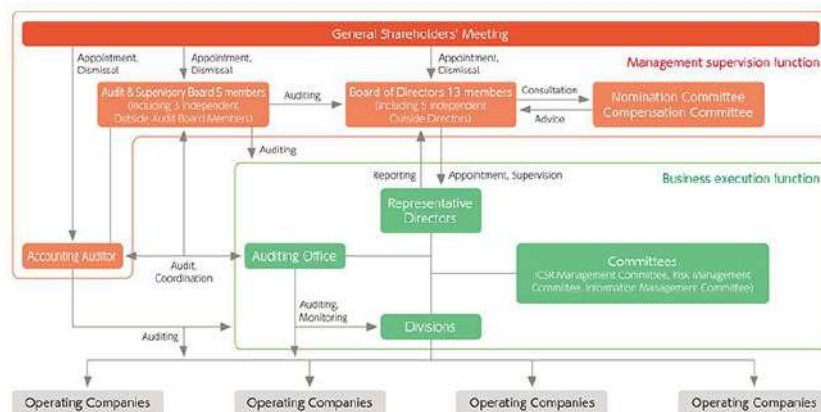


Corporate Governance

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

Corporate Governance System (as of December 31, 2020)

Seven & i Holdings Corporate Governance System



[Details about corporate governance can be found here: >](#)

Reason for Adoption of Current Corporate Governance System

Seven & i Holdings 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. Seven & i Holdings has adopted this corporate governance structure because it judges the structure to be workable for realizing and ensuring Seven & i Holdings' corporate governance and for conducting appropriate and efficient corporate management.

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)

To facilitate prompt decision making and business execution even amid a dramatically changing operating environment, Seven & i Holdings 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 18 members (17 men and 1 woman) as of December 31, 2020. 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.

Monitoring Based on Audit & Supervisory Board Member system

Management monitoring of Seven & i Holdings is based on Audit & Supervisory Board Member system. Our Audit & Supervisory Board consists of five members (three of whom are outside auditors/three male and two female).

[Details about the Audit & Supervisory Board Member system can be found here:](#)

Supervision and Auditing by Independent Outside Directors and Outside Audit & Supervisory Board Members

Seven & i Holdings has designated all Outside Directors (five) and all Outside Audit & Supervisory Board Members (three) as independent Director and independent Audit & Supervisory Board Member in accordance with the requirements of the Financial Instruments Exchange, and supervision and auditing are conducted by the independent Outside Directors and independent Outside Audit & Supervisory Board Members.

Nomination Committee and Compensation Committee

Seven & i Holdings has established the Nomination Committee and Compensation Committee as the advisory committees to the Board of Directors. Each committee consists of three independent Outside Directors and two Internal Directors (with independent Outside Directors comprising the majority), and the chairperson is an independent Outside Director. Internal committee members of the Compensation Committee are selected from among Directors other than Representative Directors.

The Nomination Committee deliberates on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers, and the Compensation Committee deliberates on their remuneration. This enables the utilization of the knowledge and advice of independent Outside Directors and Outside Audit & Supervisory Board Members. By ensuring procedural objectivity and transparency in deciding on officer nomination and compensation, the committee enhances the supervisory functions of the Board of Directors and further substantiates corporate governance functions.

Corporate Governance by Various Committees

Seven & i Holdings has established the "CSR Management Committee," "Risk Management Committee," and "Information Management Committee," which report to the Representative Director. Each committee determine Group policies in cooperation with the operating companies, and strengthens corporate governance by managing and supervising their dissemination and execution.

CSR Management Committee

Seven & i Holdings 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. Seven & i Holdings has 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, Seven & i Holdings has carried out initiatives to find solutions to issues and implemented preventive measures.

In March 2020, Seven & i Holdings newly established the Compliance Subcommittee with the aim of promoting ESG and strengthening compliance and internal controls. Under the CSR Management Committee, to resolve material issues (Materiality), Seven & i Holdings 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, 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.

Seven & i Holdings 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, Seven & i Holdings 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 Seven & i Holdings. The committee comprehensively determine, assess, and analyze risks and discuss measures, and determine the future direction going forward. Meanwhile, Seven & i Holdings has carried out efforts to further strengthen risk management of the entire Group through assisting with risk evaluation and analysis and execution of mitigation measures at each Group company, and sharing risk-related information from inside and outside Seven & i Holdings, using group-wide cross-organizational meeting bodies led by each of Seven & i Holdings' various departments in charge of risk management.

Information Management Committee

In accordance with the Information Control Regulations, which were redesigned in the fiscal year ended February 29, 2020, Seven & i Holdings 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.

In the fiscal year ended February 28, 2021, as in the previous year, Seven & i Holdings continued efforts to strengthen the information collection and management systems, and strengthened the systems for collecting important information from each company in a timely and appropriate manner and for dealing with such information in a collaborative manner, as well as for centrally managing such information and reporting it to management and related departments without omission or delay.

Seven & i Holdings has also taken steps to build and strengthen a shared information security system for the entire Group. Specifically, Seven & i Holdings has established the security management division with independence from business execution as an organization directly under the control of the Representative Director of Seven & i Holdings and redeveloped information security policies, guidelines, etc., the Group's common basis. For operating companies, Seven & i Holdings assists in building security environments, strengthens monitoring, upgrades trainings, and evaluates internal controls, among other measures. In addition, guided by the Information Management Committee, Seven & i Holdings 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, Seven & i Holdings are working to strengthen the Group's information management and information security.