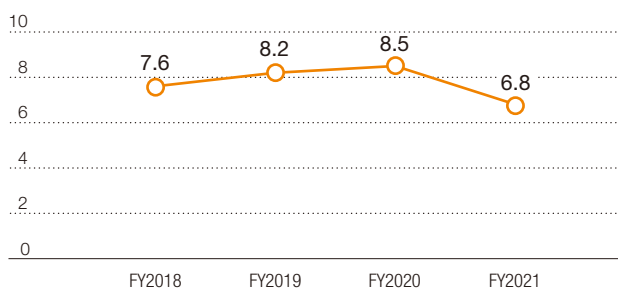
### EPS

(Yen)



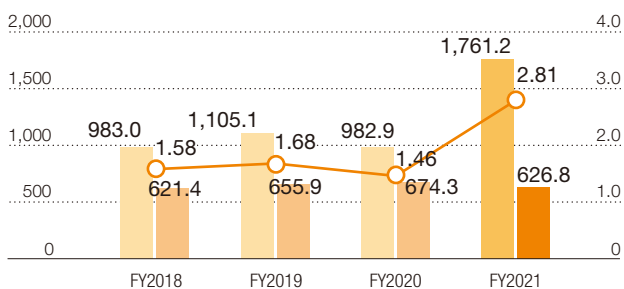
### ROE

(%)



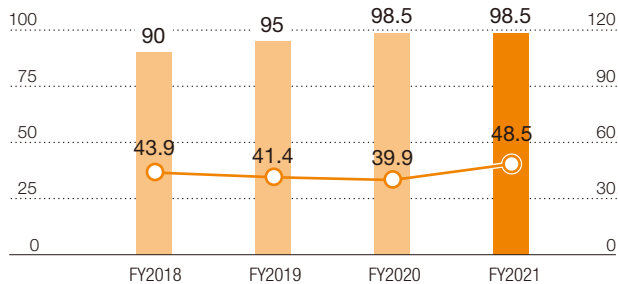
### Debt/EBITDA multiple

(Billions of yen)



### Dividends per share

(Yen)

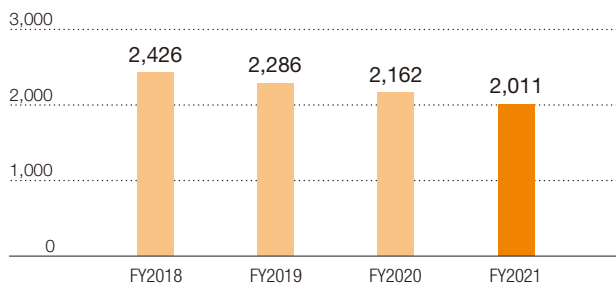


\*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

## Non-financial indicators

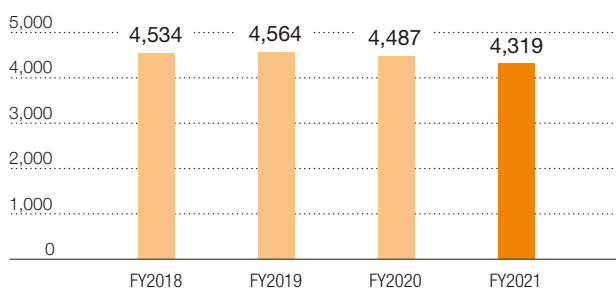
### CO<sub>2</sub> emissions from store operations\*<sup>2</sup>

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



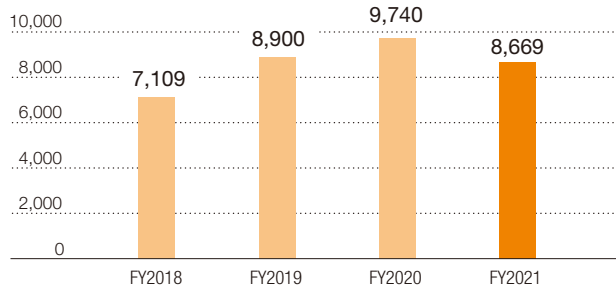
### Electricity consumption in store operations\*<sup>2</sup>

(GWh)



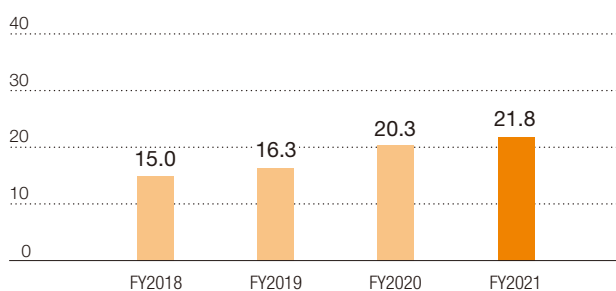
### Volume of plastic (PET) bottles collected from collection machines

(t)



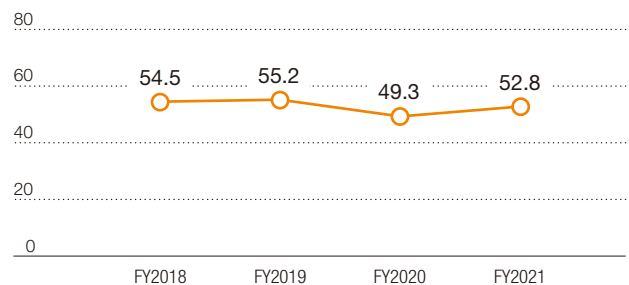
### Ratio of eco-friendly materials\*<sup>9</sup> in containers for original merchandise

(%)



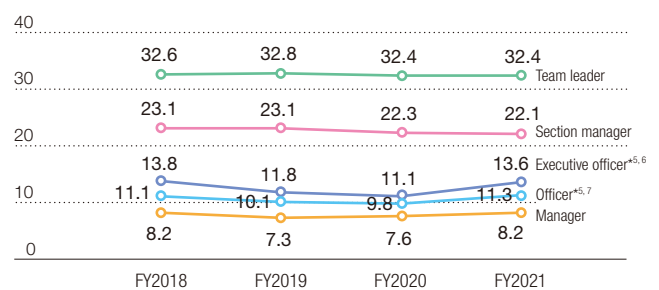
### Organic waste recycling rate\*<sup>3</sup>

(%)



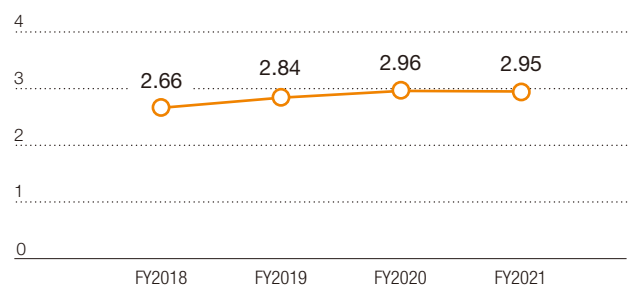
### Percentage of female managers\*<sup>4</sup>

(%)



### Percentage of employees with disabilities\*<sup>8</sup>

(%)



\*<sup>2</sup> The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for 12 companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Life Foods Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., IY Foods K.K., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Barneys Japan Co., Ltd., Seven & i Food Systems Co., Ltd., and THE LOFT CO., LTD.). For the calculation methods, please refer to the environmental data of each operating company described in Data Section of the CSR Data Book. <https://www.7andi.com/en/sustainability/report/2020.html>

\*<sup>3</sup> The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for the six food-related operating companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., and Seven & i Food Systems Co., Ltd.).

\*<sup>4</sup> Total for eight companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd., and Seven Bank, Ltd.).

\*<sup>5</sup> Officers represent the total for six companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., and Sogo & Seibu Co., Ltd.) as of May 31 of each year.

\*<sup>6</sup> Excluding executive officers who are Directors

\*<sup>7</sup> Officers represent the total of Directors, Audit & Supervisory Board Members, and executive officers (excluding executive officers who are Directors).

\*<sup>8</sup> The rate for each fiscal year is the rate as of June 1 of the year. The percentage of workers with disabilities is for the five qualified Group companies: Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., Seven & i Food Systems Co., Ltd., and Terube Ltd. (special subsidiary for employees with severe disabilities).

\*<sup>9</sup> Biomass, biodegradable materials, recycled materials, paper, etc.

# Financial Highlights

Seven & i Holdings Co., Ltd.  
for the fiscal years ended February 28 or 29

	2012	2013	2014	2015
<b>For the fiscal year:</b>				
Revenues from operations	4,786,344	4,991,642	5,631,820	6,038,948
Operating income	292,060	295,685	339,659	343,331
Net income attributable to owners of parent	129,837	138,064	175,691	172,979
Capital expenditures* <sup>1</sup>	255,426	334,216	336,758	341,075
Depreciation and amortization* <sup>2</sup>	139,994	155,666	147,379	172,237
Cash flows from operating activities	462,642	391,406	454,335	416,690
Cash flows from investing activities	(342,805)	(340,922)	(286,686)	(270,235)
Cash flows from financing activities	(40,561)	10,032	(55,227)	(79,482)
Free cash flows* <sup>3</sup>	119,836	50,484	167,648	146,454

## At fiscal year-end:

Total assets	3,889,358	4,262,397	4,811,380	5,234,705
Owners' equity* <sup>4</sup>	1,765,983	1,891,163	2,095,746	2,299,662

## Per share data:

Net income	146.96	156.26	198.84	195.66
Net assets	1,998.84	2,140.45	2,371.92	2,601.23
Cash dividends	62.00	64.00	68.00	73.00

## Financial ratios:

Owners' equity ratio* <sup>4</sup>	45.4%	44.4%	43.6%	43.9%
Debt/equity ratio (times)* <sup>4</sup>	0.40	0.45	0.45	0.41
Return on equity (ROE)* <sup>4</sup>	7.5%	7.6%	8.8%	7.9%
Return on total assets (ROA)	3.4%	3.4%	3.9%	3.4%
Dividend payout ratio	42.2%	41.0%	34.2%	37.3%

\*1 Capital expenditures include long-term leasehold deposits and advances for store construction.

\*2 In the fiscal year ended February 28, 2014, the Company and its domestic consolidated subsidiaries (except for certain operating companies) changed the depreciation method for property and equipment from the declining-balance method to the straight-line method.

\*3 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

\*4 Owners' equity = Net assets - Non-controlling interests - Subscription rights to shares

2016	2017	2018	2019	2020	2021
Millions of yen					
6,045,704	5,835,689	6,037,815	6,791,215	6,644,359	5,766,718
352,320	364,573	391,657	411,596	424,266	366,329
160,930	96,750	181,150	203,004	218,185	179,262
399,204	384,119	347,374	539,328	360,909	377,299
195,511	207,483	213,167	221,133	226,475	235,504
488,973	512,523	498,306	577,878	576,670	539,995
(335,949)	(371,602)	(240,418)	(557,497)	(318,047)	(394,127)
(2,312)	(78,190)	(168,510)	(5,324)	(213,204)	690,542
153,023	140,921	257,888	20,381	258,623	145,868
5,441,691	5,508,888	5,494,950	5,795,065	5,996,887	6,946,832
2,372,274	2,336,057	2,427,264	2,521,395	2,601,594	2,668,925
Yen					
182.02	109.42	204.80	229.50	246.95	203.03
2,683.11	2,641.40	2,744.08	2,850.42	2,946.83	3,022.68
85.00	90.00	90.00	95.00	98.50	98.50
43.6%	42.4%	44.2%	43.5%	43.4%	38.4%
0.44	0.45	0.41	0.44	0.38	0.66
6.9%	4.1%	7.6%	8.2%	8.5%	6.8%
3.0%	1.8%	3.3%	3.6%	3.7%	2.8%
46.7%	82.3%	43.9%	41.4%	39.9%	48.5%

Notes: • In the fiscal year ended December 31, 2011, 7-Eleven, Inc. changed its accounting method for revenues from operations related to franchise agreements from "gross amount" to "net amount."  
• For the balance sheets for the fiscal year ended February 28, 2014, the business results of the mail order service business are included in the scope of consolidation.  
• ROE and ROA are calculated based on the average of owners' equity and total assets at the beginning and end of each fiscal year.  
• For total assets, the Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the fiscal year ended February 29, 2020. The results for the fiscal year ended February 28, 2018 and the fiscal year ended February 28, 2019 are those after retrospective application.  
• For the statements of cash flows, ASU No. 2016-18 "Statement of Cash Flows: Restricted Cash" has been applied from the fiscal year ended February 29, 2020 by overseas subsidiaries that adopt US GAAP. Accordingly, cash and cash equivalents from the fiscal year ended February 28, 2019 include restricted cash.

# Management's Discussion and Analysis

(FY2021)

## ANALYSIS OF RESULTS OF OPERATIONS

### 1. Revenues from Operations and Operating Income

In the fiscal year ended February 28, 2021, Seven & i Holdings ("the Company") recorded consolidated revenues from operations of ¥5,766,718 million (86.8% YOY), a decrease of ¥877,641 million. Operating income decreased ¥57,936 million, to ¥366,329 million (86.3% YOY).

In domestic convenience store operations, revenues from operations were ¥920,832 million (94.8% YOY), and operating income was ¥234,258 million (91.3% YOY).

SEVEN-ELEVEN JAPAN CO., LTD. has been executing the action plan announced in April 2019, besides other ongoing efforts. The action plan is aimed at achieving sustainable growth for franchised stores, while the other ongoing efforts include the development and sales of new merchandise that accommodates changes in customer needs, transitions in the social structure and improvements in the quality of existing merchandise.

Although, the request for self-restraint from going out and the expansion of working from home due to the expansion of the COVID-19 pandemic have had a material impact on the number of its customers, SEVEN-ELEVEN JAPAN CO., LTD. has focused on measures to support the operation of franchised stores, including the provision of infection prevention supplies and economic supports, in addition to developing new merchandise and enhancing the merchandise assortment to adapt to changes in customer behavior.

During the fiscal year ended February 28, 2021, the operating performance of SEVEN-ELEVEN JAPAN CO., LTD. tended to recover from the severe situation due to the expansion of the COVID-19 pandemic. Nonetheless, sales at existing stores for the fiscal year ended February 28, 2021 were lower than those in the previous fiscal year, recording operating income of ¥233,321 million (91.9% YOY), and total store sales, comprising both corporate and franchised store sales, were ¥4,870,619

million (97.2% YOY).

To achieve sustainable growth of both SEVEN-ELEVEN JAPAN CO., LTD. and its franchised stores, we will review our management commitments reflecting recent social and other trends, and will implement measures to address issues identified in the process of voluntary inspection concerning the way of transactions between the head office and franchised stores. In addition, we will observe corporate compliance requirements, including related laws and regulations and social ethics and moral, to build a sustainable governance system.

In overseas convenience store operations, revenues from operations were ¥2,191,383 million (80.0% YOY), and operating income was ¥98,097 million (96.2% YOY).

In North America, 7-Eleven, Inc. continued to focus on the development and sales of fast food and private-brand merchandise. In the United States where a national emergency was declared in March 2020 due to the expansion of the COVID-19 pandemic, 7-Eleven, Inc. has continued its operations to supply daily necessities, responding to the request from the U.S. government.

Merchandise sales at existing stores in the United States on a local currency basis in the fiscal year ended December 31, 2020 were higher than those in the previous fiscal year. Operating income increased year on year on a U.S. dollar basis, because although expenses were incurred due to, among others things, providing economic support to the franchised stores that were ailing amid the expansion of the pandemic and due to recognition of expenses associated with M&A transactions, they were more than offset by an improved margin in the gasoline business and so on. However, with fluctuations in exchange rates, operating income came in at ¥119,221 million (98.0% YOY). Also, total store sales, comprising both corporate and franchised store sales, were ¥3,407,130 million (86.6% YOY).

In superstore operations, revenues from operations were ¥1,810,884 million (97.9% YOY), and operating income was



¥29,683 million (139.3% YOY).

Superstore Ito-Yokado Co., Ltd. has continued to promote the structural reform of its operations and stores. During the fiscal year ended February 28, 2021, sales of food merchandise picked up, driven by stay-at-home demand. However, total sales of existing stores, including tenants, decreased year on year, due to a number of factors, including shortened operating hours and temporary closure of tenant shops at Ario shopping malls implemented as countermeasures against the expansion of the COVID-19 pandemic. Operating income, however, came in at ¥7,781 million (119.3% YOY), backed by, among other things, improved margins of the stores that underwent structural reforms.

During the fiscal year, sales from the existing stores of food supermarket operator York-Benimaru Co., Ltd. increased year on year, with operating income of ¥16,548 million (126.3% YOY), supported by, among other things, its efforts to increase the merchandise assortment that better reflect the needs of customers who have chosen to stay home at the government's request to voluntarily refrain from going out.

In this business segment, food supermarket operator York Mart Co., Ltd. changed its trade name to York Co., Ltd. on June 1, 2020. The Group reorganized its food supermarket business in the Tokyo metropolitan area in a bid to strengthen its competitiveness in the food supermarkets in the area, by such means as having transferred 15 "Shokuhinkan (food specialty stores)" and five "THE PRICE" stores from Ito-Yokado Co., Ltd. to York Co., Ltd.

In department store operations, revenues from operations were ¥425,153 million (73.6% YOY), and operating loss was ¥6,248 million (in contrast to operating income of ¥797 million in the previous fiscal year).

Like Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd. has continued to promote the structural reform of its operations and stores. Specifically, during the fiscal year ended February 28, 2021, Sogo & Seibu Co., Ltd. closed five poor-performing

stores to concentrate its management resources on the metropolitan area. However, the expansion of the COVID-19 pandemic had a material impact on its customer footfall. As a result, during the fiscal year ended February 28, 2021, sales from existing stores decreased year on year. Operating income also deteriorated, falling ¥6,863 million year on year to record a loss of ¥6,691 million, as a consequence of, among other things, countermeasures implemented against expansion of the COVID-19 pandemic, including shortened operating hours and temporary closure of stores.

In financial services, revenues from operations were ¥198,927 million (91.5% YOY), and operating income was ¥48,077 million (89.7% YOY).

As of the end of the fiscal year ended February 28, 2021, the number of ATMs of Seven Bank, Ltd. installed in Japan had increased to 25,686 units (up 492 ATMs YOY). Meanwhile, the average daily transactions per ATM was 89.7 transactions (down 2.3 YOY), due to factors such as the effect of the self-restraint from going-out due to the expansion of the COVID-19 pandemic and some affiliated financial institutions implementing changes to transaction fee structures. Consequently, the total number of ATM transactions during the fiscal year ended February 28, 2021 decreased from the previous fiscal year. Cash and bank deposits of Seven Bank, Ltd. were ¥925.4 billion, which includes cash to be held in ATMs.

In specialty store operations, revenues from operations were ¥263,803 million (77.7% YOY), and operating loss was ¥13,572 million (in contrast to operating income of ¥4,690 million in the previous fiscal year).

Although merchandise strategies to address customer needs continued to be implemented, measures aimed at preventing the expansion of the COVID-19 pandemic, including shortened operating hours and temporary closure of stores, had a material impact on both customer footfall, sales and other operating performance. Especially, the voluntary restraint

from going out has had a significant impact on footfall to restaurants; some restaurants have even limited the number of customers to ensure social distancing. Consequently, restaurants generally have continued to struggle to manage their operations. In response, we took measures to cut costs and improve profitability, such as closing poor-performing stores. Despite these efforts, operating income for the specialty store operations declined by ¥18,262 million year on year, turning to operating loss of ¥13,572 million.

## 2. Non-Operating Income or Loss and Ordinary Income

Non-operating income or loss changed from a loss of ¥6,393 million (net amount) in the previous fiscal year to a loss of ¥8,965 million (net amount). This was mainly due to an increase in interest expenses, despite a decrease in interest income.

As a result, ordinary income fell ¥60,508 million YOY, to ¥357,364 million.

## 3. Special Gains or Losses and Income before Income Taxes

Special gains or losses changed from a loss of ¥71,403 million (net amount) in the previous fiscal year to a loss of ¥98,588 million (net amount). This was mainly due to an increase in losses related to COVID-19.

As a result, income before income taxes fell ¥87,693 million YOY, to ¥258,776 million.

## 4. Income Taxes (Including Income Taxes-Deferred) and Net Income Attributable to Owners of Parent

Income taxes fell ¥46,824 million YOY, to ¥64,439 million. This was mainly due to the impact of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). After the application of tax effect accounting, the effective tax rate was 24.9%.

As a result, net income attributable to owners of parent fell

¥38,923 million YOY, to ¥179,262 million. Net income per share was ¥203.03, down ¥43.92 per share, from ¥246.95 in the previous fiscal year.

## ANALYSIS OF FINANCIAL POSITION

### 1. Assets, Liabilities and Net Assets

Total assets on February 28, 2021 stood at ¥6,946,832 million, up ¥949,945 million from the end of the previous fiscal year.

In current assets, cash and bank deposits increased ¥831,418 million and ATM-related temporary payments increased ¥63,413 million while notes and accounts receivable-trade decreased ¥33,773 million. As a result, total current assets were ¥3,350,223 million, up ¥878,302 million from the end of the previous fiscal year.

Property and equipment increased ¥22,647 million, primarily due to the opening of new stores and investments in existing stores. Intangible assets increased ¥36,989 million, primarily due to the construction of a group-wide shared platform. Furthermore, investments and other assets increased ¥11,843 million, primarily due to an increase in municipal bonds and corporate bonds acquired by Seven Bank, Ltd. As a result, non-current assets were up ¥71,480 million from the end of the previous fiscal year, to ¥3,594,022 million.

Total liabilities increased ¥875,832 million from the end of the previous fiscal year, to ¥4,115,497 million.

Current liabilities increased ¥625,261 million, compared with those of the end of the previous fiscal year, to ¥2,782,433 million. This was due primarily to increases of ¥490,497 million in short-term loans owing to borrowings from bridge loans associated with the acquisition of Speedway, and ¥86,386 million in deposits received in banking business and ¥58,310 million in current portion of long-term loans.

In non-current liabilities, bonds increased ¥283,084 million due to the issuance of unsecured bonds associated with the

acquisition of Speedway, while long-term loans decreased ¥40,559 million. Consequently, non-current liabilities increased ¥250,570 million from the end of the previous fiscal year, to ¥1,333,063 million.

Total net assets were up ¥74,112 million from the end of the previous fiscal year, to ¥2,831,335 million.

Retained earnings increased ¥91,885 million YOY, primarily due to an increase of ¥179,262 million owing to the recording of net income attributable to owners of parent, and a decrease of ¥87,134 million due to cash dividend payments.

Foreign currency translation adjustments decreased ¥48,350 million, primarily due to the translation of the financial statements of 7-Eleven, Inc.

As a result, net assets per share were up ¥75.85 from the end of the previous fiscal year, to ¥3,022.68, and the owners' equity ratio was 38.4%, compared with 43.4% at the end of the previous fiscal year.

## 2. Cash Flows

Cash and cash equivalents ("Cash") were ¥2,183,837 million, up ¥828,980 million from the end of the previous fiscal year. This was primarily due to cash flows created by the fund-raising associated with the acquisition of Speedway and the high operating profitability of domestic and overseas convenience store operations, despite outflows associated with new store openings and renovations, mainly at SEVEN-ELEVEN JAPAN CO., LTD.

### (Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥539,995 million, down ¥36,675 million from that of the previous fiscal year. This mainly reflected decreases of ¥87,693 million in income before income taxes and ¥46,212 million in deposits received, despite an increase of ¥47,853 million in notes and accounts receivable-trade.

### (Cash Flows from Investing Activities)

Net cash used in investing activities was ¥394,127 million, an increase of ¥76,079 million from that of the previous fiscal year. This was primarily due to an increase of ¥41,973 million in purchase of shares of subsidiaries, resulting in change in scope of consolidation in overseas convenience store operations.

### (Cash Flows from Financing Activities)

Net cash provided by financing activities was ¥690,542 million, an increase of ¥903,747 million from that of the previous fiscal year. This was primarily due to a net increase of ¥504,213 million in short-term loans and an increase of ¥349,307 million in proceeds from issuance of bonds from the fund-raising associated with the acquisition of Speedway.

# Company Information

(As of February 28, 2021)

## Corporate Profile

### Head Office

8-8, Nibancho, Chiyoda-ku, Tokyo 102-8452, Japan

Tel: +81-3-6238-3000

URL: <https://www.7andi.com/en>

### Date of Establishment

September 1, 2005

### Number of Employees

[in brackets, number of part-time employees\*]

(Consolidated) 58,975 [76,357]

(Non-consolidated) 799 [16]

\*Monthly average based on a 163-hour working month

### Paid-in Capital

¥50,000 million

### Auditor

KPMG AZSA LLC

## Stock Information

### Number of Shares of Common Stock

Issued: 886,441,983 shares

### Number of Shareholders

83,671

### Stock Listing

Tokyo Stock Exchange, First Section

### Transfer Agent and Registrar

Mitsubishi UFJ Trust and Banking Corporation

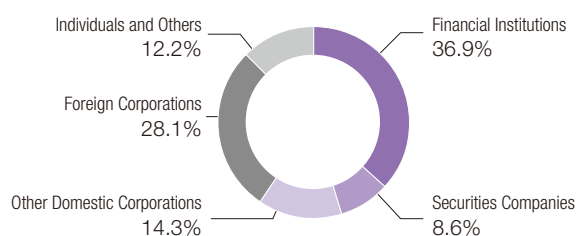
### Annual Shareholders' Meeting

The annual shareholders' meeting of the Company is normally held in May each year in Tokyo, Japan.

## Principal Shareholders

	Number of shares held (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	84,837	9.6
Ito-Kogyo Co., Ltd.	70,701	8.0
Custody Bank of Japan, Ltd. (Trust account)	48,466	5.5
SMBC Nikko Securities Inc.	23,519	2.7
Nippon Life Insurance Company	17,672	2.0
Masatoshi Ito	16,799	1.9
MITSUI & CO., LTD.	16,222	1.8
JAPAN SECURITIES FINANCE CO., LTD.	15,749	1.8
Custody Bank of Japan, Ltd. (Trust account 4)	15,657	1.8
STATE STREET BANK WEST CLIENT-TREATY 505234	12,528	1.4

## Classification of Shareholders by Percentage of Shares Held



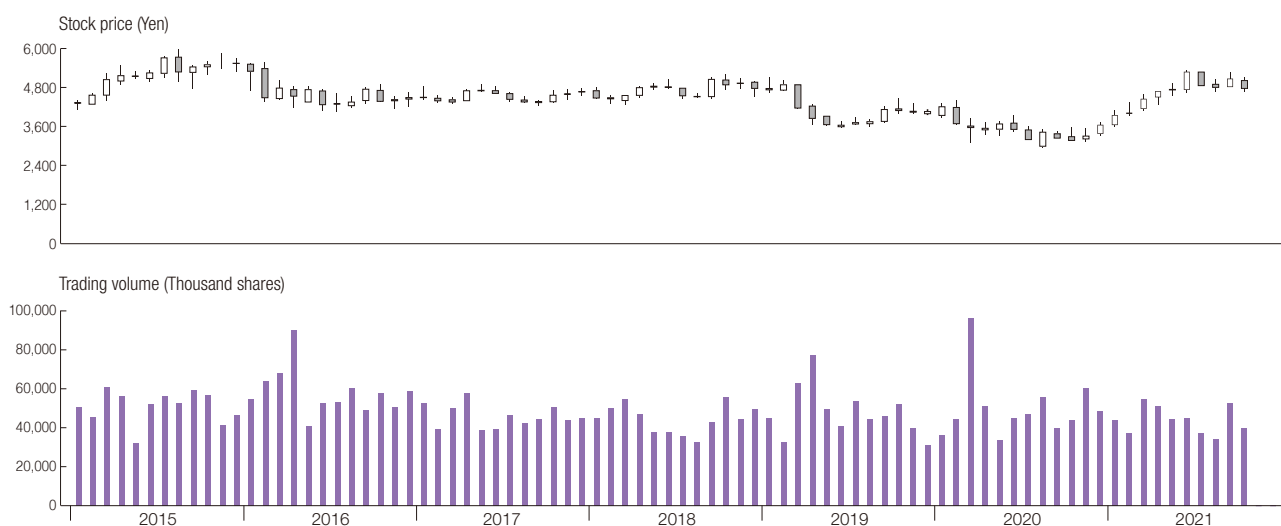
## Rating Information

### Ratings (As of October 31, 2021)

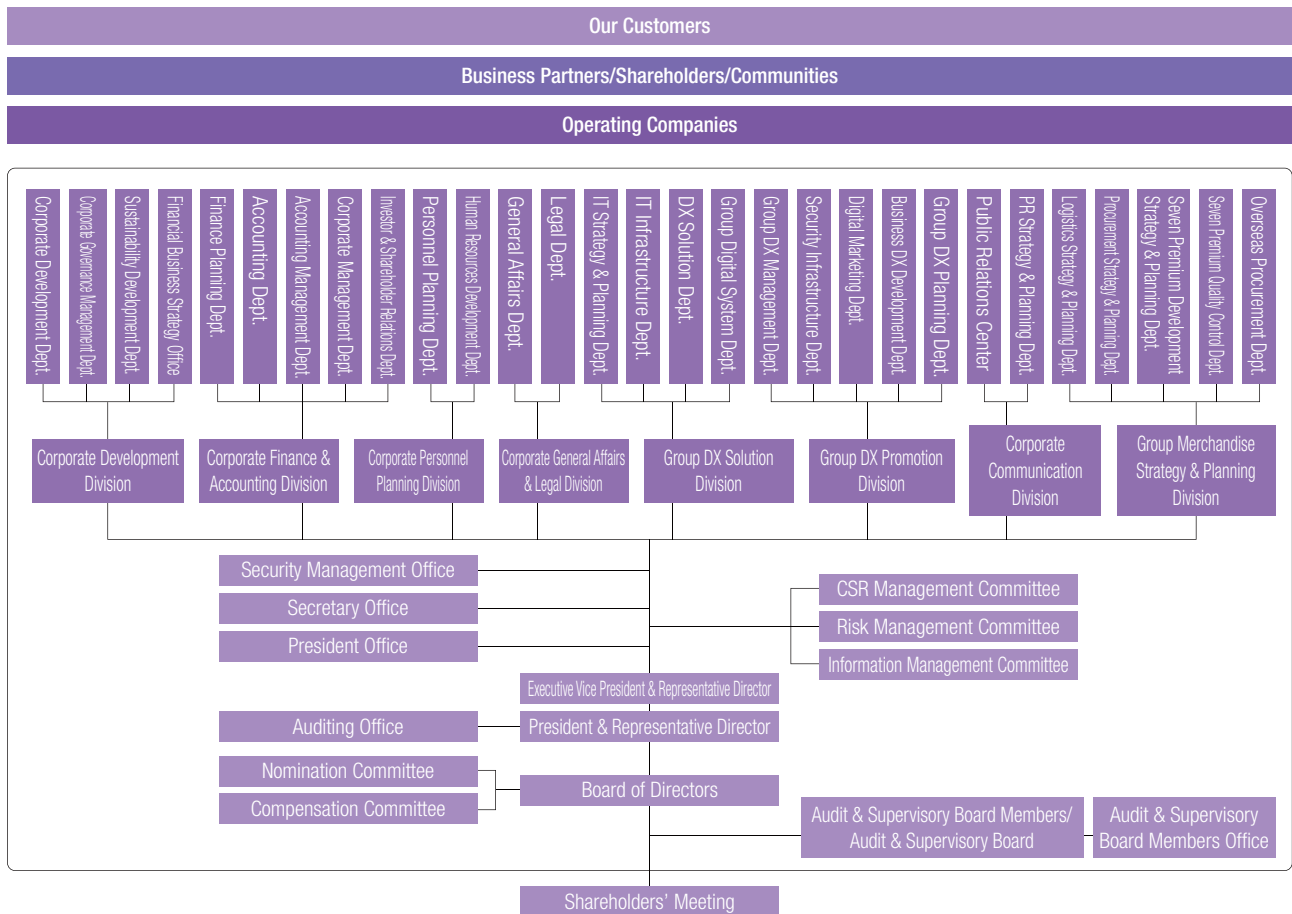
		S&P	Moody's	R&I	JCR
Seven & i Holdings	Long-term	A	A2	AA-	AA
SEVEN-ELEVEN JAPAN	Long-term	A			AA
	Short-term*	A-1	P-1		
7-Eleven, Inc.	Long-term	A	Baa2		
Seven Bank	Long-term	A		AA-	
	Short-term	A-1			

\*From January 2006, SEVEN-ELEVEN JAPAN's short-term rating is its rating as the guarantor of 7-Eleven, Inc.'s commercial paper program.

## Stock Price/Trading Volume Chart (Tokyo Stock Exchange) (As of October 31, 2021)



**Organization chart** (As of October 18, 2021)



**Disclosure materials related to this report**

**Latest IR Materials**  
<https://www.7andi.com/en/ir/library.html>  
 You can view the Company's latest IR materials in one place.  
 We have posted financial information including securities reports (in Japanese only), financial results, and brief summaries of financial results.



**Seven & i Management Report (this report)**  
<https://www.7andi.com/en/ir/library/mr.html>  
 Integrated Report promoting constructive dialogue with stakeholders and sincere governance for collaborative value creation

**Sustainability Website**  
<https://www.7andi.com/en/sustainability/>  
 A website that comprehensively communicates information on the Group's sustainability activities.

**Corporate Outline**  
<https://www.7andi.com/en/ir/library/co/2021.html>  
 Annual journal summarizing the Group's business activities and business performance information.

**Disclosure materials for individual investors**

**Website for Individual Investors**  
<https://www.7andi.com/ir/individual/> (in Japanese only)  
 We provide easy-to-understand details of the Group's businesses to individual investors.

**"Quarterly Report" Shareholder Newsletter**  
<https://www.7andi.com/company/quarterly.html> (in Japanese only)  
 Shareholder newsletter showcasing the latest initiatives of the Seven & i Group and each Group company. Delivered to shareholders every three months, each issue includes a special feature on various topics.



All disclosure materials presented herein have been posted on the Company's website.  
<https://www.7andi.com/en>



## Systems for Ensuring Appropriate Operations

The Company has adopted the following resolutions regarding “the development of systems for ensuring that the execution of duties by the Directors complies with laws, regulations, and the Articles of Incorporation and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation and by the corporate group comprised of the corporation and its subsidiaries,” as stipulated by the Companies Act.

### **(1) Systems for ensuring that the execution of duties by the Company’s and its subsidiaries’ Directors and employees is compliant with laws, regulations, and the Articles of Incorporation**

- (i) The Company and its Group companies shall comply with the “Corporate Creed” and the “Corporate Action Guidelines,” etc. In order to continue to be trusted and known for integrity, the Company and its Group companies shall implement ethical corporate activities; strictly observe laws, regulations, and social norms; and announce their fulfillment of corporate social responsibilities. On that basis, the Company shall establish, maintain, and utilize compliance systems, centered on the Company’s CSR Management Committee; operate internal reporting systems; promote fair trade; and disseminate the Corporate Action Guidelines and the guidelines of each company. In these ways, compliance shall be further enhanced.
- (ii) The Company and its Group companies will announce their commitment to not having any contact with antisocial groups and will clearly refuse unreasonable requests. Through cooperation with outside specialists, such as the police and lawyers, we will rapidly implement legal countermeasures, both civil and criminal.
- (iii) The Company’s internal auditing division, which is independent from operating divisions, will internally audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.
- (iv) The Company’s and its Group companies’ Audit & Supervisory Board Members will ensure that the execution of duties by their respective companies’ Directors is compliant with laws, regulations, and the Articles of Incorporation and work to raise the effectiveness of the supervisory function.

### **(2) Systems for the storage and control of information related to the execution of duties by the Company’s Directors and systems for reporting to the Company related to the matters concerning the execution of duties by the subsidiaries’ Directors**

- (i) In accordance with laws, regulations, and the Information Control Regulations, the Company and its Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as minutes of Shareholders’ Meetings, minutes of Board of Directors’ meetings (including electromagnetic records; hereafter the same), circular decision-making documents (*ringisho*), and other documents and information necessary to secure appropriate operational execution.
- (ii) The Company and its Group companies shall appoint an information management supervisor at each company to be responsible for supervising management of business information and also controlling planning, development and facilitation of initiatives related to the

information management. The information management supervisor of the Company shall be then responsible for business information management of the overall Group by setting the Company’s Information Management Committee as the core function for the purpose, ensuring enhanced effectiveness of timely and accurate information disclosure by the function responsible for comprehensively collecting and disclosing important information, and integrated information management in view of the safe management of such important information as trade secrets and personal information. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the Audit & Supervisory Board Members.

- (iii) Directors and employees of the Company and its Group companies shall report to the information management supervisor of the Company where any important matter relating to each Group company arises.

### **(3) The Company’s and its subsidiaries’ regulations and systems for loss risk management**

- (i) In accordance with the “basic rules for risk management,” the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, 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.
- (ii) In regard to risk management, a system for periodic reporting to the Board of Directors and Audit & Supervisory Board Members shall be established, maintained, and utilized. The Board of Directors, Directors, and people responsible for operating divisions shall conduct sufficient analysis and evaluation of risks associated with operational execution, and improvement measures shall be implemented rapidly.
- (iii) In the case where a business experiences a major disruption, a serious incident or accident, or a large-scale disaster, etc. to minimize damage to the Company and all Group companies when risk events occur, a Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

### **(4) The Company’s and its subsidiaries’ systems for ensuring the efficiency of the execution of duties by Directors**

- (i) The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area shall be clearly and appropriately defined in the regulations of decision-making authority, etc. In this way, the Company and its Group companies shall avoid administrative duplication and conduct flexible decision-making and administrative execution.
- (ii) To secure the sustained growth of the Company, the Company’s Board of Directors shall make decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as periodic reports from the Company’s Directors and people responsible for operating divisions, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.
- (iii) The Company’s Board of Directors, as a general rule, shall meet once

each month. In addition, when necessary, extraordinary meetings of the Company's Board of Directors shall be held or resolutions of the Company's Board of Directors shall be adopted through documents. Rapid decision making will be implemented and efficient administrative execution will be promoted. The Company shall comply with the Articles of Incorporation, Rules of the Board of Directors, etc. of the Company concerning specific operations of the Board of Directors.

**(5) The Company's systems for ensuring the appropriateness of financial reporting**

- (i) In order to ensure the Company and its Group companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules, such as rules on establishing internal controls for financial reporting.
- (ii) The Company's internal auditing division, which is independent from operating divisions, shall check and assess the effectiveness of the development and operational status of internal controls for the financial reporting of the Company and its Group companies.
- (iii) Directors, Audit & Supervisory Board Members, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

**(6) Matters related to the provision of support staff for the Company's Audit & Supervisory Board Members when so requested**

The Company shall provide full-time staff to support Audit & Supervisory Board Members.

**(7) Matters related to the independence from the Company's Directors of the support staff for the Company's Audit & Supervisory Board Members and securing effectiveness of instructions**

The selection (including subsequent replacements) of support staff to work exclusively for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board Members. In addition, the support staff shall comply with the Employment Rules of the Company. However, the Audit & Supervisory Board Members shall have the authority to provide directions and orders to the support staff and personnel matters such as working conditions and disciplinary actions shall be implemented upon prior consultation with the Audit & Supervisory Board Members.

**(8) Systems for reporting to the Company's Audit & Supervisory Board Members**

- (i) Systems for Directors and employees of the Company to report to the Audit & Supervisory Board Members of the Company  
When matters that could cause significant damage to the Company, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. committed by a Director or an employee are found, Directors and employees of the Company shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

- (ii) Systems for Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries, or persons who have received reporting from these people to report to the Audit & Supervisory Board Members of the Company  
When matters that could cause significant damage to the Group companies, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. in the Group companies are found, Directors, Audit & Supervisory Board Members and employees of the Group companies shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.
- (iii) Systems for reporting to the Audit & Supervisory Board Members of the Company through an internal reporting system  
Directors and employees of the Company as well as Directors, Audit & Supervisory Board Members and employees of the Group companies may use an internal reporting system established by the Company at any time when acts constituting a violation of laws and regulations, social norms, internal rules or the like are found in the operations of the Company and the Group companies, and the secretariat operating the internal reporting system shall provide reports to the Audit & Supervisory Board Members of the Company concerning the content of the reports and the operation of the internal reporting system, pursuant to the internal rules.

**(9) Systems for ensuring that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made**

The Company and the Group companies shall take appropriate measures such as establishing provisions in their internal rules to ensure that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made.

**(10) Matters concerning policies for processing prepayment or repayment of costs incurred in relation to execution of duties of the Audit & Supervisory Board Members of the Company and other processing of costs or liabilities incurred in relation to execution of duties thereof**

The Company shall bear the costs incurred in relation to the execution of duties by the Audit & Supervisory Board Members.

**(11) Other systems for ensuring that the Company's Audit & Supervisory Board Members can conduct their activities effectively**

- (i) The Company's Audit & Supervisory Board Members shall meet regularly with the Representative Director, and exchange opinions concerning important audit matters.
- (ii) The Company's Audit & Supervisory Board Members shall maintain close contact with the Company's internal auditing division, and may request the division to conduct inspections when necessary.
- (iii) The Company's Audit & Supervisory Board Members shall meet regularly with the Audit & Supervisory Board Members of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.
- (iv) The Company's Audit & Supervisory Board Members may consult with the accounting auditor and lawyers as needed, and the Company shall bear all of the costs of such consultation.

## Seven & i Holdings Co., Ltd. Guidelines for Directors and Audit & Supervisory Board Members

These guidelines set out the requirements, qualities, and basic policy on education of the Representative Directors, Directors (including Outside Directors), Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), executive officers, and other officers (hereinafter collectively the “officers”) of Seven & i Holdings Co., Ltd. (hereinafter the “Company”) and its Group operating companies (excluding listed Group operating companies) (hereinafter the “Group operating companies”; the Company and the Group operating companies collectively, the “Group companies”).

### 1. Requirements of officers

Officers of the Group companies must satisfy the following requirements.

- (i) Understand and practice the Company’s corporate philosophy, and have sincerity that is trusted by customers, business partners, shareholders, local communities, and employees
- (ii) Comply with laws and regulations, the Company’s Corporate Action Guidelines, and internal and external ethics and norms, and have the knowledge and fairness required of officers
- (iii) Candidates for the Company’s independent officers must satisfy the Company’s independence standards for Directors and Audit & Supervisory Board Members

### 2. Qualities required of officers responsible for business execution (Representative Directors, executive officers, etc.)

Officers of the Group companies responsible for business execution are required to have the following qualities.

- (i) The quality of being able to think from the customer’s perspective, responding to change while strengthening fundamentals at his/her initiative, and serve as a role model for employees
- (ii) The quality of freely and vigorously discussing matters in the Board of Directors meetings, offering constructive advice and proposals, comprehensively grasping the overall strategic guideline of the Group as a whole and the management environment and resources of each Group company, and proposing a consistent strategic system
- (iii) The quality of organization; i.e., forming, maintaining, and modifying an effective organization to implement strategies
- (iv) The quality of actively and effectively operating and directing organizational activities to implement strategies and controlling management with appropriate decision-making
- (v) The quality of being able to foster a future management team and create an organization for future growth, aiming for sustainable growth and long-lasting development
- (vi) The quality of building and implementing compliance, internal control, and risk management
- (vii) In addition to the above, other qualities required of officers responsible for business execution in management in each Group company

### 3. The qualities required of officers responsible for supervision and auditing (Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members))

Officers of the Group companies responsible for supervision and auditing are required to have the following qualities.

- (i) The quality of being able to provide constructive opinions and advice regarding the Group companies’ business from a layman’s perspective (i.e., that of an ordinary consumer) without being constrained by past experiences
- (ii) The quality of having deep insight and so forth regarding important areas of consideration for management in the Group companies (e.g., corporate management, compliance, risk management, finance and accounting, internal control, macro policies, global management, marketing, etc.)
- (iii) The quality of being able to give advice and proposals inuring to sustainable growth and increase of corporate value of the Group companies in the medium to long term, freely and vigorously discuss matters in the Board of Directors meetings, and contribute to frank, constructive examination
- (iv) (Regarding Outside Directors and Outside Audit & Supervisory Board Members) The quality of being able to appropriately supervise and audit conflicts of interest between Group companies and their management teams and controlling shareholders
- (v) (Regarding the independent officers of the Company) The quality of being able to appropriately reflect the opinions of stakeholders such as minority shareholders in the Board of Directors meetings in a position independent of the management team and controlling shareholders
- (vi) In addition to the above, other qualities required of officers responsible for supervision and auditing in the management of the Group companies

### 4. Basic policy regarding qualities and appointment/dismissal of the Group representative (Company President)

- (1) The qualities required of Group representative (Company President) are as follows.

The Group representative (Company President) should have the following qualities as appropriate.

- (i) Business management capability (Viewpoints)
  - Have problem-solving capabilities
  - Have outstanding judgement, etc.
  - Have abundant knowledge of business
  - Able to add value in business development
  - Able to pursue innovation
  - Able to serve as the front man of the Group
- (ii) Leadership ability (Viewpoints)
  - Set constructive targets and lead to achieve beyond them
  - Have strong ability to communicate with other officers and employees
  - Able to drive change
  - Able to bring together highly capable human resource to form a team, assign them appropriate work, and lead them to a successful result
  - Have leadership that is a goal for Group officers and employees

- (iii) Personality  
(Viewpoints)
- Understand own strengths and weaknesses, and able to collaborate with persons who possess qualities to compensate for qualities he or she lacks
  - Always prepared to learn

- (2) The basic policy on appointment/dismissal of the Group's representative (Company President) is as follows.
- Evaluate the candidate through a sincere process using multifaceted and objective materials
  - Examine in detail whether the candidate has the management capabilities required to solve management issues that the Group companies are facing
  - Specifically check and evaluate the leadership style and ability of the candidate

#### **5. Basic policy on composition of Directors and Audit & Supervisory Board Members in companies with a Board of Directors**

- As for the Group companies with a Board of Directors, the composition of Directors and Audit & Supervisory Board Members will have a good overall balance of knowledge, experience, and skills to effectively perform the roles and responsibilities of the board and ensuring both diversity and an appropriate size.
- With regard to the composition of Directors and Audit & Supervisory Board Members of the Company as a holding company, in particular, the Company needs to conduct comprehensive and multifaceted management for diverse business domains. Therefore, the Company examines the Board composition, considering diversity (including career and age) in terms of female and non-Japanese Directors and Audit & Supervisory Board Members as well as the balance among their knowledge, experience, and skills.
- For the Company's Audit & Supervisory Board Members, the Company takes care to appoint such persons with appropriate knowledge of finance and accounting.

#### **6. Provision of opportunities to develop and improve skills**

- (1) Skills development
- Officers of the Group companies shall constantly strive to develop the following skills.
- (i) Develop and acquire expertise and skills appropriate for a business manager
  - (ii) Deepen their fundamental understanding of each position and function, and based thereon, develop and acquire the ability to analyze and decide matters from a Company-wide and comprehensive perspective
  - (iii) Develop and acquire the ability for flexible thinking and rapid, accurate decision-making regarding management and administration issues
  - (iv) Acquire methods to utilize skills and techniques necessary for business analysis, business planning, and so forth

- (v) Develop and acquire skills to effectively combine individual efforts of organization members to achieve company objectives, and to effectively develop and improve the latent potential of these persons
- (vi) Lift motivation for self-improvement
- (vii) Improve qualities required of other executive officers

- (2) Provision of opportunities for improvement
- In order to improve and foster the abovementioned abilities, the officers of the Group companies shall make use of all opportunities to train themselves, and the Company shall afford opportunities for improvement.
- (i) Encourage their participation in external management training programs
  - (ii) Introduce appropriate specialists to resolve management issues
  - (iii) Provide information and hold seminars to assist their understanding of economic, social, cultural, compliance, corporate governance, and other general affairs
  - (iv) Provide training opportunities
  - (v) Provide other self-development and training opportunities

- Symbols for the period covered are as follows: ○ : As of October 31, 2021 ■ : March 1, 2020–February 28, 2021
- Display of units: Figures for percentage displays, rounded down to the first decimal place

			Period covered		Units		
<b>Regarding Directors</b>							
Number of Directors	In-house	Women	○	0	—		
		Men	○	8			
		Total	○	8			
	Independent and outside	Women	○	1			
		Men	○	4			
		Total	○	5			
	Overall total		○	13			
	Number of executive officers also serving as Director (including Representative Director)			○		5	—
	Ratio of executive officers also serving as Director (Number of executive officers also serving as Director/Total number of Directors)			○		38.4	%
Ratio of Independent Outside Directors (Number of Independent Outside Directors/ Total number of Directors)			○	38.4	%		
Ratio of female Directors (Number of female Directors/Total number of Directors)			○	7.6	%		
Director's term of office			○	1	Year		
Number of Board of Directors' meetings held			■	14	Times		
Attendance ratio of Outside Directors at Board of Directors' meetings			■	100	%		
<b>Regarding Audit &amp; Supervisory Board Members</b>							
Number of Audit & Supervisory Board Members	In-house	Women	○	0	—		
		Men	○	2			
		Total	○	2			
	Independent and outside	Women	○	2			
		Men	○	1			
		Total	○	3			
	Overall total		○	5			
	Ratio of Independent Outside Audit & Supervisory Board Members (Number of Independent Outside Audit & Supervisory Board Members/Total number of Audit & Supervisory Board Members)			○		60.0	%
	Ratio of female Audit & Supervisory Board Members (Number of female Audit & Supervisory Board Members/Total number of Audit & Supervisory Board Members)			○		40.0	%
Audit & Supervisory Board Member's term of office			○	4	Year		
Number of Audit & Supervisory Board meetings held			■	26	Times		
Attendance ratio of Outside Audit & Supervisory Board Members at Audit & Supervisory Board meetings			■	100	%		
Attendance ratio of Outside Audit & Supervisory Board Members at Board of Directors' meetings			■	100	%		
<b>Regarding the Nomination Committee and Compensation Committee</b>							
Number of Nomination Committee members	In-house	Women	○	0	—		
		Men	○	2			
		Total	○	2			
	Independent and outside	Women	○	0			
		Men	○	3			
		Total	○	3			
	Overall total		○	5			
	Number of Compensation Committee members	In-house	Women	○		0	—
			Men	○		2	
Total			○	2			
Independent and outside		Women	○	1			
		Men	○	2			
		Total	○	3			
Overall total		○	5				



		Period covered		Units	
<b>Regarding executive officers</b>					
Number of executive officers	Women	○	1	—	
	Men	○	15		
	Total	○	16		
Ratio of female executive officers (Number of female executive officers/Total number of executive officers)		○	6.2	%	
Executive officer's term of office		○	1	Year	
<b>Regarding the Committees</b>					
Number of CSR Management Committee meetings held		■	2	Times	
Number of Information Management Committee meetings held		■	2	Times	
Number of Risk Management Committee meetings held		■	2	Times	
<b>Regarding compensation*1</b>					
Compensation of Directors (Total amount) (excluding Outside Directors)	Fixed compensation		■	194	Millions of yen
	Performance-based compensation	Bonus	■	56	
		Stock-based compensation (BIP Trust)	■	75	
	Total		■	326	
Compensation for Outside Directors (Total amount)	Fixed compensation		■	84	Millions of yen
	Performance-based compensation	Bonus	■	—	
		Stock-based compensation (BIP Trust)	■	—	
	Total		■	84	
Compensation for Audit & Supervisory Board Members (Total amount) (excluding Outside Audit & Supervisory Board Members)	Fixed compensation		■	65	Millions of yen
	Performance-based compensation	Bonus	■	—	
		Stock-based compensation (BIP Trust)	■	—	
	Total		■	65	
Compensation for Outside Audit & Supervisory Board Members (Total amount)	Fixed compensation		■	42	Millions of yen
	Performance-based compensation	Bonus	■	—	
		Stock-based compensation (BIP Trust)	■	—	
	Total		■	42	
<b>Regarding accounting auditor compensation*2</b>					
Compensation for the accounting auditor (Total amount)	Amount of compensation, etc., for services as accounting auditor for the fiscal year ended February 28, 2021		■	788	Millions of yen
	Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries		■	1,042	

\*1

- The aggregate amounts of compensation, etc., of Directors shown above do not include amounts paid as salaries for employees to Directors who serve concurrently as employees.
- It was resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006 that the annual amount of compensation paid to Directors shall not exceed ¥1 billion (not including amounts paid as salaries for employees).
- The 14th Annual Shareholders' Meeting held on May 23, 2019 resolved as follows regarding compensation amounts for Directors' stock-based compensation (BIP Trust)  
3 fiscal years/not more than ¥600 million (not more than ¥200 million per fiscal year)  
Limit on the points granted per fiscal year: 40,000 points (1 point = 1 share of common stock)
- It was resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019 that the annual amount of compensation paid to Audit & Supervisory Board Members shall not exceed ¥200 million.
- Stock-based compensation (BIP Trust) was granted to five (5) Directors (excluding Outside Directors).

\*2

- Under the audit contract concluded between the Company and the accounting auditor, the amounts of compensation, etc. for audits as per the Companies Act and the amounts of compensation, etc. for audits as per the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; therefore, the aggregate of those amounts is shown as the amount of compensation, etc., for services as an accounting auditor for the 16th fiscal year.
- The Audit & Supervisory Board performed necessary verification to see whether the audit plan prepared by the accounting auditor, the status of the performance of their duties during the accounting audit, and the basis for calculating the estimated amount of compensation and the like were appropriate; thereafter, it decided to consent to the amount of compensation, etc. for services as an accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.
- Among the major subsidiaries of the Company, 7-Eleven, Inc. is audited by an audit corporation other than the Company's accounting auditor.



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