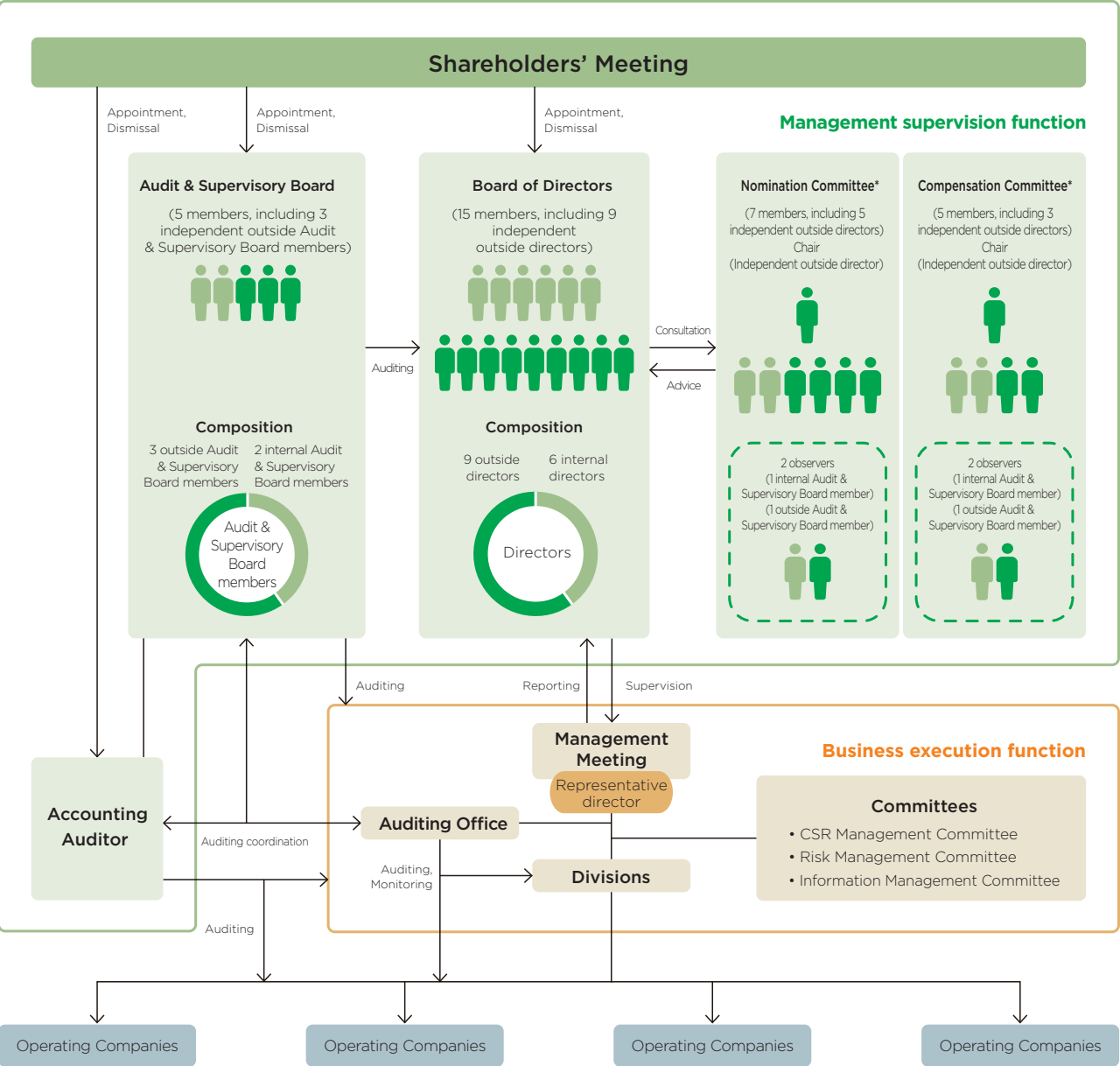


Corporate governance system (as of August 31, 2023)



* The Board of Directors appoints committee chairs and members. Observers are chosen through consultation by Audit & Supervisory Board members.

Organizational design: Adoption of the company with Audit & Supervisory Board members system

The Company ensures the effectiveness of its corporate governance by coordinating “audits” conducted by 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 outside directors who have 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 their 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. Audit & Supervisory Board members have legally specified authority to investigate subsidiaries, which is effective also from a Group audit perspective.

Management of the Board of Directors: Discussions centered on reassessment of Group strategies

In addition to meeting once a month in principle, the Company’s Board of Directors also meets at other times as necessary. The Board deliberates and makes decisions on matters such as important management targets and budgeting, in accordance with laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations. It also monitors the efficiency and soundness of business execution through means including periodic reporting by Company directors and the persons responsible in business execution sections.

In FY2022, the Board considered the matters shown at right. The Board devoted the largest percentage of its time to deliberation focusing on reassessment of Group strategies and matters related to various business strategies.

Main matters requiring deliberation	Examples of main themes discussed from May 2022 to April 2023
1. Matters determined by laws and regulations, including the Companies Act	• Approval of quarterly financial statements • Approval of the agenda of the general meeting of shareholders, etc.
2. Matters determined by the Corporate Governance Code	• Assessment of cross-shareholdings • Evaluation of the Board of Directors’ effectiveness • Establishment of a lead independent outside director • Report on the status of dialogue with shareholders and institutional investors, etc.
3. Items for deliberations, in cooperation with the Nomination Committee and the Compensation Committee	• Addition of Nomination Committee members • Deliberation of candidates for directors proposed by shareholders, etc.
4. Progress of the Medium-Term Management Plan, and the strategies and policies of the Group and its operating companies	• Transfer of share of Sogo & Seibu Co., Ltd. • Reevaluation of Group strategy, etc.
5. Internal controls, the status of risk management, and the implementation status of compliance	• Report on internal Audit & Supervisory Board members • Fundamental review of risk management • Review of deliberation and decision-making process, etc.

Nomination Committee and Compensation Committee: Ensuring objectivity and transparency in decision-making

• Outline of basic policy and system

The Company has established the Nomination Committee and the Compensation Committee (the “Committees”) as advisory committees to the Board of Directors. Each Committee’s chair and the majority of its members are independent outside directors.

The Company 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 on the nomination of and compensation for representative directors, directors, Audit & Supervisory Board members, and executive officers (“Officers, etc.”), thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions.

• 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 domestic operating companies and presidents and CEOs of the core overseas operating companies (“Representative Directors, etc.”).

The Representative Directors, etc., of the core operating companies occupy important positions 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.

To strengthen the objectivity and transparency of procedures related to nomination of Officers, etc., effective December 31, 2022 the Company increased the number of members of the Nomination Committee from five (two internal and three outside directors) to seven (two internal and five outside directors).

Composition of directors and Audit & Supervisory Board members at each meeting body (as of August 31, 2023)

(◎: Board or committee chair)										
Name	Position in the Company	Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee	Strategy Committee	Management Meeting	CSR Management Committee	Risk Management Committee	Information Management Committee
Ryuichi Isaka	President, Representative Director and CEO	◎		○			◎	◎		
Katsuhiko Goto	Vice President, Representative Director and CAO Information Management Supervisor	○		○			○	○	○	◎
Junro Ito	Senior Managing Executive Officer, Representative Director and CSuO General Manager of ESG Development Division Supervising Officer of Superstore operations	○			○		○	○	◎	○
Fumihiko Nagamatsu	Director and Senior Managing Executive Officer Head of Domestic CVS operations (Japan)	○						○		
Joseph M. DePinto	Director and Senior Managing Executive Officer Head of Overseas CVS operations (North America)	○						○		
Yoshimichi Maruyama	Director, Managing Executive Officer and CFO General Manager of Corporate Finance & Accounting Division	○			○		○	○	○	○
Toshiro Yonemura	Independent Outside Director	○		○	◎	○				
Yoshiyuki Izawa	Independent Outside Director	○		○		○				
Meyumi Yamada	Independent Outside Director	○		◎		○				
Jenifer Simms Rogers	Independent Outside Director	○			○	○				
Shinji Wada	Independent Outside Director	○				○				
Fuminao Hachiuma	Independent Outside Director	○		○		○				
Paul Yonamine	Independent Outside Director	○			○	○				
Stephen Hayes Dacus	Independent Outside Director	○		○		◎				
Elizabeth Miin Meyerdirk	Independent Outside Director	○				○				
Noriyuki Habano	Standing Audit & Supervisory Board Member		◎				○	○	○	○
Nobutomo Teshima	Standing Audit & Supervisory Board Member		○				○	○	○	○
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member		○							
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member		○							
Kaori Matsuhashi	Independent Outside Audit & Supervisory Board Member		○							

Composition of the Board of Directors and use of outside directors

Board diversity: Consciousness of gender, nationality, and career diversity and balancing points of view and abilities

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.”

Please visit our corporate website for details on the “Guidelines for Directors and Audit & Supervisory Board Members.”
<https://www.7andi.com/library/ir/management/governance/en/pdf/guidelines202201.pdf>

Composition, etc., of the Board of Directors for FY2023

The Company executed a bold reform to the Board of Directors, majority of which are independent outside directors, at its FY2022 Annual Shareholders’ Meeting to establish a governance structure suitable for a world-class retail group, an aim of its Medium-Term Management Plan 2021–2025 announced in July 2021.

The composition of the Board of Directors in FY2023 emphasizes experience in top management at listed companies; knowledge and experience relating to food, DX, and global management, which are viewed as the strategic axes of the Group; and skill sets such as specialization in business transformation to establish a management structure which will contribute to further growth and maximization of long-term corporate value and shareholder value.

The Board of Directors of the Company will make important decisions which support the swift and decisive risk-taking of the management team with its diverse members as described above. At the same time, it will provide highly effective oversight and appropriately fulfill its roles and responsibilities as the Board of Directors.

Exchange of opinions with outside directors and outside Audit & Supervisory Board members: Management Opinion Exchange Meetings and other meetings held separately from Board meetings

In addition to participating in 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, and explanations are given in response to questions from 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, experience, and insights. In these and other ways, outside directors and outside Audit & Supervisory Board members exchange frank and lively opinions. Outside directors and outside Audit & Supervisory Board members also exchange opinions with 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.

Establishment of the Strategy Committee, composed solely of independent outside directors

At the meeting of the Board of Directors held on March 9, 2023, we established the Strategy Committee, composed solely of independent outside directors.

The Strategy Committee will monitor the progress of the Group's strategic priorities and continue to analyze and review the optimal Group business structure and strategic alternatives (IPO, spin-off, etc.) comprehensively and objectively to achieve the Group's strategic goals. Based on the results of this review, the Strategy Committee will provide advice to the Board of Directors on strategies to increase the Group's medium- to long-term corporate value.

Directors and Audit & Supervisory Board members skill matrix

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	Representative Director		○			○				○	○
Fumihiko Nagamatsu	Director	○	○			○	○				
Joseph M. DePinto	Director	○	○	○		○	○	○			
Yoshimichi Maruyama	Director				○				○	○	
Toshiro Yonemura	Independent Outside Director					○		○		○	
Yoshiyuki Izawa	Independent Outside Director	○		○	○	○			○		○
Meyumi Yamada	Independent Outside Director	○	○			○	○	○			○
Jenifer Simms Rogers	Independent Outside Director			○	○				○	○	○
Shinji Wada	Independent Outside Director	○	○			○		○			○
Fuminao Hachiuma	Independent Outside Director	○		○		○	○				○
Paul Yonamine	Independent Outside Director	○		○	○	○		○	○		
Stephen Hayes Dacus	Independent Outside Director	○	○	○		○	○		○		
Elizabeth Miin Meyerdirk	Independent Outside Director	○	○	○			○	○	○		
Noriyuki Habano	Standing Audit & Supervisory Board Member		○				○			○	
Nobutomo Teshima	Standing Audit & Supervisory Board Member		○					○	○	○	
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member								○	○	
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member							○		○	
Kaori Matsuhashi	Independent Outside Audit & Supervisory Board Member					○			○	○	

Note: The above table is not an exhaustive list of the knowledge and experience each person can offer.

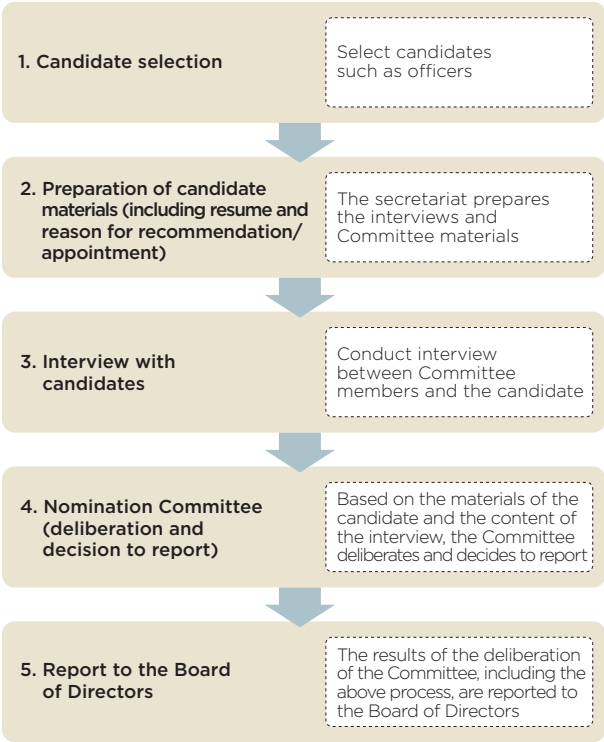
Nomination process for directors and Audit & Supervisory Board members: Objective and transparent deliberation by the Nomination Committee

The Company has established the Nomination Committee (see p. 64) as an advisory committee to the Board of Directors that deliberates on appointment of Officers, etc.

The “Guidelines for Directors and Audit & Supervisory Board Members,” which describe the requirements and qualities expected of Officers, are used in these deliberations. 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.

If any director or Audit & Supervisory Board member has come to lack these “requirements” or “qualities,” the Company considers dismissing such director or Audit & Supervisory Board member.

Please visit our corporate website for details on the “Guidelines for Directors and Audit & Supervisory Board Members.”
https://www.7andi.com/library/ir/management/governance/en/pdf/guidelines202201.pdf



Succession Plan: Making desired qualities clear in the “Guidelines for Directors and Audit & Supervisory Board Members”

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">Have problem-solving capabilitiesHave outstanding judgment, etc.
Leadership ability	<ul style="list-style-type: none">Set constructive targets and lead the Company to achieve beyond themStrong ability to communicate with other directors, Audit & Supervisory Board members, and employeesAbility to drive change, etc.
Personal qualities	<ul style="list-style-type: none">Understand own strengths and weaknesses, able to collaborate with persons who possess qualities to compensate for qualities they lackAlways prepared to learn

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

Corporate Governance

As of August 31, 2023






Directors (internal)

Board of Directors' meetings attended*1
Nominatio Committee meetings attended*2
Compensation Committee meetings attended*3

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
<div></div> <div>Ryuichi Isaka (October 4, 1957) Member of the Nomination Committee 17/17 7/7</div>	President, Representative Director and CEO Director of 7-Eleven, Inc.	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.
<div></div> <div>Katsuhiro Goto (December 20, 1953) Member of the Nomination Committee 17/17 7/7</div>	Vice President, Representative Director and CAO Information Management Supervisor Director of SEVEN-ELEVEN JAPAN CO., LTD. Director of Seven Bank, Ltd.	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).
<div></div> <div>Junro Ito (June 14, 1958) Member of the Compensation Committee 17/17 3/3</div>	Senior Managing Executive Officer, Representative Director and CSuO General Manager of ESG Development Division Supervising Officer of Superstore operations Outside Director of AIN HOLDINGS INC. Representative Director of Ito-Kogyo Co., Ltd.	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, 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.
<div></div> <div>Fumihiko Nagamatsu (January 3, 1957) 17/17</div>	Director and Senior Managing Executive Officer Head of Domestic CVS operations (Japan) Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. Director of 7-Eleven, Inc.	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.
<div></div> <div>Joseph M. DePinto (November 3, 1962) 16/17</div>	Director and Senior Managing Executive Officer Head of Overseas CVS operations (North America) Director and CEO of 7-Eleven, Inc. Chairman of the Board of Brinker International, Inc. (Non-Executive) Director of DHC Acquisition Corp. (Non-Executive)	He has broad knowledge of the international retailing business cultivated as a president of our U.S. 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.
<div></div> <div>Yoshimichi Maruyama (November 2, 1959) Member of the Compensation Committee 17/17 1/1</div>	Director, Managing Executive Officer and CFO General Manager of Corporate Finance & Accounting Division Representative Director and President of Seven & i Financial Center Co., Ltd. Director of 7-Eleven, Inc.	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.

Directors (outside)

Board of Directors' meetings attended*1
Nominatio Committee meetings attended*2
Compensation Committee meetings attended*3





Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
<div></div> <div>Toshiro Yonemura (April 26, 1951) Chair of the Compensation Committee Member of the Nomination Committee Member of the Strategy Committee 17/17 7/7 1/1</div>	Independent Outside Director Outside Director of Kansaidengyosha Co., Ltd.	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.
<div></div> <div>Yoshiyuki Izawa (February 10, 1948) Member of the Nomination Committee Member of the Strategy Committee 11/12 2/2</div>	Independent Outside Director Outside Director, Member of the Audit and Supervisory Committee of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.	He has abundant overseas experience and a broad range of high-level knowledge and experience in international corporate management, business administration, finance and capital markets, as well as his experience as an investor, having served as a representative director of a trading company and a financial institution, and has served in such important positions as chairman & CEO, representative director of BlackRock Japan Co., Ltd. The Company would like him to utilize this knowledge and experience to realize its sustainable growth and to further improve the effectiveness of its management and the Board of Directors.
<div></div> <div>Meyumi Yamada (August 30, 1972) Chair of the Nomination Committee Member of the Strategy Committee 12/12 3/3</div>	Independent Outside Director Director of istyle Inc. Outside Director of SEINO HOLDINGS CO., LTD. Outside Director of Sompo Holdings, Inc.	She has a broad range of high-level knowledge and experience in e-commerce, DX, organizational management, marketing, and sustainability, among others, which she has cultivated through the operation of "@cosme," one of Japan's largest cosmetics and beauty portal sites, and through starting up a women's skill development and job hunting support business. The Company would like her to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
<div></div> <div>Jenifer Simms Rogers (June 22, 1963) Member of the Compensation Committee Member of the Strategy Committee 12/12 1/1</div>	Independent Outside Director General Counsel Asia of Asurion Japan Holdings G.K. Outside Director of Kawasaki Heavy Industries, Ltd. Outside Director of Sumitomo Mitsui Financial Group, Inc.	She has experience working for international financial institutions as an in-house counsel, as well as extensive experience as president of the American Chamber of Commerce in Japan and as an outside director at other companies, and through said experience she has cultivated a high level of insight into global legal and risk management, finance and accounting, and sustainability, etc. The Company would like her to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
<div></div> <div>Shinji Wada (April 3, 1952) Member of the Strategy Committee Independent Outside Director Chairman, Director, Executive Officer of Nippon Gas Co., Ltd.</div>		He has held important positions such as the representative director of a comprehensive energy company. He has a wide range of advanced knowledge and experience relating to retail business management, DX, organizational management, and corporate governance. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.

*1 Attendance at meetings of the Board of Directors held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)
*2 Attendance at meetings of the Nomination Committee held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)
*3 Attendance at meetings of the Compensation Committee held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)






Corporate Governance

As of August 31, 2023

Directors (outside)
Board of Directors' meetings attended*1
Nomination Committee meetings attended*2
Compensation Committee meetings attended*3

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
 Fuminao Hachiuma (December 8, 1959) Member of the Nomination Committee Member of the Strategy Committee	Independent Outside Director Outside Audit & Supervisory Board Member of YKK AP Inc. Outside Director of Subaru Corporation	He has a wide range of knowledge relating to international food cultivated through important positions such as the representative director of food companies in Japan and overseas. At the same time, he has a wide range of advanced knowledge and experience relating to corporate management, organizational management, marketing, and sustainability. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
 Paul Yonamine (August 20, 1957) Member of the Strategy Committee Member of the Compensation Committee 12/12	Independent Outside Director Chairman & CEO of Central Pacific Financial Corp. Executive Chairman of Central Pacific Bank Outside Director of Sumitomo Mitsui Banking Corporation Outside Director (Outside Audit & Supervisory Committee Member) of PayPay Corporation	He has a broad range of high-level knowledge and experience in DX, organizational management, and finance and accounting, etc., cultivated through his extensive management experience at consulting firms, as president of IBM Japan, Ltd., and as CEO of overseas financial institutions, among others. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
 Stephen Hayes Dacus (November 7, 1960) Chair of the Strategy Committee Member of the Nomination Committee 12/12 2/2	Independent Outside Director Chairman of the Supervisory Board of Hana Group SAS Chairman of Daiso California L.L.C.	He has served as a corporate executive officer in the retail industry and other industries both in the United States and Japan, and has a broad range of high-level knowledge and experience in corporate management, marketing, finance and accounting, etc., cultivated through abundant global business experience. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
 Elizabeth Miin Meyerdirk (December 1, 1981) Member of the Strategy Committee 12/12	Independent Outside Director Chairwoman & CEO of Hey Favor, Inc.	She has a broad range of high-level knowledge and experience in DX, marketing, finance and accounting, etc., cultivated through her experience as a co-founder of Uber Eats, a division of Uber Technologies, Inc. in the United States, and her management of e-commerce companies and other positions, globally. The Company would like her to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.

Audit & Supervisory Board members (internal/outside)
Board of Directors' meetings attended*1
Audit & Supervisory Board meetings attended*4

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
 Noriyuki Habano (February 10, 1958) 17/17 26/26	Standing Audit & Supervisory Board Member Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd. Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.	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.
 Nobutomo Teshima (June 15, 1962) 12/12 18/19	Standing Audit & Supervisory Board Member Audit & Supervisory Board Member of SEVEN-ELEVEN JAPAN CO., LTD. Audit & Supervisory Board Member of York-Benimaru Co., Ltd.	He has extensive knowledge and experience in finance and accounting, risk management, and information technology, etc., as well as a broad range of knowledge of the Group's overall operations, which he cultivated as a senior officer in the Accounting Management Department and Auditing Office. The Company would like him to contribute this knowledge and experience to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, create medium- to long- term corporate value, and respond to social trust.
 Kazuhiro Hara (February 25, 1954) 17/17 26/26	Independent Outside Audit & Supervisory Board Member Certified Public Accountant Certified Tax Accountant	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.
 Mitsuko Inamasu (March 15, 1976) 17/17 26/26	Independent Outside Audit & Supervisory Board Member Attorney at Law Outside Director, Member of the Audit and Supervisory Committee of NTT DATA Corporation	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.
 Kaori Matsuhashi (June 7, 1969) 17/17 26/26	Independent Outside Audit & Supervisory Board Member Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd. Outside Director, Member of the Audit and Supervisory Committee of YASKAWA Electric Corporation	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.

*1 Attendance at meetings of the Board of Directors held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)
*2 Attendance at meetings of the Nomination Committee held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)
*3 Attendance at meetings of the Compensation Committee held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)
*4 Attendance at meetings of the Audit & Supervisory Board held in the 18th fiscal year (from March 1, 2022 to February 28, 2023)

Evaluation of the Board of Directors’ effectiveness

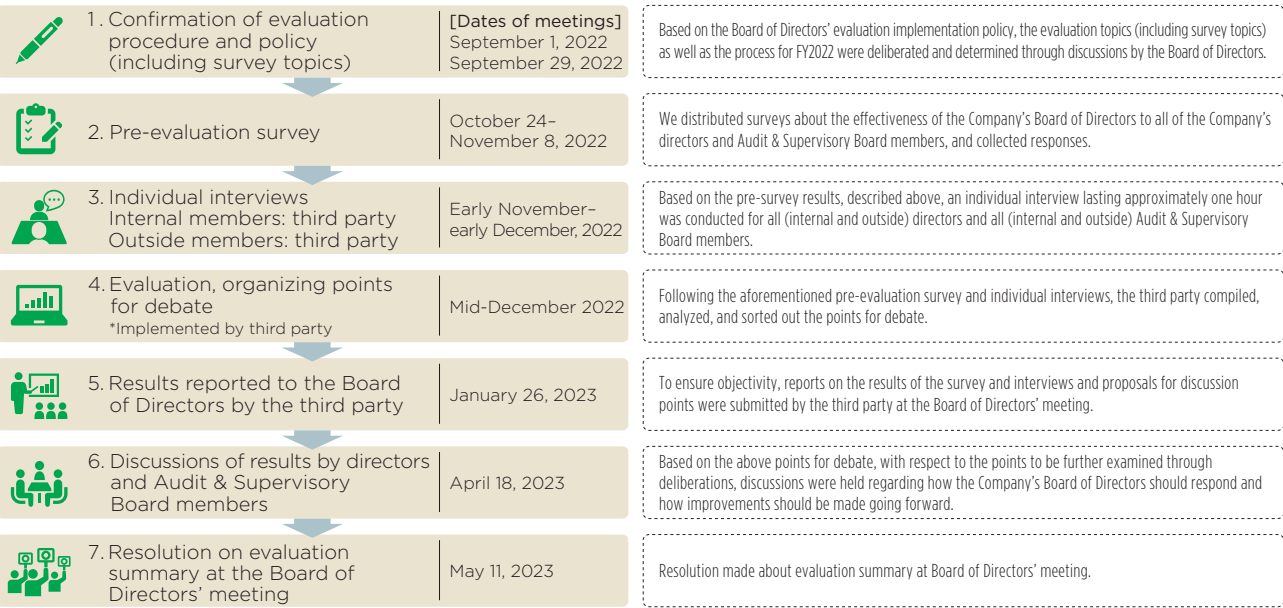
The Company evaluates the effectiveness of the Board of Directors (“Board of Directors’ evaluation”) through objective analysis and thorough discussions by members of the Board of Directors regarding “whether the Board of Directors is effectively functioning to realize corporate value and improve corporate governance as the Company aims.” This 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 on the right based on this concept.

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 fiscal 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.

Overview of evaluation schedule and evaluation process



Results of evaluation and key FY2023 themes

• Overview of process of the FY2022 Board of Directors’ evaluation

- 1. Survey and interview results were reported by the third party at a meeting of the Board of Directors to ensure objectivity
- 2. Major issues that emerged from the results of the survey and interviews were categorized into (a) matters which do not require deep discussions and (b) matters which require separate discussions and reporting, and a response to them was then organized
- 3. Based on the above, we will hold discussions on the FY2023 important topics and the process of preparing the agenda for meetings of the Board of Directors and then confirm the course of action for the operation of the Board of Directors in FY2023

FY2023 important topics [Evolution (deepening) of meetings of the Board of Directors following changes in the composition of the Board of Directors]

Important topics	Measures
Evaluation of the progress and verification of the Group's growth strategies	• North America, Japan, and other global CVS business strategies; food, DX, and Last Mile measures; and financial strategies, etc.
Monitoring of Superstore operations business turnaround	• Quarterly confirmation of the state of progress on the drastic transformation of the Superstore operations business
Ongoing review of business portfolio	• Ongoing review of strategic options
Strengthening the Group's governance structure	• Monitoring of the Group's governance and risk management structures, monitoring relating to sustainable management initiatives, and discussions relating to the way the governance structure should be such as the roles of the Board of Directors
Confirmation of initiatives relating to human capital management, etc.	• Strengthening of human resource development and engagement, and strengthening of cooperation on the status of reviews by the Nomination Committee, etc.

Thinking on and composition of executive (executive director) compensation

	Fixed compensation	Performance-based bonuses	
		Bonuses	Stock-based compensation
Representative directors	35%	30%	35%
Directors	50%	25%	25%

Note: Calculated assuming that performance-based bonuses and performance-based and stock-based compensation were at base compensation amounts.



Composition	
Fixed compensation	• A fixed compensation commensurate with the responsibilities for each position will be paid. • Compensation will be paid monthly during the term of office.
Performance-based bonuses	• Short-term incentive compensation will be a performance-based cash compensation that varies based on the Company's business performance and individual evaluations, etc., for the relevant fiscal year. • Compensation will be paid annually after the Company's business performance and individual evaluations, etc., for the relevant fiscal year have been confirmed. • The key performance indicators (KPIs) for performance-based compensation (bonuses) is per the table below. In order to evaluate the capability of the main business to make a profit in cash and to incorporate shareholder perspectives, consolidated net income is also used together as a KPI.

KPIs for performance-based bonuses

KPI	Ratio	Purpose of evaluation
(a) Consolidated operating CF (excl. financial services)*	60%	Evaluation of profit-making capability in the main business in cash
(b) Consolidated net income	40%	Evaluation of the degree of achievement of budgeted net income

* Managerial accounting figures based on net operating profit after tax excluding financial services.
Coefficient pertaining to performance-based bonuses = {(a) + (b)} × (c)
(a) “Consolidated operating CF (excluding financial services)” related coefficient × 60%
(b) “Consolidated net income” related coefficient × 40%
(c) “Individual evaluations” related coefficient
• When evaluating KPI, the range of compensation of representative directors is set wider by using different coefficients pertaining to performance-based bonuses from other directors, so that the compensation of representative directors will be more affected by the link to performance.
• The coefficient pertaining to performance-based bonuses will vary depending on not only an evaluation of KPI but also individual evaluations.

Performance-based and stock-based compensation

- Medium- and long-term incentive compensation is a performance-based and stock-based compensation that varies based on the Company's business performance, management indicators and non-financial indicators, etc., (the introduction of the BIP Trust system¹ as the stock-based compensation system was resolved at the Annual Shareholders’ Meetings held in May, 2019).
- 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.
- The initial covered period shall be four fiscal years starting from FY2019 and the subsequent covered periods shall be per three fiscal years.
- Shares will be delivered to directors upon their retirement.
- Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a coefficient pertaining to performance-based and stock-based compensation and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPI for performance-based and stock-based compensation is per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators and the degree of achievement will be evaluated.
- The Company, aiming for a balance of corporate value and social value, added a target to reduce the amount of CO₂ emissions under the environmental declaration called “GREEN CHALLENGE 2050” made in May 2019, as the KPI for performance-based and stock-based compensation from FY2020.
- The degree of improvement in employee engagement was added as a KPI for performance-based and stock-based compensation from FY2022 to further promote the creation of an environment that allows various human resources to exercise their abilities.

¹ 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 United States.

KPIs for performance-based and stock-based compensation

KPI	Ratio	Purpose of evaluation
(a) Consolidated ROE	60%	Evaluation of profitability against equity
(b) Consolidated EPS	40%	Evaluation of net income from shareholder perspectives
(c) CO ₂ emissions	See the formula below*2	Evaluation of the degree of promoting a reduction in the environmental burden
(d) Employee engagement		Evaluation of the degree of improvement in employee engagement

*2 Comprehensive evaluation by the Compensation Committee
Coefficient pertaining to performance-based and stock-based compensation = {(a)+(b)} × {(c)+(d)}
(a) “Consolidated ROE” related coefficient × 60% (b) “Consolidated EPS” related coefficient × 40%
(c) “CO₂ emissions” related coefficient (d) “Employee engagement” related coefficient
• When evaluating KPI, 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.
• 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 them (clawback).