

Corporate Governance

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

Corporate Governance System Supported by Executive Officer and Corporate Auditor Systems

The Board of Directors of Seven & i Holdings is composed of 15 Directors (of whom 4 are independent Outside Directors). The Executive Officer system has been adopted for prompt decision making and operations under a rapidly changing management environment. The Board of Directors is responsible for formulating business strategies and supervising operations, and 19 Executive Officers, including those who also serve as Directors, execute business operations. The term of Directors has been set to one year, to reflect the intentions of shareholders in a timely manner.

The Audit & Supervisory Board is composed of five members (of whom three are independent Outside Audit & Supervisory Board Members), and monitors management. In addition to attending Board Meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Director and periodically interview Directors regarding the status of business execution. In addition, they share information with operating companies' directors and independent auditors and strictly audit the directors' performance of duties.

The Outside Directors and Outside Audit & Supervisory Board Members conduct corporate governance based on the executive officer system and the Audit & Supervisory Board Member system by providing advice and suggestions to ensure the validity and appropriateness of

decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

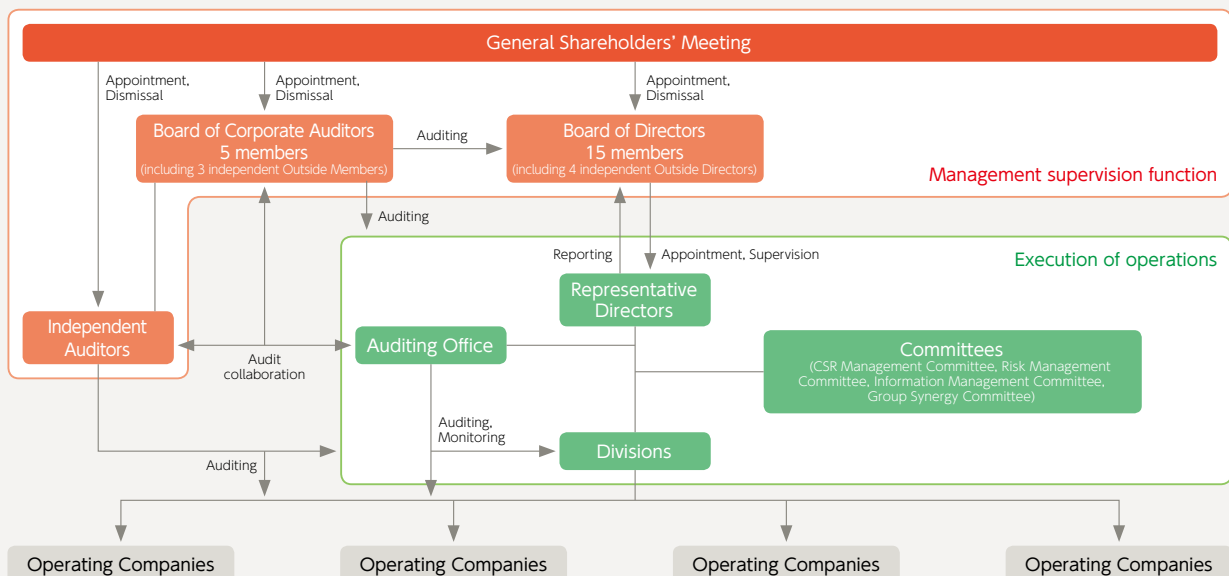
*1 Seven & i Holdings emphasizes the independence of Outside Directors and Outside Audit & Supervisory Board Members. Individuals are selected who are unlikely to be in a conflict of interest with general shareholders and who are capable of offering supervision, auditing, advice, and suggestions based on expert knowledge and experience, from objective and neutral standpoints
*2 The number is as of the end of August 2015.

Internal Control Systems

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

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

Corporate Governance System



Committees

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

● CSR Management Committee

The CSR Management Committee endeavors to maintain compliance with the Seven & i Holdings Corporate Action Guidelines, following the corporate creed of “We aim to be a sincere company that our customers trust.” with respect to its various stakeholders. The Committee works to contribute to resolving social issues through business activities and aims for society and the Group to achieve sustainable growth. To achieve these objectives, three subcommittees (Corporate Ethics and Culture Subcommittee, Consumer Affairs and Fair Business Practices Subcommittee, and Environment Subcommittee) have been established under the CSR Management Committee. Each subcommittee prioritizes main issues to be addressed from the standpoint of the Group’s business characteristics, and then develops and implements measures for achieving solutions. (Please refer to pages 7-10 for details about the subcommittees.)

● Risk Management Committee

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

In the fiscal year ended February 28, 2015, the Committee continued to strengthen business continuity and the soundness of the Group’s management practices. To facilitate sustained growth, the Committee also worked to strengthen collaboration with management and reinforced its compliance and risk controls.

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

● Information Management Committee

The Information Management Committee works to control issues related to information management.

In the fiscal year ended February 28, 2015, the Committee continued to examine ways to strengthen the system for reporting decisions or occurrences of key issues in Group companies to Seven and i Holdings and Group-wide IT security standards. It also established the new Information Management & Security Office. In regard to these two issues of information management and information security, a person was placed in charge of each to further promote them, and we moved forward with the formulation of a common Group-wide information security policy and IT security standards, and made progress with reviewing and upgrading subordinate regulations.

In the fiscal year ending February 29, 2016, working under the new reporting system, the Committee will strengthen governance and compliance having made a start with the theme of information, while continuing to strengthen the information security system against a backdrop of heightened interest in protection of personal information. Moreover, departments within the Group that handle customer’s personal information will work to acquire ISO 27001 information security management certification.

● Group Synergy Committee

The Group Synergy Committee is composed of five subcommittees on the Omni-Channel Strategy, systems, sales promotion, merchandising, and building equipment. By sharing confirmation of progress on starting and developing the Group’s Omni-Channel Strategy while sharing and utilizing the expertise in areas such as product development and promotion that each operating company has cultivated, our Group creates safe, reliable, and useful products and services of high quality; of which private-brand *Seven Premium* products are the leading example. Making use of the scale merit brought about for the Group, significant cost reductions have also been attempted through collaborative purchasing of commercial and materials, equipment and more.