

Utilizing exceptional brand power built from the world's largest network of 83,579 retail stores to expand into the global market

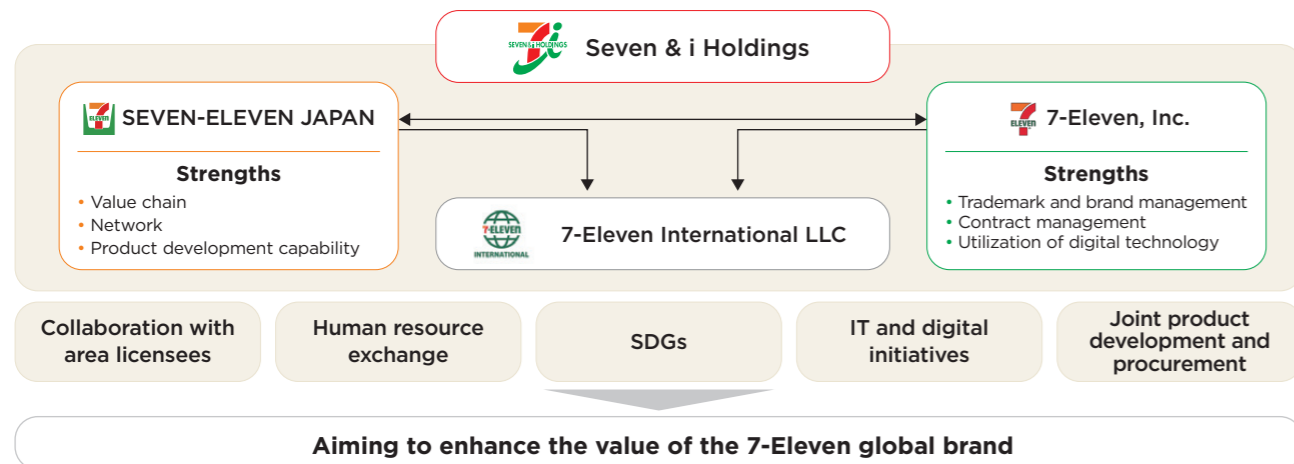


\*1 As of February 28, 2023  
\*2 As of December 31, 2022, outside Japan

In 1927, in the small town of Oak Cliff, Texas, in the United States, a company called Southland Ice, which sold essential blocks of ice for refrigerators during a time when households did not have electric refrigerators, laid the foundation for what is now 7-Eleven. Today, 7-Eleven has expanded to become the world's largest retail chain with 83,579 stores, establishing a strong brand image as an indispensable part of local communities.

To further expand this brand value into the

global market, SEVEN-ELEVEN JAPAN CO., LTD., established 7-Eleven International LLC in 2021, working in partnership with 7-Eleven, Inc., which handles licensee business in North America. This new entity oversees support for existing markets and expansion into new countries, while adhering to the Group's philosophy that growth comes through improving quality. It is committed to promoting a global strategy by maximizing the strengths of both Japan and the United States (p. 36).

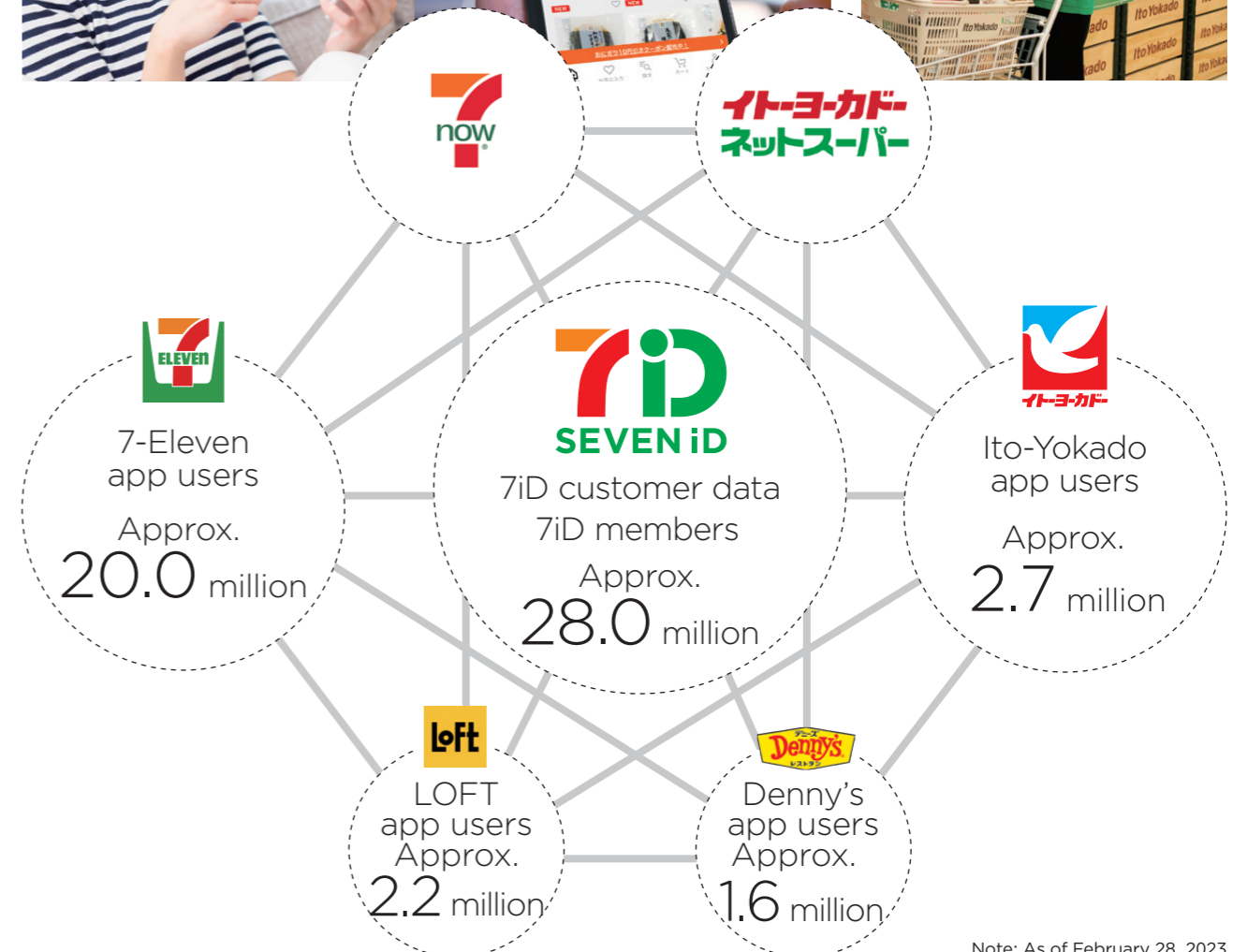


Seamlessly providing diverse services Groupwide based on 7iD and its roughly 28 million members

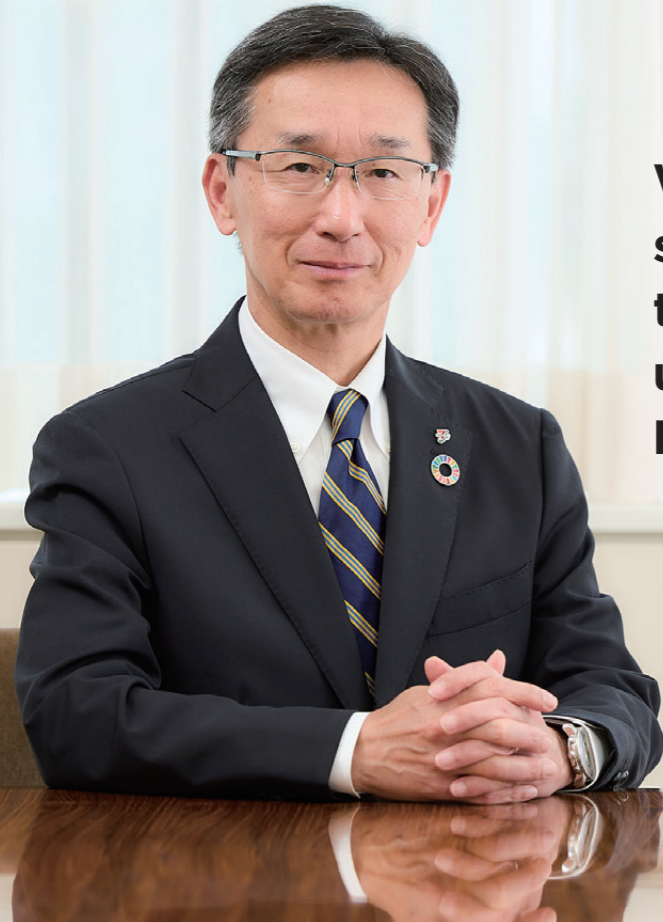
The Seven & i Group introduced the Groupwide platform 7iD in 2018 and has since implemented different initiatives to provide new experiences and value to customers. As of February 28, 2023, total 7iD membership had reached 28 million across the Group companies. Through the 7iD platform, we offer Ito-Yokado's online supermarket service to 7-Eleven app users and introduce the 7NOW delivery service to

supermarket customers (p. 32), allowing us to better understand each individual and propose tailored products and services.

Moving forward, we will continue to use the 7iD platform to expand our retail media business (p. 32) as well as strengthen services that integrate retail and finance and enhance data utilization in the food business.



Note: As of February 28, 2023



**We will proceed with steady and swift reforms to achieve the goals of our updated Medium-Term Management Plan.**

**Yoshimichi Maruyama**  
 Director, Managing Executive Officer  
 Chief Financial Officer (CFO)

**Drive reforms and bolster global communication skills**

The Seven & i Group has been committed to earnest and constructive dialogue with our shareholders and a wide range of stakeholders with the goal of fostering sustainable growth for the Group and enhancing medium- to long-term corporate value. Based on the input and observations received from these dialogues and the evolving business landscape, the Group has been consistently discussing the progress of the Medium-Term Management Plan 2021-2025 (MTMP) during Board of Directors' meetings, where outside directors now make up the majority, since June 2022. The outcomes of these discussions have been compiled into the "Update to the Medium-Term Management Plan and the Results of the Group Strategy Reevaluation," which was presented to both internal and external stakeholders in March 2023.

This included a partial revision to the "Ideal Group Image for 2030" developed when we formulated the MTMP, with a greater emphasis on our goal to become a world-class retail group with a focus on food. This transformation is driven by a global growth strategy rooted in our 7-Eleven business and the active utilization of technology to foster innovation in logistics. We have gained a tangible sense of progress towards this ideal image through initiatives such as the acquisition of U.S.-based Speedway LLC and additional investments in our Vietnam business. At the same time, we have also made steady progress in our business portfolio reforms. As a result, despite the cost pressures of inflation driven by factors such as rising energy costs and a weaker yen in FY2022, our consolidated performance surpassed our expectations in terms of both revenues from operations and each profit indicator, leading to record-breaking earnings.

The Group strategy update takes into

account the outcomes of these reforms. Nevertheless, there remains a regrettable disparity between the intrinsic value of the Group and the shareholder value reflected by market capitalization, with some expressing concerns about the perceived sluggishness of the pace of the reforms. As our stakeholders know, this aspect has been strongly pointed out, particularly by international investors, and we must genuinely acknowledge and address this matter. Against this backdrop, the Group is striving to bolster its communication skills while pursuing more thoughtful IR and SR activities, in conjunction with the globalization of our business. For instance, we aim to foster dialogue that considers the nuances of communication culture, going beyond mere post-reporting of executed plans by swiftly sharing our reform direction, plans, and timelines, as we focus on ongoing reforms.

**A year to strengthen foundations toward goal achievement**

Regarding the progress of our MTMP, our approach involves accomplishing structural reforms during the first three years of the five-year period, concentrating management resources in growth strategy areas. In the latter two years, we will look to enhance strategic investments for new growth as well as shareholder returns.

FY2023, the third year of the MTMP, is considered a foundational period for achieving the targets set in the plan, as the infrastructure invested in starts to come into operation gradually. We acknowledge that this is a critical phase where the true potential for enhancing corporate value will be put to the test, particularly in anticipation of the following two years.

Specifically, as part of our core 7-Eleven business, in North America we are enhancing fresh food offerings through the launch of a production facility for daily items in Virginia, with plans for additional factories to follow. In domestic 7-Eleven operations, the launch of the 7NOW delivery app will make it easier for customers to purchase store products. Additionally, we are advancing the integration of

the Group's "7iD" customer information platform with various operational systems. Going forward, we aim to achieve cross-promotion between the 7-Eleven app and the Ito-Yokado online supermarket, leveraging the membership data of approximately 28 million individuals across the Group to create synergies and new business opportunities.

In SST operations, where structural reforms have been a focal point, a significant endeavor toward drastic transformation involves strategic investment in large-scale process centers and central kitchens to bolster our food offerings, including pre-cooked meals and frozen foods. These facilities are gradually being brought into operation, marking a substantial stride forward for our SST strategy in the Tokyo metropolitan area, and are expected to contribute to improved profitability.

**Planning the optimal financial strategy from three focal points**

In connection with these growth investments, we also revised our capital reallocation policy in the MTMP update.

In terms of broad direction, we aim to increase operating cash flow and focus strategic investments in the domestic and international CVS businesses while improving shareholder returns and maintaining financial health.

These three focal points—quantitative expansion, qualitative improvement, and financial





## Message from the CFO

soundness—remain unchanged in our financial strategy.

From the perspective of quantitative expansion, we prioritize the growth rate of EPS to better understand earnings growth and have also positioned the expansion of free cash flow as a key indicator. Due to the smooth progress made in building synergies from the integration with Speedway and the enhanced cash generation capacity of our domestic and international CVS businesses, both operating cash flow and free cash flow for FY2022 significantly exceeded our initial projections.

In terms of qualitative improvement, we emphasize return on invested capital (ROIC) spread, which is the difference between ROIC and weighted average cost of capital (WACC), as a key indicator that underpins each company within the Group. Based on current favorable business performance and reevaluation of the Group strategy, we have raised the target values for metrics such as ROE and ROIC in the MTMP.

Financial soundness was temporarily eroded due to the procurement of interest-bearing debt to cover the entire cost of the Speedway acquisition. We therefore set the debt/EBITDA ratio as an indicator to demonstrate to both internal and external stakeholders our commitment to restore financial soundness as quickly as possible. In this regard, we revised our FY2025 target within the MTMP update from lower than 2.0 times to less than 1.8 times.

In this way, our overall financial strategy is advancing towards enhanced capital efficiency and a healthier balance sheet. However, we recognize that we still have room for improvement, especially in terms of qualitative aspects and investment efficiency, to align with global standards.

The successful completion of the significant investment in acquiring Speedway was facilitated by our robust financial foundation at the time (FY2019), characterized by a debt/EBITDA ratio of approximately 1.5 times and a predominant AA

credit rating. Recognizing that the smooth and advantageous funding execution was a major contributing factor, it becomes apparent that restoring financial health is crucial not only to expand future strategic options but also to ensure substantial shareholder returns moving forward.

At the same time, considering management's emphasis on capital efficiency, including metrics such as ROE, we are now entering a phase where we will delve into discussions at a higher level, exploring whether maintaining a debt/EBITDA ratio below 1.8 times strikes the right balance.

### Focusing on nurturing talent in support of global management

It is becoming increasingly important to share these financial perspectives with our operating companies. Since our transition to a holding company in 2005, we have played a pivotal role in strengthening collaboration among Group companies and actively fostering synergies. However, in terms of finance, while the emphasis on operating income at the local level is crucial and valued, there remains a challenge in fully embedding the concept of cost of capital. In the context of our ongoing SST business transformation, we have announced a commitment to fund growth investments for the next three years through cash inflows by reducing assets in SST operations and strengthening food infrastructure. This underscores the importance of disciplined capital allocation, taking into account the Group's overall financial position.

This also presents a challenge in terms of cultivating the human resources responsible for driving Group management. In conversations with shareholders and investors, they acknowledge that we have nurtured talent with strong product development and operational capabilities to support our retail operations. However, they also note that we lack the required personnel to handle the capital policy and investment planning for the Group, where overseas operations contribute to the majority of sales, underscoring this as an important area for strategic investment.



### In consideration of both corporate value and shareholder value

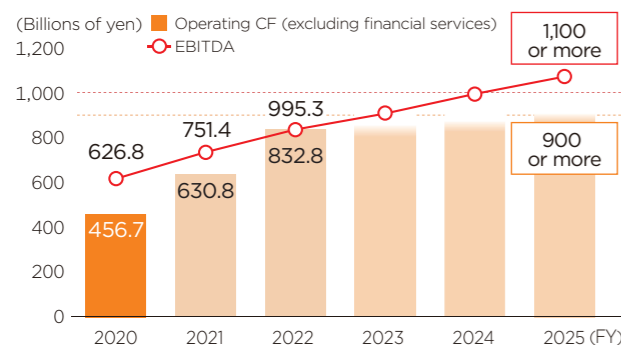
Amid the global rise in prices driven by soaring energy costs and raw material expenses, compounded by the expansion of geopolitical risks, consumer confidence remains clouded by uncertainty.

Against this backdrop, the Group pledges to enhance both corporate value and shareholder value through further growth driven by creating Group synergies centered around food.

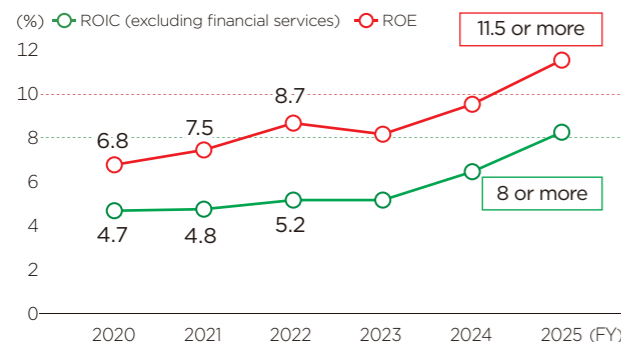
To fulfill this commitment and instill confidence in our ability to do so, the Group will diligently pursue businesses that address the needs and wants of local communities, which are the essence of our retail origins. Additionally, as mentioned earlier, we will create anticipation around the Group by globally showcasing the synergies, strategies, progress, and achievements in food, manifested not only in Japan but across the world. The Seven & i Group will continue striving to generate value that meets and exceeds expectations.

## Consolidated financial numerical targets

### Quantitative expansion of finance (1)

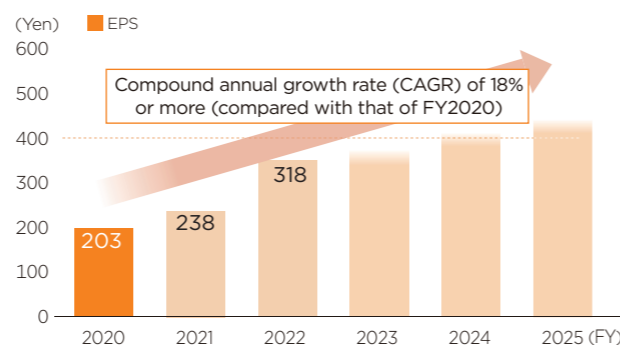


### Qualitative improvement of finance

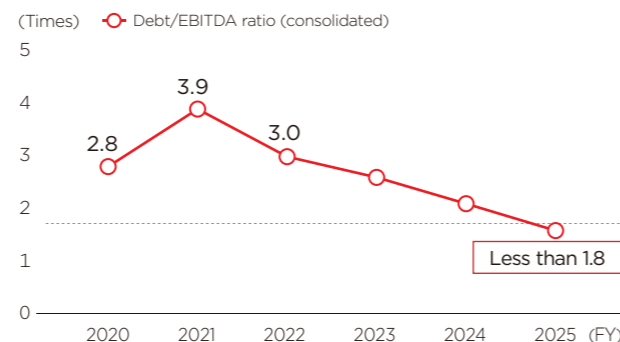


Note: Excludes impact of sale/leaseback transactions

### Quantitative expansion of finance (2)



### Ensuring of financial soundness



## We will leverage our strengths in food achieved through Group synergy to accelerate growth in both existing and new businesses.

Domestic 7-Eleven stores have received high praise for their food offerings. This success is underpinned by extensive food-related capabilities, encompassing procurement, development, and merchandise assortment developed through superstore operations, along with the product appeal of the private brand *Seven Premium*, created by leveraging the Group's advantages. In domestic convenience store operations, we will harness this collective strength to accelerate growth in both existing and new businesses.

In our existing stores, we will continue to bolster our food offerings, with a focus on *Seven Premium* products. Moreover, we will undertake initiatives across business categories in response to recent changes in the social structure and consumer trends. We will also expand our 7NOW delivery service and promote new businesses by utilizing retail media.

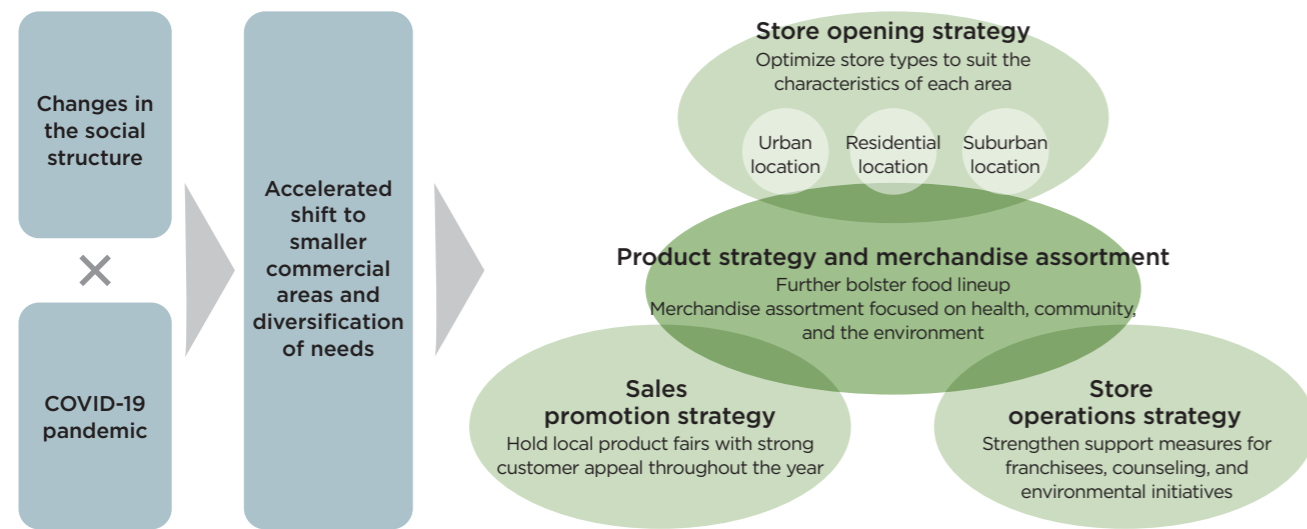
Through these strategies, we aim to grow our operating income to approximately ¥300 billion in FY2025 and enhance our ROIC.



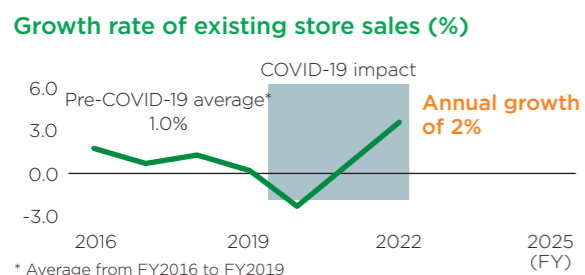
Fumihiko Nagamatsu

Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD.  
Director and Senior Managing Executive Officer of Seven & i Holdings Co., Ltd.

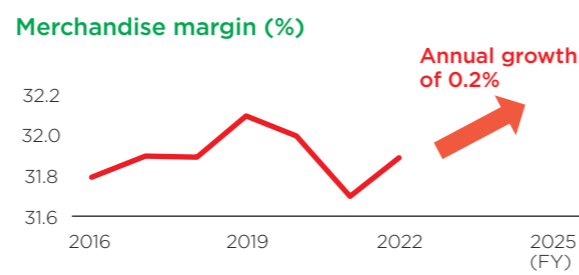
### Growth strategy of domestic convenience store operations



#### To enhance average daily sales



#### To boost gross profit margin



### Existing business Strengthen food sector

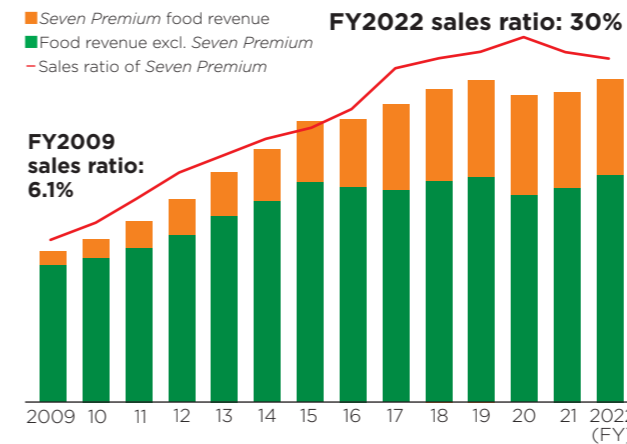
#### Prioritize food assortment centered on *Seven Premium* to achieve sustained and stable growth

In the food sector, *Seven Premium* has a significant advantage due to its wide range of pricing and value options. The sales ratio has been increasing annually, and even during the recent period of high inflation, average daily sales at existing stores have risen compared to the previous fiscal year.

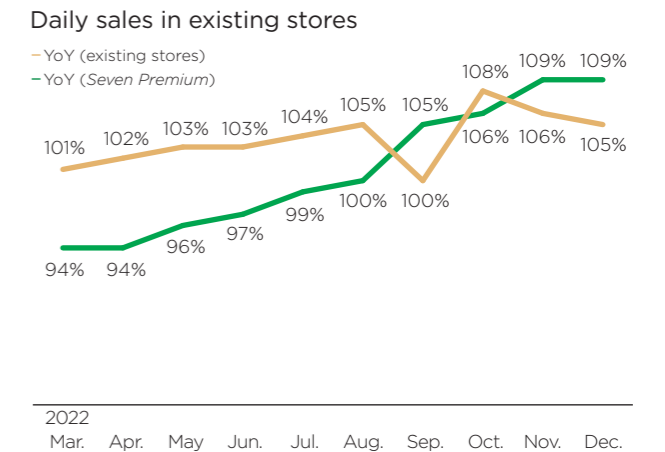
Building on these achievements, we will continue to strengthen the food sector at existing stores, with a focus on *Seven Premium*. In addition, we will actively

introduce merchandise that promotes health and environmental consciousness, as well as items made from locally sourced ingredients. At the same time, we seek to enhance average daily sales and gross profit margins by striking a balanced approach between an effective store opening strategy tailored to the characteristics of the area, a sales strategy that includes holding appealing events, and a store operation strategy, which also encompasses supporting franchisees.

#### Increase in composition of *Seven Premium* in food area



#### Sales growth of existing stores under recent inflationary pressure



#### Impact of our competitive advantage in food

**Strengths in food cultivated in superstore operations**

- Overwhelming number of products and SKUs
- Procurement and supplier network
- Large-scale sales floor to test products
- Customer understanding and innovative development capability in food

**General food SKUs**

Supermarkets (SM): 15,000 (7 categories)\*1

Convenience stores (CVS): 2,000 (4 categories)\*2

\*1 SM: Fruit and vegetables, meat, fish, daily items, processed food, prepared food, and bakery items  
\*2 CVS: Fruit and vegetables, daily items, processed food, and prepared food

***Seven Premium* development**

- Combine the Group's strength for development
- Approximately 70% of personnel are nurtured within superstore operations
- Private-brand (PB) product range that is 1.7 times larger than the competition

**Number of private-brand food items**

Company A: 1,330

Company B: [Bar]

Based on Company research as of June 2022

**SEVEN-ELEVEN JAPAN's strong customer support**

- Removing geographical reasons, close to half (46%) of consumers actively choose 7-Eleven
- Two-thirds of customers choosing SEVEN-ELEVEN JAPAN provide "variety and quality of food" as a reason

**Choice of CVS brand other than location** (majority share accounted for by food merchandising)

Company A: 46%

Company B: [Bar]

Based on a survey of contracted companies as of September 2022  
Sample size (n) = 1,060

Our strengths in the food cycle



## Existing and new businesses Initiatives across business categories

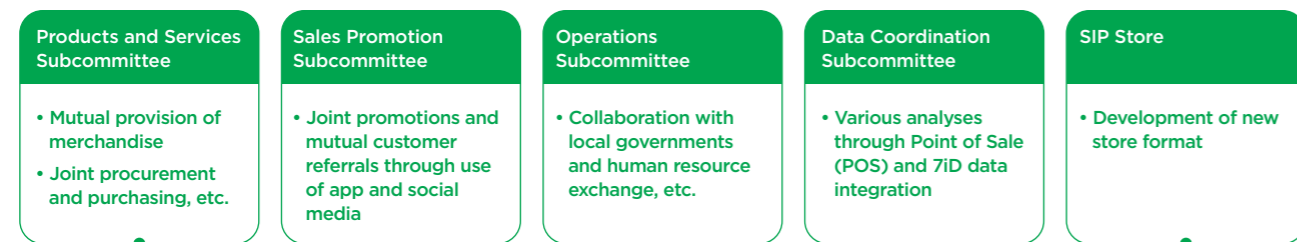
### Promoting the SIP Project with Ito-Yokado to address changes in social structure

SEVEN-ELEVEN JAPAN (SEJ) is intensifying its collaboration efforts with Group companies across diverse business categories to adapt to shifting social dynamics and ensure the sustained growth of its stores. A symbolic case for this is the SIP Project\*, which was initiated in August 2022 in partnership with Ito-Yokado (IY) (see diagram below). This project is one of the strategic actions encapsulated within Synergy 2.0 (p. 21) with the aim of harnessing synergistic effects. Within this initiative, the strong procurement and development capabilities of SEJ in fresh and frozen foods, featuring a vast range of Stock Keeping Units (SKUs; the smallest unit for managing products), are combined with the ability to attract customers, drive sales, and develop daily items at more than 21,000 7-Eleven stores across all 47

prefectures nationwide. To illustrate, in the products and services domain, this collaboration enables us to meet the one-stop shopping needs of elderly individuals, working women, and single households through EASE UP, an original frozen food brand developed by IY. It also facilitates the expansion of our product lineup and the joint development of locally produced and consumed products by harnessing the expertise of SEJ's manufacturing partners. In the operational domain, we join forces with IY to host various fairs. Additionally, we have ambitious plans to inaugurate a groundbreaking retail concept store called the SIP Store, which combines convenience store and superstore elements, in Chiba Prefecture during FY2023.

\* SIP is an abbreviation denoting the SEVEN-ELEVEN JAPAN/Ito-Yokado partnership.

### Themes of SIP Project initiatives

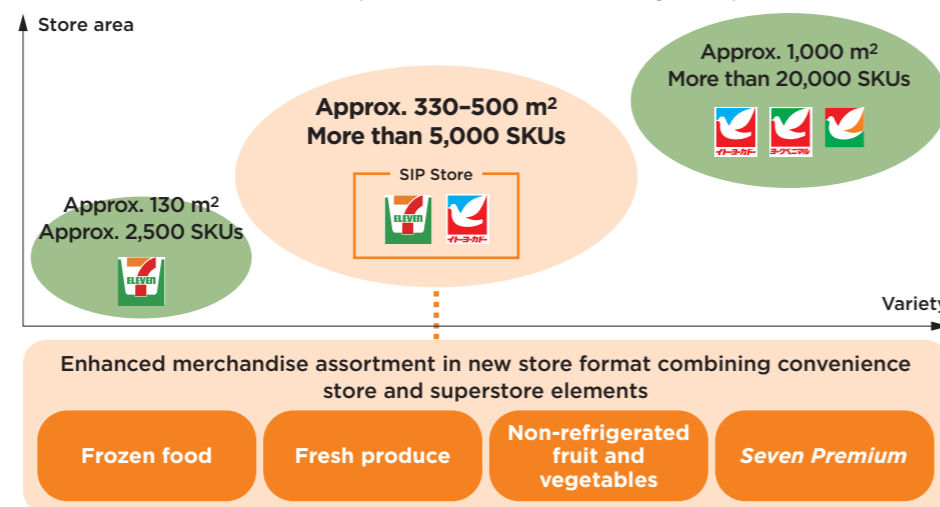


### EASE UP products developed in collaboration with SEJ's manufacturing partners



### SIP Store positioning

In contrast to 7-Eleven stores measuring approximately 130 square meters with approximately 2,500 SKUs, SIP Stores are expected to measure approximately 330-500 square meters with more than double the variety at over 5,000 SKUs. In terms of merchandise assortment, we will expand our offerings not only of fresh produce but also frozen foods and Seven Premium products, which hold further growth potential.



## New business Expanding the 7NOW delivery service and entering the advertising business

### Development of two new businesses that leverage contact with customers based on 7iD

In the area of new business, we aim to expand the 7NOW delivery service and enter the advertising business to increase revenue.

7NOW is a home delivery service that allows customers to order products from 7-Eleven stores through their smartphones and have them delivered in as little as 30 minutes. Since its experimental launch in

2017, the service has evolved, and both the number of users and stores have increased. Upon the release of the 7NOW app in September 2023, we anticipate enhanced integration with 7iD, leading to improved user-friendliness and an increased number of customer touchpoints. We will continue expanding the 7NOW service through initiatives such as these.

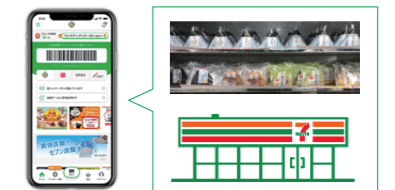
### Expansion of 7NOW delivery by SEVEN-ELEVEN JAPAN

	FY2023 store expansion initiatives	
	First half	Second half
<b>Improvement in usability</b>		<ul style="list-style-type: none"> <li>Integration of 7NOW app with 7iD</li> <li>Addition of product recommendation feature</li> </ul>
<b>Development of delivery infrastructure</b>	<ul style="list-style-type: none"> <li>Strengthening of delivery infrastructure through multiple vendors in one area</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the number of delivery partners</li> </ul>
<b>Store operational efficiency</b>	<ul style="list-style-type: none"> <li>Improvement in usability by enabling use of the app in place of the store terminal</li> </ul>	

### Integration of 7NOW app with 7iD

**Improvement in usability**  
Usability that resembles selecting merchandise in-store

**Expansion of customer contact**  
Data expandability based on 7iD



## Strengthening the framework for nationwide expansion in FY2024

### TOPIC

### Announced future aim and four visions for the 50th anniversary

SEJ celebrated its 50th anniversary in 2023. On the occasion of its 50th anniversary, SEJ has not only expressed its commitment to enhancing its adaptability to change in its future aim but is also actively pursuing four visions to bring this commitment to life.

**Future aim**

Build a joyful future, together  
**Paving the way to the next level of convenience for more comfortable living worldwide**

SEJ will foster a corporate culture centered on collaboration with all stakeholders that embraces diversity and mutual recognition of each individual's work to generate new values that benefit society. This is the vision SEJ strives for, to build a joyful future, together.

**Four visions**

- Health**  
Provide merchandise and services that contribute to healthy living and society
- Community**  
Contribute to the resolution of social issues and community revitalization as infrastructure for daily life
- Environment**  
Contribute to the creation of a circular economy by reducing environmental impact
- Human resources**  
Realize an environment in which everyone involved in our business can fully leverage their capabilities

**Expanding SEVEN-ELEVEN JAPAN's strengths in food globally**

Based on Seven & i Group's market analysis both domestically and internationally, convenience store operations have seen an increase in customer visits due to a higher sales ratio of fresh food and other proprietary products. As a result, we intend to further refine SEVEN-ELEVEN JAPAN (SEJ)'s strength in fresh food and expand it globally.

**North American convenience store operations/7-Eleven, Inc.**

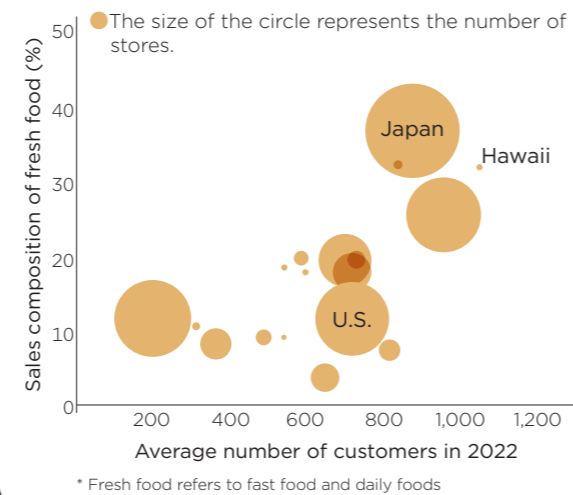
We will achieve sustainable business growth through four strategic initiatives.

North America-based 7-Eleven, Inc. (SEI), which boasts the leading store share in the U.S. convenience store market, is pursuing four strategic initiatives for further growth: (1) grow proprietary products, (2) accelerate digitalization and delivery business, (3) generate synergies from the SEI and Speedway integration, and (4) grow the business through both M&A and organic new store openings. Going forward, we will focus on increasing the sales ratio of food-related products, aiming to improve average daily sales and merchandise margins, and thereby enhance the business' ROIC.

**Joseph M. DePinto**  
 Director and CEO  
 7-Eleven, Inc.  
 Director and Senior Managing Executive  
 Officer  
 Seven & i Holdings Co., Ltd.



**The high composition of fresh food\* directly contributes to an increase in the average number of customers**



**Global convenience store operations/7-Eleven International LLC**

We will leverage the strengths of Japan and the United States to drive global growth.

In Japan, North America, and China (Beijing, Tianjin, and Chengdu), 7-Eleven stores are operated by Seven & i Group subsidiaries. In other countries and regions, prominent local corporate groups run 7-Eleven stores as licensees. Although we are experiencing continued growth in various countries and regions, differences in sales have emerged between regions. To address this, we established 7-Eleven International LLC (7IN) to support growth in existing markets, provide strategic investment to existing licensees, and facilitate entry into new markets. 7IN commenced its operations in 2022. We will further strengthen our strategic investments in licensees to enhance our the presence of our convenience store operations in the global market.

**Shinji Abe**  
 Co-CEO  
 7-Eleven International LLC  
 Director and Executive Officer  
 SEVEN-ELEVEN JAPAN CO., LTD.  
 Executive Officer  
 Seven & i Holdings Co., Ltd.



**Ken Wakabayashi**  
 Co-CEO  
 7-Eleven International LLC  
 Director and Executive Officer

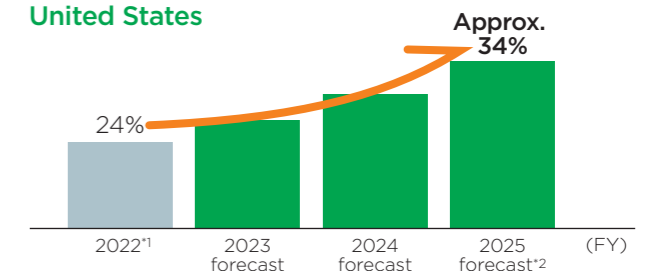


**North American convenience store operations/7-Eleven, Inc.**

Expanding the value chain for food to meet increasingly sophisticated needs

In North America, customer demands have become increasingly sophisticated, with a growing desire for fresher and higher-quality food products. Amid these trends, we have been able to achieve improvements in merchandise margins and average daily sales by strengthening the development and sale of proprietary products such as fresh food, special beverages, and private-brand items. Our plan is to increase the share of proprietary products in the sales of existing stores in the United States to approximately 34% by FY2025.

**Sales ratio of fresh food, special beverages, and private-brand products as a percentage of average daily sales at existing stores in the United States**



<sup>1</sup> The figure for FY2022 excludes results from Speedway stores.  
<sup>2</sup> The figure for FY2025 includes results from existing SEI stores and Speedway stores that have been fully integrated.



The Lone Star Slider



Ham and cheese sweet bread



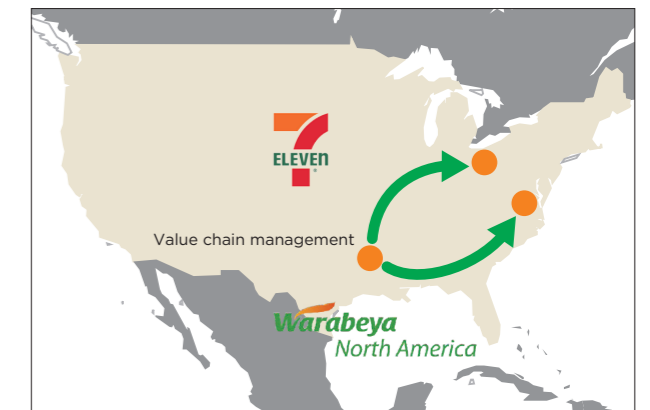
Mexican rice and bean burrito



Sesame cold noodle salad

To strengthen our proprietary products, SEI has enhanced collaboration with Warabeya Nichiyo Holdings Co., Ltd., a long-standing partner of SEJ in product development. Warabeya North America, Inc. plans to establish new factories for producing such items as sandwiches in Virginia and Ohio in 2024, and to expand its existing facility in Texas. Further, in 2025, partners from the Nihon Delica Foods Association\* are planning to expand into Southern California. We will continue to increase production capacity, and strengthen the food value chain to maintain a sustained improvement in merchandise margins.

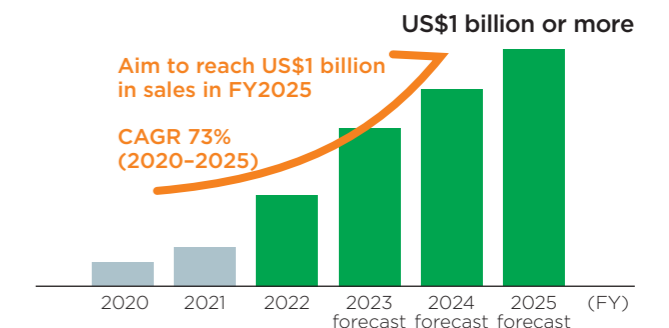
\* Refers to the 63 manufacturers (as of May 31, 2023) who jointly develop and manufacture proprietary daily products for SEVEN-ELEVEN JAPAN CO., LTD.



**Strengthening 7NOW with a view to achieving annual sales of US\$1 billion**

In the 7NOW delivery service, we continuously evolve our service offerings to meet customer needs. This includes achieving swift delivery times of an average of less than 28 minutes in the United States. We will strengthen the subscription-based delivery service, 7NOW GOLD PASS, and introduce it to Speedway stores, further accelerating growth with the aim of reaching US\$1 billion in sales in FY2025.

**Annual sales from 7NOW delivery service**





Integration synergies delivered faster-than-expected results, leading to major upward revisions of FY2023 targets

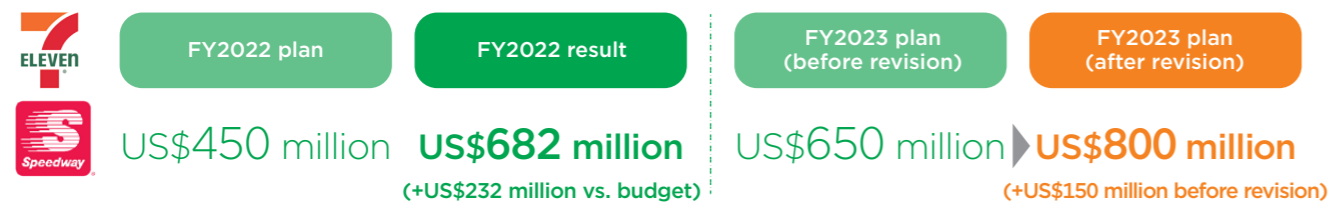
In 2021, SEI acquired Speedway, which has approximately 3,000 stores and operates the third largest convenience store chain in the United States. As a result, its total number of stores in North America now exceeds 13,000. Currently, we have a network of stores in 47 out of the top 50 major cities in the United States, achieving a store density that places stores within a two-mile radius of approximately 50% of the total U.S. population.

Since the integration, we have primarily focused on creating synergies in four key areas: merchandise, scale, fuel logistics, and digital strategies. For instance,

we have yielded tangible results by introducing SEI's private-brand products into Speedway to enhance merchandise assortment, realizing cost reductions by leveraging SEI and Speedway's purchasing power, and expanding SEI's delivery business into Speedway. Since the effects of the synergies have been growing faster than initial projections, we have raised the target for integration-related income for FY2023 from US\$650 million to US\$800 million.

By ensuring the realization of integration synergies with Speedway, we will realize income growth for SEI.

Speedway integration synergies drive SEI's income growth



Milestones completed in FY2022

<b>Merchandise related</b>	Optimized assortment with vault and center of store resets	
<b>Harnessed economies of scale</b>	Leveraged scale through national contracts	
<b>Cost leadership</b>	Completed organizational right-sizing	
	Transitioned in-house maintenance to more than 3,600 7-Eleven stores	
<b>Integration of fuel logistics</b>	Expanded speedway fuel transportation coverage to 390 7-Eleven stores	
<b>Integration of digital strategies</b>	Launched delivery in more than 1,200 stores	

Enhancing our share in the fragmented North American market

The convenience store market in the United States is highly fragmented, with stores belonging to small chains, including independently-owned stores with 10 or fewer locations, accounting for approximately 63% of the total, in stark contrast to the Japanese market where the top three companies occupy over 90%.

Given this environment, SEI will continue to pursue strategic M&A and new store openings, leveraging the strength of its proprietary products, in order to expand market share, improve the efficiency of store operations, and enhance logistics infrastructure.

Global convenience store operations/7-Eleven International LLC

Drive ongoing growth through enhanced business engagement and the transfer of business innovation methods from Japan and the United States

In the countries where we are already operating, we aim to enhance our engagement in business operations and increase income through strategic investment in our licensees.

As one of our initiatives, we have decided to provide additional investment in Vietnam, where future economic growth and population expansion are expected. In Vietnam, we opened our first store in 2017, and as of the end of FY2022, we have expanded to 79 stores. We will focus on concentrated store openings in strategic target areas based on urban planning, while leveraging the business innovation methods of SEJ and SEI, with the goal of expanding to a scale of 500 stores by FY2028. We will also collaborate with our Japanese business partners to build a value chain, expanding our market share through differentiation with high-quality proprietary products. We will use our efforts in Vietnam as a model case and expand into other countries and regions.

Store development

- Realize concentrated store openings based on urban planning
- Localize the expertise of SEJ and SEI for local customers

FY2022 (Result)	79
FY2023	115
FY2026	275
FY2028	500

Additional investment in Vietnam



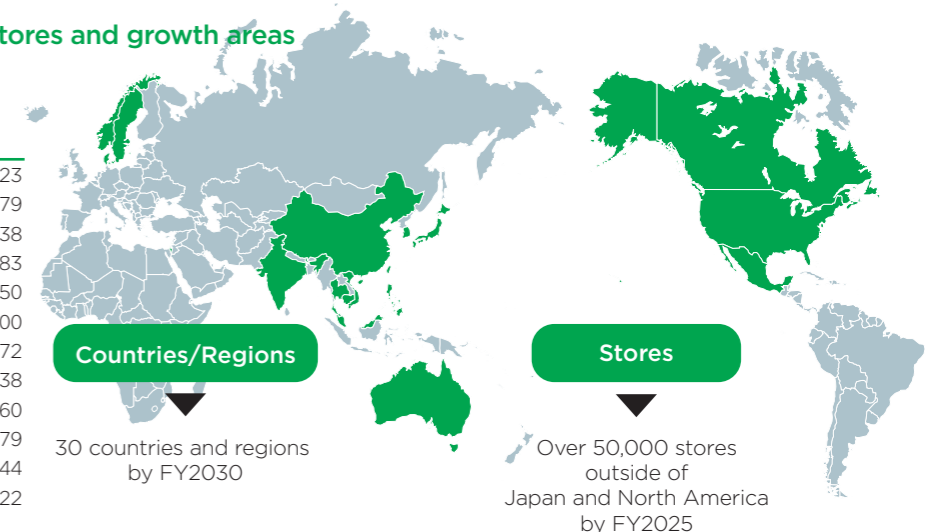
Driving continuous investment with a focus on global growth potential

The 7-Eleven convenience store network is the largest in the global market. As of January 31, 2023, 7-Eleven stores operated in 19 countries and regions, with ample opportunity to generate significant growth through new store openings.

7IN will therefore actively promote expansion into new markets. We aim to expand our network to over 50,000 stores outside of Japan and North America by FY2025 and extend our presence to 30 countries and regions by FY2030.

Global expansion of 7-Eleven stores and growth areas (as of January 31, 2023)

North America		Asia-Pacific	
U.S.	12,854	Japan	21,323
Mexico	1,886	South Korea	14,179
Canada	606	Thailand	13,838
		Taiwan	6,683
Europe/Middle East		China	4,450
Denmark	176	Philippines	3,400
Norway	134	Malaysia	2,472
Sweden	81	Australia	738
Israel	1	Singapore	460
		Vietnam	79
		Cambodia	44
		India	22



## Promote business structure reforms aligned with the Group's growth strategy centered around food Aiming to achieve EBITDA of over ¥85 billion in superstore operations in FY2025

In superstore operations (SST operations), we have particular strengths in food in terms of merchandise assortment, procurement, supplier network, product innovation, and private brands (*Seven Premium*) that support the Group's overall competitiveness. These strengths will become increasingly important competitive advantages propping up the Group's growth.

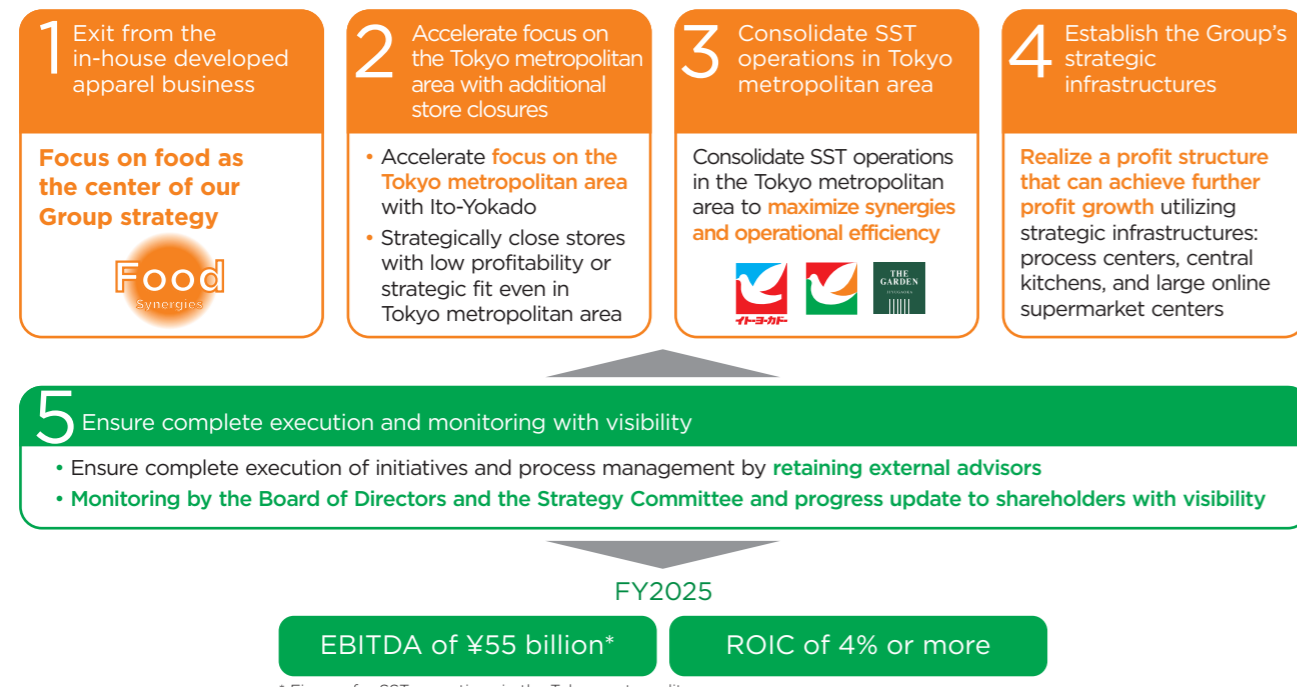
While SST operations contribute to the entire Group, enhancing profitability and capital efficiency is an urgent priority. To this end, we are implementing various structural reform measures in the Tokyo metropolitan area. We have made strategic store closures, optimized personnel policies, and enhanced productivity through the use of IT. Going forward, in addition to harnessing the benefits of these reforms, we will pursue further transformation initiatives toward regrowth.

In the Tokyo metropolitan area, we will undertake four drastic transformation initiatives over a period of three years: (1) Exit from the in-house developed apparel business and focus on food; (2) Accelerate focus on the Tokyo metropolitan area with strategic store closures; (3) Merge Ito-Yokado and York and consolidate SST operations in the Tokyo metropolitan area; and (4) Establish the Group's strategic infrastructures in terms of process centers, central kitchens, and large online supermarket centers. As a fifth measure, we will appoint external advisors to ensure the successful completion of these initiatives. They will manage the transformation process while the Board of Directors and the Strategy Committee will monitor progress to ensure transparency and objectivity. In SST operations in the Tokyo metropolitan area, our goal for FY2025 is to achieve EBITDA of ¥55 billion or more and return on invested capital (ROIC) of 4% or more.



**Seiichiro Ishibashi**  
Managing Executive Officer, Head of Superstore Operations  
Seven & i Holdings Co., Ltd.

### Overall picture of SST transformation



\* Figures for SST operations in the Tokyo metropolitan area

### Reform of profit structure

### Enhancement of value chain

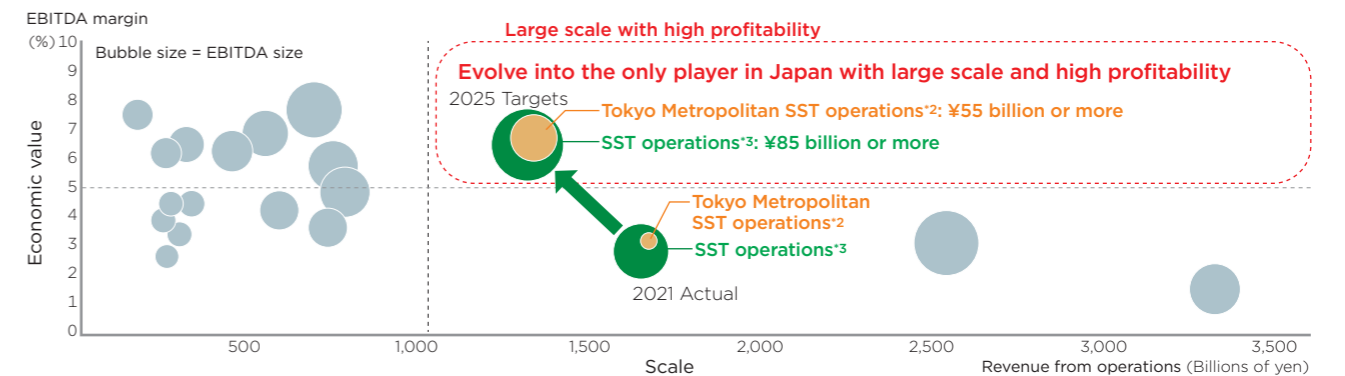
Become the only player in the domestic supermarket/general merchandise store sectors in terms of scale and profitability

In SST operations, we will embark on reform of the value chain by integrating production and sales and focus on appealing to the price and quality that customers desire in an effort to provide new value. In the Tokyo metropolitan area, we will further enhance the immediate consumables category by developing and manufacturing differentiated, prepared dishes at our central kitchens. We will also make use of our process centers to provide high-quality fresh meat,

seafood, and meal kits, thereby enhancing efficiency in store operations. At the same time, we will look to reduce costs and reform the profit structure through centralization of merchandise development and head office costs. By successfully accomplishing these transformations, we aim to establish a unique position in the supermarket/general merchandise store sector in terms of scale and profitability.

### Uplift of profitability of the entire SST segment<sup>\*1</sup>

Comparison of domestic supermarket/general merchandise store sector and SST operations by profitability and scale



<sup>\*1</sup> For companies with multiple segments, each segment is shown as one bubble.  
<sup>\*2</sup> Tokyo Metropolitan SST operations encompass Ito-Yokado Co., Ltd. (including York Co., Ltd.), and SHELL GARDEN CO.,LTD.  
<sup>\*3</sup> SST operations encompass Ito-Yokado Co., Ltd. (including York Co., Ltd.), SHELL GARDEN CO.,LTD., and York-Benimaru Co., Ltd.

### Promoting the Group's Last Mile measures with a large online supermarket center

As one of the Group's Last Mile measures, we opened a new center in Yokohama for the Ito-Yokado online supermarket in summer 2023. The new center will function as a base with delivery areas for approximately 30 Ito-Yokado stores around and locations up to roughly 30 kilometers from the center. Opening a large

center like this will not only expand delivery area based around existing stores but also make it possible to deliver to places in the Tokyo metropolitan area where there are no Ito-Yokado stores nearby. We will continue to respond to ever-growing customer demands and raise convenience.

### Realizing common Group infrastructure for food with Peace Deli

Peace Deli, a food manufacturing subsidiary established in 2021 as common Group infrastructure, plays a crucial role in strengthening our food offerings. Peace Deli Nagareyama Kitchen started operation in March 2023, processing fresh meat, seafood, and meal kits that are supplied to Ito-Yokado and York stores in the Tokyo metropolitan area. Plans are in place to commence operation of Peace Deli Chiba Kitchen in February 2024. This kitchen will include a central kitchen for processing and manufacturing prepared dishes and a process

center for handling fresh produce. From both the Nagareyama and Chiba kitchens, we plan to supply merchandise not only to Ito-Yokado and York stores but also to 7-Eleven stores as well as merchandise exclusively for the Ito-Yokado online supermarket.



Peace Deli Nagareyama Kitchen  
(Chiba Prefecture)



## We will advance our integrated retail and finance strategies centered on 7iD to deepen relationships with customers.

In financial services, we will continue to focus on expanding our ATM platform strategy as well as our e-money and credit card businesses. Additionally, under the Group financial strategy, we seek to develop distinctive financial services based on 7iD, an ID that customers can use across the Group, and to provide new value.

As part of such efforts, we have decided to consolidate Seven Card Service Co., Ltd., into Seven Bank, Ltd. in order to pursue synergies through the integrated management of banking and non-banking businesses. This will enable us to meet diverse needs through the integrated management of banking, credit card, and e-money services.

Moving forward, we will continue to leverage four key strengths of the Group, namely the best customer base in Japan, attractive economic points of contact, overwhelming payment volume, and ownership of core financial functions, in order to offer distinctive financial services.

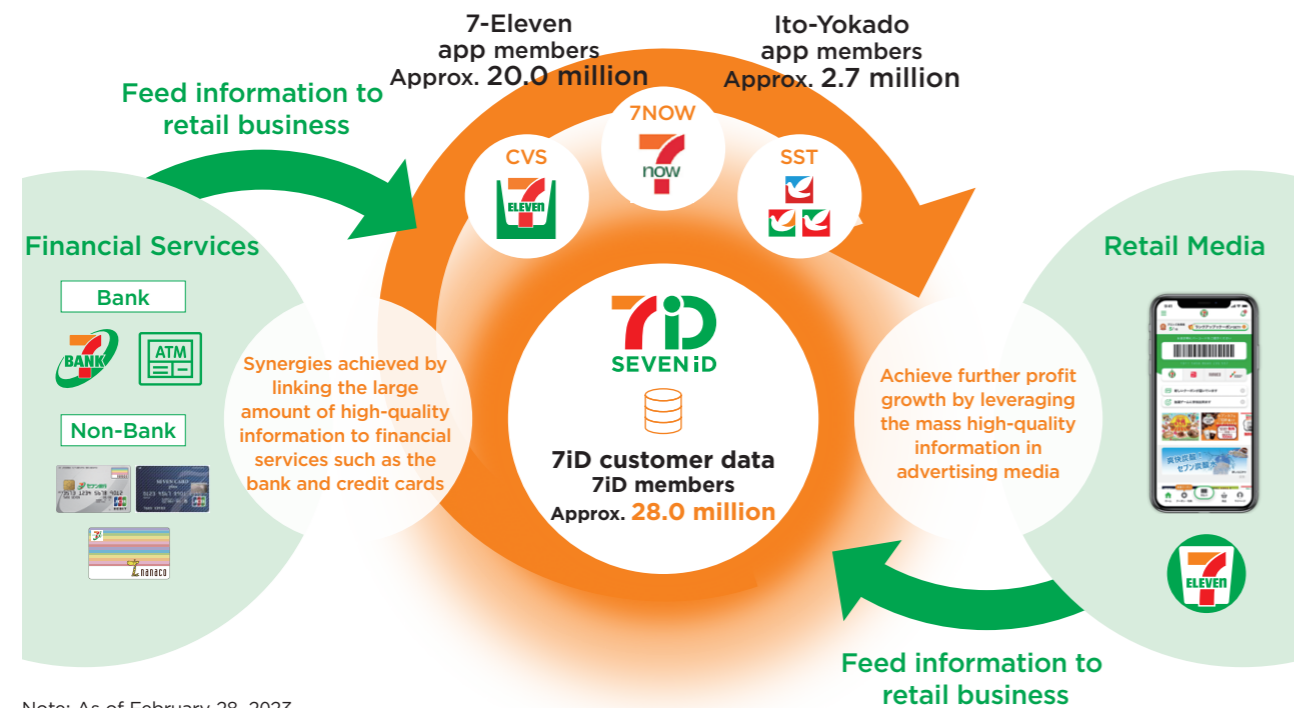


Tsuyoshi Kobayashi

Managing Executive Officer, Head of Financial Services  
Seven & i Holdings Co., Ltd.

### Growth strategy of financial services (summary)

Enhance customer relations through an integration of retail and financial services through 7iD



Note: As of February 28, 2023

### Future development Provide services that leverage strengths

Leverage the Group's management assets to expand financial services unique to retailing

Strengths	Approach and measures
<b>Best customer base in Japan</b> Customers per day in domestic stores Approx. 22.2 million <sup>*1</sup> 7iD members Approx. 28.0 million <sup>*1</sup>	Room to further increase the attractiveness of the economic zone and significantly expand the cross-use rate <sup>*2</sup> and spending per customer
<b>Attractive economic points of contact</b> Convenience stores + supermarkets Approx. 22,000 stores <sup>*1</sup>	Possible to provide a unique economic zone strategy through product offerings without relying on point competition
<b>Overwhelming payment volume</b> Annual money flow of Approx. 22.0 trillion	By expanding the ratio of in-house payments through such means as the e-money card nanaco, it is also possible to use payment fees that would be paid to other companies as resources for marketing
<b>Ownership of core financial functions</b> <input type="checkbox"/> Bank <input type="checkbox"/> Credit card <input type="checkbox"/> E-money	In expanding financial services in the future, it is possible to pursue rapid development by leveraging existing assets

\*1 As of February 28, 2023

\*2 Purchases by a single customer both in a physical store or an e-commerce platform, or across multiple business formats within the Group.

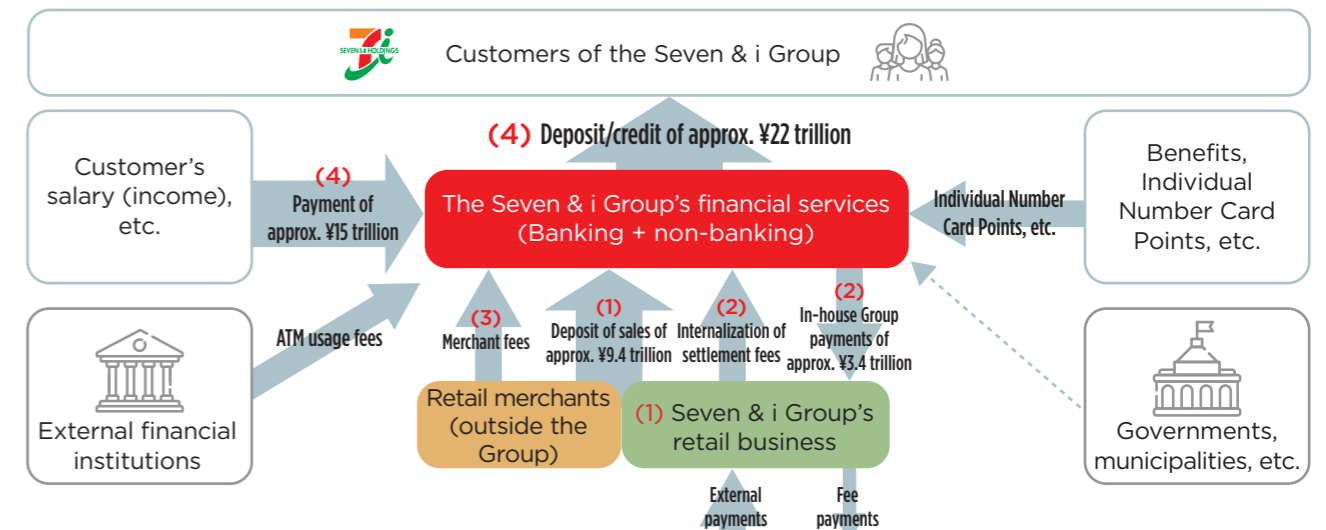
### Combining 7iD with payment services to boost revenue in retail and financial sectors

- Gross profit from increased retail sales**  
Effects of higher spending per 7iD member by connecting payment services
- Cost reduction from internalization of commission fees**  
Effects of increasing the ratio of commissions retained internally rather than paying them externally by expanding the ratio of in-house payments
- Increased merchant fees due to increased external use**  
Effects of revenue from merchant fees (increased gross profit) due to increased external use of 7iD payment services by increasing the attractiveness of 7iD outside the Group
- Increased financial fees**  
Effects of an increase in the number of users of financial services entering through the use of ATMs and 7iD payment services

Moreover, through these four areas, we can enhance retail and financial data centered on 7iD, and utilize it for business strategies based on a deeper understanding of our customers.

### Scale of the Group's financial services in terms of money flow

(1), (2), (3), and (4) represent the areas we can expect revenue growth by combining retail and financial services.





**Continuing to improve the quality of management, seeing business with a focus on social solutions to be our mission as a global enterprise**

**Junro Ito**  
 Representative Director and Senior Managing Executive Officer  
 Chief Sustainability Officer (CSuO)

**Reidentifying the material issues that support Seven & i Group's sustainable growth**

In 2022, the Seven & i Group reviewed its material issues, to further enhance its sustainable management.

Behind this move were changes in the social conditions in which we do business. The largest of these was growing interest in issues concerning the environment, including global warming, and human rights. People's interest in these subjects continues to grow with the spread of the United Nations Sustainable Development Goals (SDGs), and today we feel that doing business with a focus on social solutions is one of the missions of any global enterprise.

In light of these changes, we've identified social topics that we should consider, referring to sources including global frameworks such as the SDGs and evaluation items used by environmental, social, and governance (ESG)

rating agencies. We also surveyed more than 5,000 stakeholders, including 7-Eleven franchise store owners, about the topics that the Seven & i Group should address. Through these efforts and expert dialogue, we revised our material issues over a period of about one year.

**Focusing on the people essential to the retail industry**

In revising our material issues, the management team focused above all on people.

Together with product lineup and price, how to ensure that customers can enjoy the shopping experience is of utmost importance to the retail industry. The Seven & i Group enjoys the support of more than 160,000 employees in Japan and globally—even more when we include 7-Eleven franchises around the world. To deliver new shopping experiences every day it is essential to maintain workplace environments where all employees can do their work with good health

and positive attitudes and to provide them with opportunities to improve their abilities. Based on this point of view, management has pledged to "improve work engagement and environment for people working in Group businesses."

**Improving the quality of management together with all stakeholders, to realize our vision for the organization**

As it plays a role in responsibly delivering to stakeholders the value generated by raw materials producers and manufacturers, the Seven & i Group comes into contact every day with approximately 60 million stakeholders around the world. They include customers, business partners, and franchise store owners. Aiming to be a world-class retail group focused on food, the Seven & i Group currently is growing its value chain around the world, identifying the CVS business in Japan and other markets as a growth driver.

Aiming in this way to be a global leader, the Seven & i Group believes that we must lead not only in quantitative aspects such as sales and profit but also in the qualitative aspects of management. Toward this end, it is vital that the Group promote environmental and community sustainability together with the customers, business partners, franchise store owners, and employees that make up our global value chain. Based on this concept, we have added the new material issue "achieve a sustainable society through partnerships."

Our efforts to enhance these partnerships include the CSR audits that we have conducted together with our business partners in Japan and around the world since 2012, the Seven & i Group Business Partner Sustainable Action Guidelines revised in 2019, and enhancements to our structure for human rights due diligence based on the Guidelines. In the area of the environment, we are advancing initiatives under our GREEN CHALLENGE 2050 environmental declaration together with 7-Eleven, Inc., in North America, and

we plan to expand them worldwide.

While enhancing sustainability together with our customers, we also emphasize sale of sustainability-certified seafoods. By 2050, we aim to use 100% accredited sustainable ingredients in our private brands, including *Seven Premium*. Furthermore, in the area of community engagement we are concluding comprehensive alliance agreements with local governments in Japan in a wide range of areas including local production/local consumption, support for seniors, improving health, and environmental protection. We plan to expand these agreements in the future.

**As our businesses grow, we must never forget engagement with customers in the community**

The retail industry has deep roots in the lives of customers in the community. Even amid active globalization, as a member of the retail industry we must never forget to propose solutions based on a close look at the issues, concerns, and dissatisfactions of the individual customers who live and work in our communities. These concerns and dissatisfactions represent potential needs. We consider addressing each of them individually, to realize solutions to social issues through our businesses, to be the fundamental essence of the Seven & i Group's sustainability management.

While numerous global enterprises do business around the world, there is no such thing as a global consumer. Our customers live in their own communities, with their own familiar customs and cultures. Keeping this in mind, we will continue to strive store by store toward solutions for important social issues such as the environment and human rights, based on the spirit of "think globally, act locally."



## Revising material issues through a six-step process

Through various opportunities for dialogue with stakeholders, in 2014 the Seven & i Group identified material issues to be addressed by the Group as a whole in order to meet the expectations and demands of our stakeholders as we strive toward the sustainable development of society and sustainable growth of the Company. Seven years later, in 2021, we revised these issues through a six-step process that began with selection of social issues, to reflect developments such as changes in the Group's business environment (p. 13) and globalization of our core CVS business. In March 2022, we announced the seven revised material issues both inside and outside the organization.

### 1 Selection of social issues

We identified 480 social issues reflecting inputs including the SDGs, the World Economic Forum's Global Risks Report, and evaluation items used by ESG rating agencies, as well as external environmental changes considered in the Medium-Term Management Plan.

### 2 Survey of more than 5,000 stakeholders

After selecting 35 items, we surveyed stakeholders including 7-Eleven franchise store owners and employees of 7-Eleven, Inc. More than 5,000 surveys were completed and returned, and these included more than 1,000 comments.

### 3 Dialogue with experts

Group management engaged in dialogue with experts knowledgeable on a wide range of sustainability topics, to exchange opinions on the social issues that the Seven & i Group should address.



### 4 Identification of material issues reflecting diverse voices

The nine Seven & i Group companies considered importance to stakeholders and to the companies themselves. They summarized these in a matrix for the Seven & i Group (at right). We used this to decide on seven material issues, referring to survey comments, dialogue with experts, and interviews with management of operating companies.

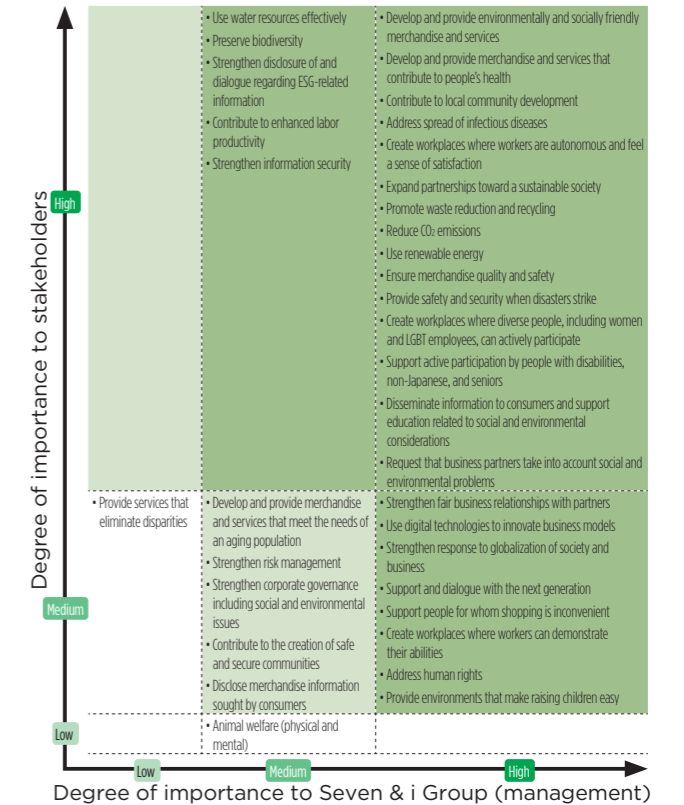
### 5 Risks and opportunities related to material issues

We consolidated risks and opportunities related to material issues, to create new initiatives and reduce risks.

### 6 Formulating action plans

Using the SDG Compass\* process, we formulated concrete initiatives to contribute to solutions to material issues through each operating company's business.

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



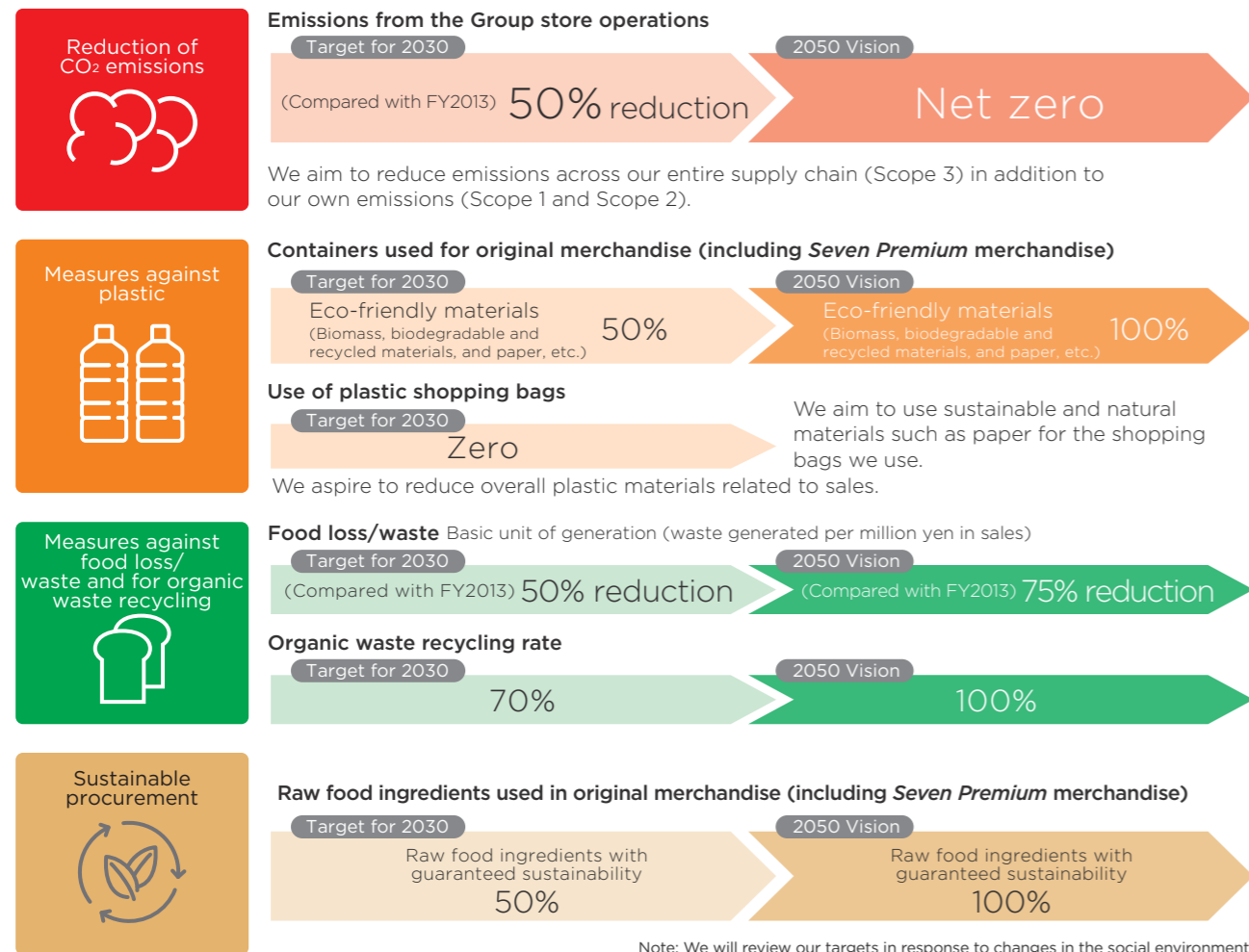
Seven material issues	Examples of concrete initiatives to address issues	Risks	Opportunities
<b>1</b> Create a livable society with local communities through various customer touchpoints	Management that aims to address community issues including an aging and decreasing population <ul style="list-style-type: none"> <li>Expand online convenience store, online supermarket, and mobile supermarket vehicles</li> <li>Administrative services (issuance of official documents)</li> <li>Work with local governments to develop local merchandise</li> </ul>	<ul style="list-style-type: none"> <li>Decline in sales opportunities from decrease in the infrastructure of daily life, leading to population decrease, depopulation, and aging population</li> <li>Failure to open new stores as planned because of insufficient coordination with local communities resulting in inability to provide new value, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Gain stakeholder trust through expanded social role as infrastructure for daily life</li> <li>Increase sales opportunities through community revitalization, etc.</li> </ul>
<b>2</b> Provide safe, reliable, and healthier merchandise and services	Support for an abundant and safe society <ul style="list-style-type: none"> <li>Expand development and sales of health-oriented merchandise</li> <li>Strengthen quality control structure</li> <li>Develop health management app</li> </ul>	<ul style="list-style-type: none"> <li>Loss of customers because of merchandise issues or in-store accidents</li> <li>Decline in trust due to violations of laws such as quality control and labeling</li> <li>Loss of customers from delayed development of health-related merchandise, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Increase customer loyalty through rigorous safety and quality control</li> <li>Expand sales opportunities by offering health-oriented merchandise and other new merchandise that matches customers' needs, etc.</li> </ul>
<b>3</b> Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts	Environmentally friendly management <ul style="list-style-type: none"> <li>Develop environmentally friendly stores</li> <li>Recycle plastic bottles, increase use of environmentally friendly containers</li> <li>Reduce food loss/waste and recycle organic waste</li> <li>Expand lineup of certified merchandise</li> </ul>	<ul style="list-style-type: none"> <li>Physical damage to stores/distribution network due to increase in natural disasters caused by climate change</li> <li>Sharp increases in purchasing prices due to changes in demand and supply or changes in prices of crude oil and other raw materials caused by unusual weather</li> <li>Loss of customers due to corporate image with a large environmental footprint in areas including food waste and greenhouse gas emissions, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Cut costs by saving energy, reducing waste, recycling, and changing energy sources</li> <li>Create brand value as a company at the forefront of environmental measures, etc.</li> </ul>
<b>4</b> Achieve a society in which diverse people can actively participate	Realizing a society that accepts diverse values and lifestyles <ul style="list-style-type: none"> <li>Support child-raising and education of next generation</li> <li>Normalization, universal design</li> </ul>	<ul style="list-style-type: none"> <li>Damage to corporate image, loss of customers, decline in employee engagement from tolerance of discrimination and prejudice</li> <li>Difficulty in retaining human resources, outflow of human resources, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Acquire future customers and develop new services through dialogue with and development of the next generation, the young generation, and people with various values, etc.</li> </ul>
<b>5</b> Improve work engagement and environment for people working in Group businesses	Becoming a company that provides job satisfaction and sense of accomplishment <ul style="list-style-type: none"> <li>Promote diversity and inclusion</li> <li>Increase engagement through human resource development and dialogue</li> <li>Promote DX to improve work environments</li> </ul>	<ul style="list-style-type: none"> <li>Decline in employee engagement from lack of improvement in work environments</li> <li>Difficulty in retaining human resources, outflow of human resources, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Promote diversity to enhance competitiveness</li> <li>Increase productivity by enhancing employees' skills and autonomy</li> <li>Develop new businesses and acquire talented personnel, etc.</li> </ul>
<b>6</b> Create an ethical society through dialogue and collaboration with customers	Working with customers to make communities thrive <ul style="list-style-type: none"> <li>Public awareness and cooperation with customers (food drives, turning off lights, etc.)</li> <li>Improve services using customer opinions</li> </ul>	<ul style="list-style-type: none"> <li>Inability to offer new value through merchandise and services from delayed response to changes in consumer lifestyles and diversification of values, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Expand sales opportunities by offering merchandise and services addressing ethical consumption</li> <li>Work with customers to increase customer loyalty, etc.</li> </ul>
<b>7</b> Achieve a sustainable society through partnerships	Working with business partners to achieve a thriving society <ul style="list-style-type: none"> <li>CSR audit of business partners (eradication of forced labor and child labor)</li> <li>Work with NPOs and NGOs, have joint projects with business partners, other industries, and same industry</li> </ul>	<ul style="list-style-type: none"> <li>Interruption of merchandise supply, deterioration of merchandise quality, or boycotts associated with labor environment or human rights problems or compliance violations in the supply chain, resulting in loss of social trust, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Increase resilience through sustainable raw material procurement</li> <li>Provide new merchandise and services in cooperation with business partners, other industries, same industry, etc.</li> </ul>

# Environmental Initiatives

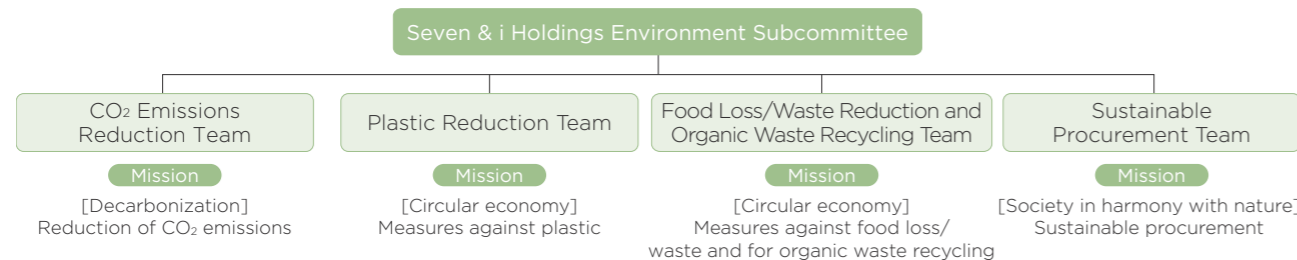
## Formulated the environmental declaration, GREEN CHALLENGE 2050, aiming to reduce the Group's environmental burden

In order to respond to various changes in the social environment, the Seven & i Group has established GREEN CHALLENGE 2050, its environmental declaration, to promote further reduction of environmental impact and pass on a plentiful earth to future generations. We are working together with all our stakeholders to realize a rich and sustainable society. In order to achieve the goals set forth in the declaration, we have identified four themes,

established innovation teams, and are promoting initiatives across the Group.



### Four innovation teams

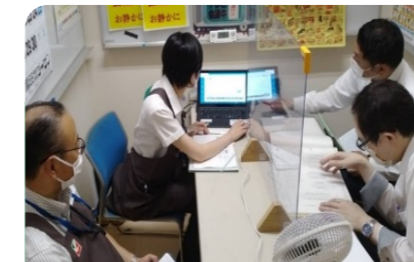


## Reduction of CO<sub>2</sub> emissions

### Reducing electricity consumption from store operations and expanding the use of renewable energy

Approximately 95% of the Seven & i Group's CO<sub>2</sub> emissions are attributed to electricity use in store operations. For this reason, we are first focusing on implementing energy-saving measures and

subsequently expanding the use of renewable energy through energy creation and renewable energy procurement to effectively reduce CO<sub>2</sub> emissions.



#### Energy saving

Measures are being implemented to visualize electricity usage in more than 20,000 stores throughout the Group, including at SEVEN-ELEVEN JAPAN and York-Benimaru. Based on this usage data, we are undertaking energy-saving initiatives for the stores.



#### Energy creation

Solar panels have been installed in a total of 8,889 stores (as of February 28, 2023) in the Group, including SEVEN-ELEVEN JAPAN, Ito-Yokado, York-Benimaru, and York.



#### Renewable energy procurement

Renewable energy is being procured through off-site power purchase agreements (PPA) in three different regions across Japan.

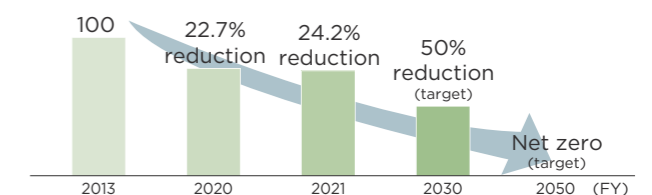
In addition, in June 2023 we initiated a pilot experiment at the 7-Eleven Misato-Hikonari 2-chome store with the goal of developing new eco-friendly stores by harnessing advanced technologies from our business partners. In the experiment, we are promoting energy efficiency and the effective utilization of renewable energy by implementing new refrigeration and freezing equipment, next-generation solar panels, movable storage batteries (Battery Cubes), and introducing an energy management

system (EMS) for optimizing overall energy use. The aim is to reduce CO<sub>2</sub> emissions by approximately 70% compared to FY2013 levels.



7-Eleven Misato-Hikonari 2-chome store (Eco-friendly store)

### Percentage of reduction of CO<sub>2</sub> emissions from store operations (compared with FY2013)



Note: The period of the calculations was from April to March. 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.).

### Decarbonization of the entire supply chain

To decarbonize the entire supply chain, it is essential to foster a unified approach that integrates manufacturing, distribution, and sales.

For this purpose, we launched a project in April 2023 aimed at developing a circular model for decarbonizing the retail industry supply chain through the use of renewable energy,\* with a pilot experiment set to get underway. In the experiment,

we are demonstrating energy management practices in the utilization of renewable energy sources, including electric trucks, solar power generation, and biomass power generation. The initiative is based in the Group's Tokyo stores and our business partners' food production facilities and distribution centers.

\* The initiative has been selected as a project supporting the development of technologies for promoting new energy conducted by the Tokyo metropolitan government and Tokyo Environmental Public Service Corporation.



# Environmental Initiatives

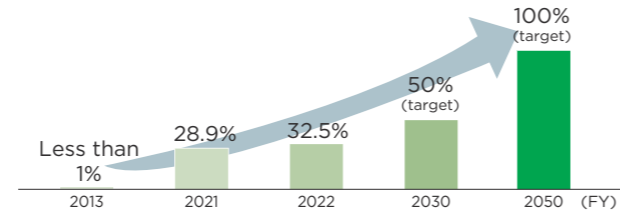
## Measures against plastic

### Resource collection at stores, promotion of recycling, and use of reusable materials

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

We are also working on environmentally conscious design for the packaging of our original merchandise and promoting the reduction of plastics used in sales.

Ratio of eco-friendly materials in containers for original merchandise (weight-based)\*



\* Ratio of eco-friendly materials (biomass, biodegradable and recycled materials, paper, etc.) used in containers for original merchandise (including Seven Premium merchandise). The scope of calculations covers eight companies handling original merchandise (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., IY Foods K.K., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd., and Barneys Japan Co., Ltd.).

### Plastic bottle recycling

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 to enable recycling as a high-quality resource. In addition, transporting a large quantity from the stores to the recycling facilities in a single trip reduces the number of deliveries.

Some of these recycled plastic bottles are turned back into plastic bottles or items such as clothing or merchandise packaging. As of February 28, 2023, a total of 3,174 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 470 million plastic bottles was collected and recycled during FY2022. Working with customers, business partners, and local governments, we are steadily expanding the loop of plastic resource circulation.



### Adoption of easy-to-recycle containers

SEVEN-ELEVEN JAPAN is changing containers used for items such as boxed lunches and pre-cooked meals to ones that have reduced petroleum-based inks and coloring agents.

The containers we have adopted are designed to be more recyclable by reducing the use of ink and coloring agents. Furthermore, this change allows us to reduce approximately 800 tons of CO<sub>2</sub> emissions annually, including emissions from container production and during their life cycle.

We initiated a pilot program at 7-Eleven stores in Hokkaido in December 2022, and we have been assessing it from various perspectives. Based on the results, we are currently rolling out the containers gradually across all stores nationwide.

Features of the new containers

	Before change	After change
Container for boxed lunches, etc.	Use of coloring agents	Reduced coloring agents
Container for noodles, etc.	Transparent film + printing ink	Reduced printing ink



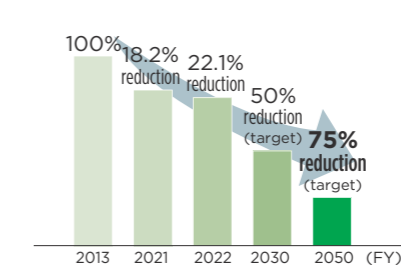
## Measures against food loss/waste and for organic waste recycling

### Reducing food waste generated in stores

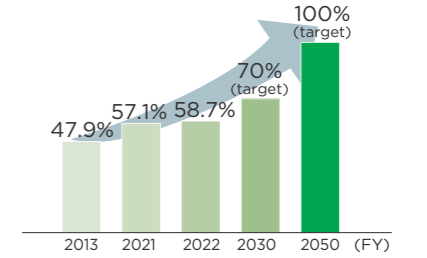
In the Seven & i Group, where food accounts for 60% of sales, we are actively working to reduce food waste generated in our stores. We are working with customers to reduce food loss with initiatives on the sales floor, fostering a collaborative approach to minimize waste.

We also strive to recycle any food waste that does occur.

Amount of food waste generated<sup>1, 2</sup> (compared with FY2013)



Food recycling rate<sup>2</sup>



<sup>1</sup> Amount of food waste generated per million yen in sales

<sup>2</sup> The period of the calculations was from April to March. 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.).

### Temaedori Project

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



### Promoting and raising awareness of mottECO

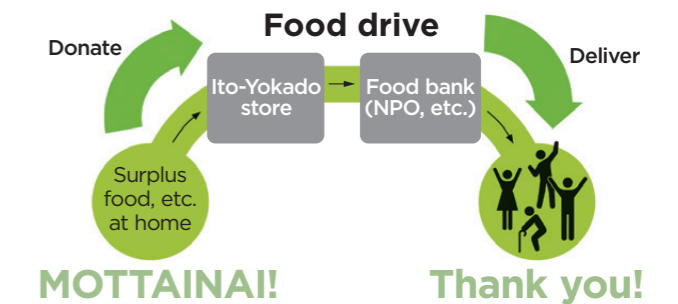
Seven & i Food Systems jointly applied for the FY2023 Model Project for Promoting Creation of Zero Food Loss and Waste Areas being undertaken by the Ministry of the Environment and was selected as a model project for introducing mottECO. Under this program, restaurant customers who wish to take uneaten food back home are given informational leaflets and containers to ensure safe consumption. This campaign is promoting and raising awareness of "a culture of taking home leftovers as one's own responsibility."



### Food drives

Ito-Yokado (IY) encourages customers to donate any food items they may not be able to use at home. IY then distributes these donations to food bank organizations free of charge from its stores, ensuring that they reach such places as children's cafeterias as well as individuals in need, including those requiring food assistance.

As of February 28, 2023, IY has implemented these community-based initiatives aimed at reducing food waste in 75 stores.



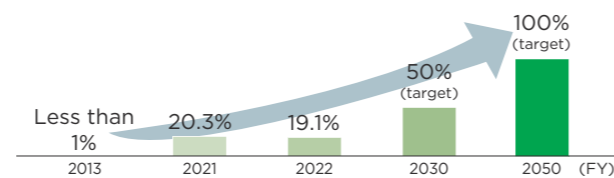
## Sustainable procurement

### Achieving a society in harmony with nature throughout the supply chain

With society directly facing numerous environmental problems such as 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.

In April 2022, we revised the Seven & i Group Sourcing Principles and Policies and have been strengthening our efforts in alignment with these guidelines.

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



Note: Ratio of sustainably sourced raw food ingredients used in original merchandise (including *Seven Premium* merchandise). The scope of calculations covers six food-related operating companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., IY Foods K.K., and Seven & i Food Systems Co., Ltd.).

### Enhancing the handling of vegetables with GAP certification

We are expanding the handling and sale of agricultural produce with Good Agricultural Practice (GAP) certification. GAP certification is a designation awarded to agricultural produce made through sustainable farming practices that prioritize food safety, labor safety, and environmental considerations.

To support our expansion efforts, we are encouraging product development personnel in the Group to obtain the Japan GAP (JGAP) instructor qualification and collaborate with our business

partners and producers. As of February 28, 2023, 150 individuals had obtained this qualification.

In recognition of our efforts, SEVEN-ELEVEN JAPAN received the GAP Popularization Award in 2022.



### Achieving MSC's and ASC's CoC certification and increasing awareness of certified marine products in our stores

In October 2022, Seven & i Holdings obtained Chain of Custody (CoC) certification, a standard for the distribution and management of certified environmentally sustainable marine products, accredited by the international NPOs, Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC). Following the certification, as of January 31, 2023, we had certified marine products available for sale in 453 stores across three supermarket companies in the Group, including processed sashimi and fillet products under the *Seven Premium Fresh* brand, which handles our

main marine products.

We will continue to expand the marine products we handle that have been certified by such organizations as MSC and ASC, and work toward increasing awareness of sustainable marine product choices.



### Using "factory vegetables" for eco-friendly and sustainable crop production

The Seven & i Group actively adopts "factory vegetables," which enable stable production unaffected by weather conditions. The technology-driven cultivation systems have the distinctive feature of low environmental impact, with reduced water and fertilizer usage, while also achieving high yields per unit of land area.

Since 2022, we have been using factory-

cultivated lettuce, grown at MISATO GREEN BASE run by BUTAI FARM in Misato Town, Miyagi Prefecture, for the pre-cut vegetable products we started selling at 7-Eleven stores in the Tohoku region. In collaboration with our business partners, we have been using it as a raw ingredient for salads and pre-cooked meals since July 2023 and are also progressing with expansion of the sales area.

## Response to TCFD recommendations

The Seven & i Group has a diverse range of customer contact points, including clothing, food, housing, and financial services, and we serve more than 22.2 million customers through approximately 22,800 stores every day in Japan. Our business thrives thanks to the role it plays in our customers' daily lives, and we consider it our responsibility to drive sustainable business practices that contribute to the long-term well-being of our communities.

The Group recognizes climate change as a challenge that must be addressed for the sustainable development of our business, and we are committed to achieving the greenhouse gas emissions reduction targets set out in the Paris Agreement. In May 2019, we issued the environmental declaration, GREEN CHALLENGE 2050, positioning it as a roadmap toward the future society we should aspire to. In the declaration, we have identified the reduction of CO<sub>2</sub> emissions as one of the key themes to address, and are implementing measures to achieve this goal.

The Group expressed support for the Task Force on Climate-related Financial Disclosures (TCFD)

recommendations in August 2019 and joined the TCFD Consortium, which was established to promote collaborative efforts among companies, financial institutions, and other stakeholders in addressing climate-related challenges. The Group conducts scenario analysis\* based on TCFD recommendations, which involves identifying risks related to climate change and opportunities anticipated for each business unit by 2030 and considering measures to mitigate these risks and maximize opportunities. We will further integrate these measures with our management strategy, leveraging them for sustainable management.

In efforts concerning natural capital, we endorse the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and participated in the TNFD Forum in January 2023 and Science Based Targets Network (SBTN)'s Corporate Engagement Program in February. We are preparing for analysis and disclosure based on the TNFD framework.

\* Scenario analysis related to climate change based on the TCFD recommendations. The same description applies below.

### Background and future implementation plans regarding TCFD

Business unit	FY2019 to FY2021	FY2022	FY2023
Seven & i Group	<ul style="list-style-type: none"> <li>Endorsed the TCFD recommendations</li> <li>Conducted scenario analysis (Domestic CVS business)</li> </ul>	<ul style="list-style-type: none"> <li>Updated disclosure content (Website / Management Report)</li> </ul>	<ul style="list-style-type: none"> <li>Disclose transition plans (Website)</li> <li>Disclose results of analysis (Website / Management Report)</li> </ul>
Domestic convenience store operations	<ul style="list-style-type: none"> <li>Deepened analysis in FY2021</li> </ul>	<ul style="list-style-type: none"> <li>Conducted scenario analysis (Based on results of analysis of domestic CVS business)</li> </ul>	<ul style="list-style-type: none"> <li>Update scenario analysis and check progress on countermeasures</li> </ul>
Superstore operations	<ul style="list-style-type: none"> <li>Made first disclosure</li> </ul>		<ul style="list-style-type: none"> <li>Update scenario analysis and check progress on countermeasures</li> </ul>
Overseas convenience store operations (7-Eleven, Inc.)			<ul style="list-style-type: none"> <li>Continue conducting scenario analysis (Based on results of analysis of domestic CVS business and superstore operations)</li> </ul>
Financial services	<ul style="list-style-type: none"> <li>Endorsed the TCFD recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Conducted scenario analysis</li> <li>Made first disclosure (Seven Bank website)</li> </ul>	<ul style="list-style-type: none"> <li>Disclose results of analysis (Seven Bank) (Integrated Report/Annual Report, Securities Report, website)</li> </ul>

The Seven & i Group conducted scenario analysis targeting domestic convenience store operations (SEVEN-ELEVEN JAPAN) from FY2019 to FY2021. The results of this analysis were disclosed, providing valuable insights into the specific risks associated with the convenience store business. We conducted the analysis using various scenarios, including those related to decarbonization and warming. As a result, we identified several key risks with significant financial impacts, including "imposition of carbon taxation," "damage from natural disasters," and "increased raw material costs." We have compiled these three risks

related to climate change, along with other significant risks, opportunities, and corresponding measures, and are working to align them with our strategies.

In FY2022, we conducted scenario analysis for our domestic superstore operations (Ito-Yokado, York, and York-Benimaru), which operate under similar geographical conditions. We plan to disclose the results of this analysis in FY2023. Moreover, in FY2023 we are leveraging the results of scenario analysis in our domestic operations to conduct more effective and efficient scenario analysis for 7-Eleven, Inc., in our overseas operations.



# Environmental Initiatives

## Key climate change risks for SEVEN-ELEVEN JAPAN (impact in 2030)

Scenario	Item	Business impact	Assumptions for calculations
Decarbonization scenario (1.5°C~2.0°C)	Imposition of carbon tax	¥12.6 billion	<ul style="list-style-type: none"> <li>Carbon tax: U.S. \$135/ton-CO<sub>2</sub> (Maximum amount from the International Energy Agency (IEA)'s "World Energy Outlook 2022")</li> <li>Exchange rate: ¥131.62/U.S. \$1 (rate as of February 28, 2023)</li> <li>Note: In FY2022, we recalculated risks using the latest parameters.</li> </ul>
	Damage from natural disasters	¥1.2 billion	<ul style="list-style-type: none"> <li>Estimated flood damage to stores in the Tokyo metropolitan area (assuming flooding of the Arakawa River)</li> <li>Estimated based on past flood damage Estimates were made without factoring in insurance coverage in order to determine the extent of damage.</li> </ul>
Warming scenario (2.7°C to 4.0°C)	Increased raw material costs	¥5.7 billion	<ul style="list-style-type: none"> <li>Estimated cost increase solely due to lower yields from climate change</li> <li>The items selected for estimation included rice, seaweed, and livestock products (beef, pork, chicken, and eggs). Rice: ¥2.2 billion, seaweed: ¥1.9 billion, livestock products (beef, pork, chicken, and eggs): ¥1.6 billion.</li> </ul>

Information regarding TCFD initiatives up until FY2021, including scenario analysis results and disclosure items as per TCFD recommendations, has been disclosed on our website and in this report.


Below, we will explain TCFD initiatives related to superstore operations, for which scenario analysis was conducted in FY2022.

## TCFD initiatives in superstore operations (Ito-Yokado, York, and York-Benimaru)

### Governance

The Group considers the issue of climate change to be one of the most important issues to be tackled across the Group companies. We have therefore established a governance structure centered on the CSR Management Committee and supervised by the Board of Directors. The CSR Management Committee, which includes representatives from all three superstore companies, is chaired by the

President and Representative Director of the Company, with CSR officers from Group companies (including presidents and representative directors) and managers of CSR-related departments in the Company serving as members. The committee meets twice a year.

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

### Strategy

#### Scenario analysis framework

Within each of the three superstore companies, we have established scenario analysis frameworks, with participation from key departments in management and those related to climate change. Discussions

#### Scenario analysis assumptions

Scenario	Decarbonization scenario (1.5°C~2.0°C), warming scenario (2.7°C~4.0°C) Note: The two scenarios were set by referencing scenarios given in the IEA's "World Energy Outlook," including Stated Policies Scenario (STEPS) and Net Zero Emissions by 2050 (NZE2050), as well as reports and other forecasts published by governments and international agencies.
Scope	Operation of Ito-Yokado, York, and York-Benimaru stores in Japan
Method	In addition to the physical impact on stores, the analysis covers 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

#### Significant risks and opportunities (business impact assessment and countermeasures)

Using the analysis of domestic convenience store operations in FY2021 and various reports as reference, different departments of the three companies discussed and identified specific risks and opportunities that could affect superstore operations. We examined the magnitude of the impact of these risks and opportunities on financial aspects such as sales and profits, as well as strategic aspects such as store operations and merchandise

procurement. As critical items among the identified risks and opportunities, we evaluated the impact on our operations of factors such as "carbon emissions targets and policies in each country," "changes in consumer preferences," "increase in severity and frequency of extreme weather events," and "changes in precipitation and weather patterns." These evaluations were conducted qualitatively and quantitatively, and corresponding measures were formulated.

## Significant risks, opportunities, and countermeasures

### Transition risks and opportunities (decarbonization scenario 1.5°C~2.0°C)

Significant risks and opportunities	Concrete examples	Impact	Scenario	Business risk	Business opportunities	Main countermeasures
Policies and regulation	Carbon emissions targets and policies in each country	Operating cost	Introduction of a carbon tax	○		<ul style="list-style-type: none"> <li>Introduction of a carbon tax with taxation based on CO<sub>2</sub> emissions, leading to increased costs related to store operations, etc.</li> </ul>
			Cost increase due to carbon taxation at various stages of the supply chain (procurement, merchandise, packaging materials, store construction and equipment, sales, logistics, etc.), primarily focusing on fuel expenses for transportation	○		<ul style="list-style-type: none"> <li>Provide support for business partners to expand energy-saving measures and renewable energy usage</li> <li>Expand the use of eco-friendly vehicles such as EVs</li> <li>Promote logistics efficiency and green logistics initiatives (Review the distribution system, implement shared delivery and modal shift, and expand doorstep delivery, etc.)</li> <li>Reduce costs by promoting local production for local consumption</li> </ul>
		Operating cost	Fluctuations in retail electricity prices	○		<ul style="list-style-type: none"> <li>Rising retail electricity prices due to the shift toward renewable energy sources</li> <li>Cost increases throughout the supply chain (procurement, merchandise, packaging materials, store construction and equipment, sales, logistics, etc.)</li> </ul>
		Operating cost	Popularization of EVs	○		<ul style="list-style-type: none"> <li>Cost increases for the installation and maintenance of EV chargers in store parking lots</li> </ul>
		Sales			○	<ul style="list-style-type: none"> <li>Increased store visits due to EV charging services in store parking lots</li> </ul>
Reputation	Changes in consumer preferences	Sales	Heightened consumer interest in sustainable merchandise and increased sales by selling merchandise that meets this interest		○	<ul style="list-style-type: none"> <li>Expand merchandise with certified raw ingredients such as organic agricultural produce and certified marine products (in line with the goal of "sustainable procurement" under GREEN CHALLENGE 2050)</li> <li>Expand the selection of alternative meat products such as soy-based meat</li> <li>Introduce eco-friendly containers and packaging such as non-tray and label-less options and promote plastic bottle collection and recycling (in line with "measures against plastic" under GREEN CHALLENGE 2050)</li> <li>Introduce shopping baskets made from recycled materials</li> </ul>

### Physical risks and opportunities (warming scenario 2.7°C~4.0°C)

Significant risks and opportunities	Concrete examples	Impact	Scenario	Business risk	Business opportunities	Main countermeasures
Acute	Increase in severity and frequency of extreme weather events	Damage from natural disasters	Operating cost	○		<ul style="list-style-type: none"> <li>Increased costs due to store and merchandise damage caused by higher frequency and intensity of natural disasters, such as flooding from heavy rains and typhoons, as well as loss of sales due to store closures, restoration costs, and costs to ensure employee safety, etc.</li> <li>Shortages and missed opportunities due to supply chain disruptions in production areas and logistics networks</li> <li>Increased investment costs for disaster preparedness</li> </ul>
		Enhanced trust and sales due to increased resilience	Sales		○	<ul style="list-style-type: none"> <li>Develop store expansion strategy and construct stores in consideration of potential water-related disasters</li> <li>Establish resilient logistics hubs and supply networks for disaster resilience</li> <li>Turn stores into disaster response centers utilizing store infrastructure based on disaster agreements (evacuation centers for local residents, etc.)</li> <li>Prevent flood damage by expanding the installation of watertight panels and flood barriers</li> <li>Continue operations during disasters with "Phase Free (a concept of securing an adequate quality of life, regardless of phases such as daily life and emergencies)" facilities, including improved performance of storage batteries</li> <li>Prepare fuel reserves for emergency supply delivery</li> <li>Install water wells for emergency water supply (Ito-Yokado)</li> </ul>
		Insurance cost related to natural disasters	Operating cost	○		<ul style="list-style-type: none"> <li>Increased insurance cost related to natural disasters due to increased frequency and intensity of natural disasters</li> </ul>
Chronic	Changes in precipitation and weather patterns	Price fluctuations of raw ingredients for agricultural, livestock, and marine products	Operating cost	○		<ul style="list-style-type: none"> <li>Higher raw ingredient costs and increased procurement costs due to declines in yields and quality of agricultural, livestock, and marine products</li> </ul>
		Rise in average temperatures	Operating cost	○		<ul style="list-style-type: none"> <li>Higher average temperatures increase electricity use for air conditioning and refrigeration and freezing equipment, particularly in summer, resulting in higher electricity fee payments</li> </ul>
			Sales	○	○	<ul style="list-style-type: none"> <li>Reduced frequency of outings due to extreme heat</li> <li>Increased demand for delivery and e-commerce services</li> </ul>
		Generation and expansion of sales opportunities	Sales		○	<ul style="list-style-type: none"> <li>Changes in customer preferences due to rising temperatures</li> </ul>
					○	<ul style="list-style-type: none"> <li>Diversify and consolidate raw material production locations</li> <li>Ensure stable procurement by expanding the sourcing of climate-resistant raw ingredients such as factory vegetables, land-based aquaculture, and improved crop varieties</li> <li>Utilize digital technology and AI</li> <li>Diversify the selection of frozen and processed food merchandise that are less susceptible to climate fluctuations</li> </ul>
					○	<ul style="list-style-type: none"> <li>Promote energy efficiency and introduce energy-efficient equipment in stores</li> <li>Reduce operational costs during winter, including heating and snow removal expenses (York-Benimaru: cold regions)</li> <li>Increase customer visits during winter (York-Benimaru: cold regions)</li> </ul>
					○	<ul style="list-style-type: none"> <li>Expand delivery services and e-commerce offerings (Ito-Yokado: increase delivery capacity through large centers)</li> <li>Encourage people to visit stores for use as cooling shelters</li> </ul>
					○	<ul style="list-style-type: none"> <li>Expand product range for hot weather, including items used for cooling and refreshing items, as well as sunscreen</li> </ul>

Note: The scenario with the larger impact was referred to in assessing each business impact.

# Environmental Initiatives

## 1 Transition risks, opportunities, and countermeasures Decarbonization scenario (1.5°C–2.0°C)

We conducted the following analysis regarding carbon tax, which is projected to have the most significant impact, considering the introduction of various regulations aimed at achieving the 1.5°C target.

### Transition risks in the decarbonization scenario Impact of carbon tax

Item	Business impact
Carbon tax	¥7.4 billion

Assumptions  
 • Carbon tax: U.S.\$135/ton-CO<sub>2</sub>  
 (Maximum amount from IEA's "World Energy Outlook 2022")  
 • Exchange rate: ¥131.62/U.S.\$1  
 (adjusted to the rate used at the time of financial settlement for FY2022)

Based on simple calculation, the carbon tax for the three superstore companies would amount to ¥10.7 billion when CO<sub>2</sub> emissions increase in line with the growth of business activities. However, if we reduce CO<sub>2</sub> emissions by 50% compared to FY2013 levels by 2030 as stated in our environmental declaration, GREEN CHALLENGE 2050, we can expect to reduce carbon taxes by ¥3.3 billion to ¥7.4 billion. Furthermore, we expect that this carbon tax burden will eventually be eliminated by promoting efforts to achieve our 2050 net zero CO<sub>2</sub> emission target.

### Business opportunities in the decarbonization scenario

We believe that customers' strong interest in sustainable products and services can translate into opportunities.

- Expanding EV charging services in store parking lots
- Eco-friendly packaging for original merchandise
- Promoting plastic bottle collection and recycling
- Expanding sustainable product offerings such as certified raw ingredients

### Countermeasures in the decarbonization scenario

We are implementing various measures based on our environmental declaration, GREEN CHALLENGE 2050. See pages 45 to 49 for details of our initiatives.

- Reduce electricity costs by promoting energy conservation in stores (equipment, education)
- Significantly mitigate the impact of carbon tax through energy efficiency measures and promoting renewable energy utilization, such as solar panel installation
- Increase the number of customers by stimulating interest with a greater range of sustainable products and services (certified raw ingredients, plastic bottle collection)
- Introduce EV charging services in store parking lots  
Charging ports installed: 2,373 (total for three companies as of June 30, 2023)



Ito-Yokado car park (Ito-Yokado has a total of 2,337 EV charging ports)

## 2 Physical risks, opportunities, and countermeasures Warming scenario (2.7°C–4.0°C)

We have conducted the following analysis regarding an "increase in severity and frequency of extreme weather events" and "increased raw material costs," which are projected to have a significant impact.

### Physical risks in the warming scenario

#### Impact from natural disasters

Item	Business impact
Store damage, merchandise damage, loss of sales due to closures, restoration cost, etc.	¥5.5 billion

Assumption: A disaster of the same scale as in 2019 (Typhoon Hagibis) occurs  
 Notes: 1. Estimates are based on the damage records from the 2019 disaster and predictions of increased frequency of disasters and floods.  
 2. Estimates were made without factoring in insurance coverage in order to determine the extent of damage.

It is difficult to predict natural disasters, and once they occur, they can cause extensive damage. In recent years, there has been an increase in the occurrence of extreme weather events, such as heavy rainfall leading to disasters, and this scenario envisions a further intensification of this trend. Consequently, we have considered a scenario in which a massive and widespread disaster, similar in scale to the one caused by Typhoon Hagibis in 2019, which resulted in planned temporary closures, occurs. Under this scenario, we have estimated total damages for the three superstore companies, including store and merchandise damage, loss of sales due to closures, and restoration cost, to be ¥5.5 billion.

#### Impact of increased raw material costs

We analyzed the impact of rising raw material costs due to "changes in precipitation and weather patterns." We calculated the extent of the increase by assuming a reduction in harvest volume\*1 due to climate change would result in higher purchasing costs. It was found that the procurement of "rice, tomatoes, and pork\*2" would be significantly affected,

particularly in the context of the warming scenario. Furthermore, it is anticipated that the aforementioned "imposition of carbon tax" and "increase in severity and frequency of extreme weather events" will also have an impact, and we are actively promoting mitigation measures.

\*1 The variation in harvest volume was estimated based on data from government agencies and research institutes.  
 \*2 We plan to increase the range of raw ingredients analyzed in the future.

### Business opportunities in the warming scenario

We view the increased awareness of disaster preparedness among customers and changes in preferences and behavior due to rising temperatures as business opportunities.

- Increasing demand for products related to disaster preparedness and cooling
- Reduced outings due to extreme heat, accompanied by increasing use of delivery services and e-commerce services such as online shopping

### Countermeasures in the warming scenario

#### Disaster response

We aim to enhance disaster response measures to ensure the swift reopening of stores in the event of a disaster. Additionally, by functioning as disaster relief centers that provide essential services such as infrastructure and shelter, we will continue contributing to the local community.

- Construct stores in consideration of potential water-related disasters and build a logistics network that is resilient to disasters (Phase Free facilities such as watertight panels, flood barriers, storage batteries, etc.)
- Turn stores into disaster response centers utilizing store infrastructure based on disaster agreements



In February 2023, York-Benimaru entered into an agreement with Nasu-Shiobara City, focusing on carbon neutrality promotion and collaboration during major power outages caused by disasters.

### Number of comprehensive collaboration agreements with local governments

(Related to diverse fields such as local production for local consumption, support for the elderly, environmental conservation, and disaster relief)

	End of Feb. 2020	End of Feb. 2021	End of Feb. 2022
Ito-Yokado	56	56	79
York-Benimaru	10	10	11
York	4	4	4
<b>Group total</b>	<b>270</b>	<b>279</b>	<b>332</b>

### Extreme heat measures

We will expand our range of products related to cooling, enhance our e-commerce services such as deliveries and online shopping, as well as provide cooling shelters.



In response to the growing demand for delivery services from our customers, we opened the Ito-Yokado Shin-Yokohama Center online supermarket in August 2023. This serves as a large-scale base with delivery areas for approximately 30 Ito-Yokado stores in the vicinity and up to roughly 30 kilometers from the center.

### Actions regarding raw material procurement

We will continue to work on sustainable procurement, including strengthening collaboration with suppliers, to ensure a stable supply of raw materials (p. 49).

- Diversify and consolidate raw ingredient production locations
- Expand the variety of factory vegetables, land-based aquaculture, and climate-resistant crop varieties
- Expand the range of certified products, including marine products and agricultural produce

## Risk management

The Group has established a risk management system with the Risk Management Committee at its core, based on the basic rules for risk management. Each Group company identifies its own risks based on the Group's common risk classification, and evaluates them from quantitative and qualitative perspectives, taking into account their degree of impact and likelihood of occurrence. The risks and mitigation measures are compiled into risk assessment sheets and submitted to the Risk Management Committee Secretariat. The risk assessment sheets include risks related to climate change such as CO<sub>2</sub> emission regulations.

Risk Factors  
<https://www.7andi.com/en/ir/management/risks.html>

## Indicators and targets related to climate change

The Group formulated the environmental declaration, GREEN CHALLENGE 2050, in May 2019, setting numerical targets for reduction of CO<sub>2</sub> emissions, and we are advancing Groupwide efforts to achieve them (pp. 45 to 49).



## Enhancement of human capital

### Human resource measures linked to the business strategy

The driving force behind the Group's growth is its human resources, and cultivating a workplace and corporate culture where a diverse range of employees feel both motivated and comfortable is key. We believe that providing a place for every individual to excel will in turn contribute to our growth as a company. We transitioned to a Chief Human Resource Officer (CHRO) system in April 2023 to effectively execute the Group's management strategy. This move aims to vigorously promote human capital management, facilitate the assimilation of our corporate philosophy, and expedite the development and implementation of a human resource strategy aligned with our business strategy.

As part of our efforts to transform culture, the Group is advancing human resource measures centered

around "improvement of employee engagement" and "promotion of diversity and inclusion." To boost motivation, we provide support for individual employees to experience personal growth through capacity development and self-directed learning.

To drive these initiatives forward, we are committed to articulating our direction and the significance of our existence in society. We also actively create opportunities for dialogue, allowing the sentiments of employees and their individual aspirations to align. Moreover, we are advancing work-style reforms and promoting productivity and health management across all business operations. We are committed to cultivating comfortable work environments where everyone can work with peace of mind regardless of age, gender, gender identity, nationality, or any other factor.

### Improvement of employee engagement

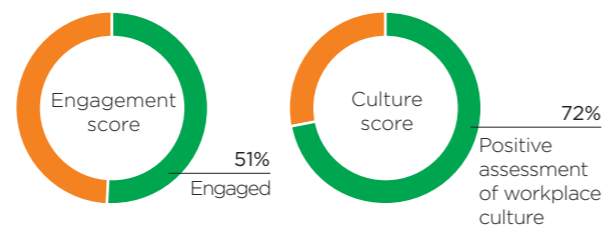
The Group is striving to improve employee engagement to create comfortable and motivating workplaces for diverse human resources. We conduct an employee engagement survey annually to visualize the state of the organization. Through the survey, we aim to grasp the challenges faced by both the company and employees, and subsequently carry out improvement activities. We believe that improving engagement and motivation to contribute for each individual will energize our organization and enhance corporate competitiveness.

To bolster the effectiveness of these efforts, each Group company has established an Engagement Improvement Committee. The committees are primarily chaired by human resource department managers and diverse employees are selected as members. Within each Group company, these committees take the lead in formulating action plans for enhancing engagement and regularly monitor the progress of their implementation. Survey results are reported at the management meetings of Seven & i Holdings and the specific Group company through the Engagement Improvement Committees to be analyzed and so any issues can be identified. By sharing best practices and promoting mutual understanding, each company is better armed to advance their own initiatives.

In FY2022, we expanded the employee engagement survey into the employee engagement

and culture survey covering approximately 72,000 employees, including monthly salaried, part-time, and hourly employees, across 32 companies in Japan. In addition to gauging engagement across the entire organization, we introduced seven additional questions that measure the state of culture in each workplace, covering aspects such as sincerity, respect for independence, encouragement to take on challenges, and open communication. The engagement score was 51%, and there was an average of 72% positive ratings for the culture-related questions (both for monthly salaried employees). We are committed to fostering a corporate culture in which both the company and its employees experience sustainable growth, feel motivated and comfortable, and diverse opinions are respected.

### Results of the FY2022 employee engagement and culture survey (monthly salaried employees)



Note: The survey measures the state of culture in each workplace, covering aspects such as sincerity, respect for independence, encouragement to take on challenges, and open communication, in addition to gauging engagement across the entire organization.

### Promotion of diversity and inclusion

The Group promotes diversity and inclusion (D&I), enabling individuals with diverse backgrounds, experiences, and abilities to thrive in a motivating environment. Driving D&I not only enhances productivity and attracts top talent but also contributes to increased customer satisfaction and fosters innovation.

To ensure steady progress in our efforts, we established the Diversity and Inclusion Promotion Project in 2012. Under this project, we have formulated Groupwide policy guidelines and provide ongoing support for the initiatives of each company. We regularly convene D&I promotion meetings comprising major Group companies to share policies, progress on initiatives, and challenges related to D&I. This facilitates the swift horizontal expansion of successful practices. The details of these activities are regularly reported to the Corporate Ethics and Culture Subcommittee, which gathers the personnel managers of Group companies, and to the CSR Management Committee, attended by the management team.

Currently, a key focus of our D&I initiatives is the promotion of women's empowerment and participation. We have set a Groupwide target to achieve a female executive officer ratio and a female manager ratio of 30% by the end of February 2026. To drive these efforts, each Group company has established numerical targets and action plans related to the ratio of female managers, as well as the recruitment, attrition, and promotion of female employees. We are working to reach these targets by implementing a plan-do-check-act (PDCA) cycle at each Group company and on a Groupwide basis.

Since 2021, we have been holding Women Encouragement Seminars, a cross-Group training program aimed at nurturing female candidates



Women Encouragement Seminar

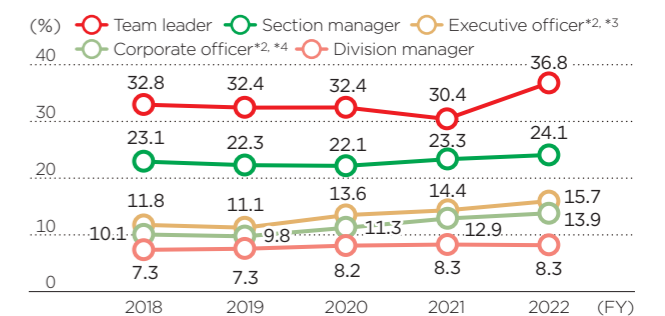
for managerial positions. Participants have the opportunity to hear from the president and other management members on the Management Policy and Management Philosophy while receiving encouraging messages. Through discussions among the participants, we have observed an increased motivation to take on managerial roles. In 2022, we initiated a program empowering women leaders in order to further encourage the appointment of female executive officers.

In addition, we continue to implement awareness-raising activities aimed at bridging generational gaps and addressing unconscious biases, among other initiatives aimed at creating an environment in which diverse talents can thrive.

### Diversity promotion targets

- Ratio of female executive officers: Raise to 30%  
Ratio of female managers (section manager and team leader): Raise to 30%  
(both by the end of February 2026)
- Encourage male employees to participate in housework and childcare
- Eliminate retirements resulting from need to provide family care
- Promote normalization
- Encourage understanding of LGBT

### Trends in the ratio of female executive officers and 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 The total for six Group 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

# Human rights initiatives

## Seven & i Group Human Rights Policy

As business activities become increasingly globalized, public concern about company initiatives related to respecting human rights is mounting. 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, in 2021 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 (ILO) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations (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.

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

## Promotion system

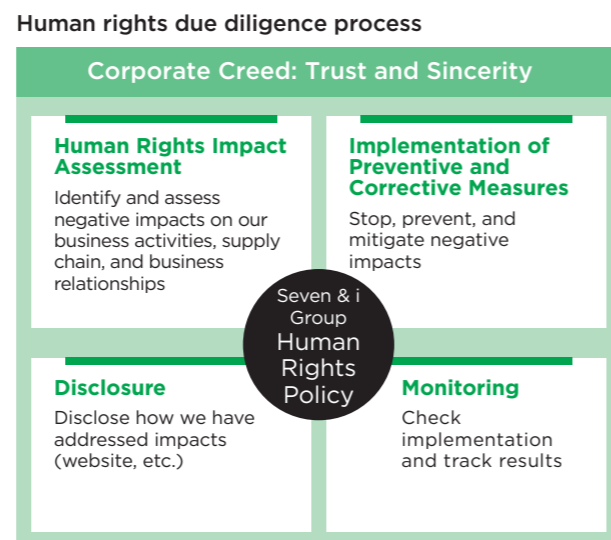
The Human Rights Promotion Project has been established as a cross-Group organization to promote the Human Rights Policy in the Group, and ongoing efforts are being made to implement it. The project involves the chairpersons of each of the four subcommittees under the CSR Management Committee (the Corporate Ethics and Culture Subcommittee, the Supply Chain Subcommittee, the Compliance Subcommittee, and the Environment Subcommittee), as well as the Human Rights Education Center, which serves as a dedicated

department overseeing tasks related to human rights awareness and normalization. The project promotes human rights due diligence initiatives, including identification of business-specific human rights issues, corrective actions, regular monitoring, and information disclosure. Meetings of the Human Rights Promotion Project involve development of plans for human rights initiatives and reviews of their progress.

 [CSR Management Committee](https://www.7andi.com/en/ir/management/governance/structure.html)  
<https://www.7andi.com/en/ir/management/governance/structure.html>

## Conducting human rights due diligence


We have a human rights due diligence mechanism in accordance with procedures set forth in the UN Guiding Principles on Business and Human Rights and Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct, and strive to prevent or mitigate any negative impact on human rights, and take corrective action as necessary. If it becomes clear that our business activities have caused or contributed to human rights abuse, we will work to correct and remedy the situation. Even if our business activities have not caused nor contributed to human rights abuse but if our products or services have been directly linked to the impacts through business relationships, we will encourage our business partners to correct and remedy the situation.



## Human rights impact assessment

We recognize that the Group's business activities may have an impact on human rights. We are committed to identifying the causes of negative impacts on people and society, and to mitigating and remedying those we find.

In 2022, we conducted an assessment of the potential negative human rights impacts of our operations and those of our business partners. We held interviews and surveys throughout the Seven & i Group and our supply chain to identify human rights issues. We evaluate human rights risks and mitigate the risks by calculating and mapping the severity and likelihood of occurrence of the identified human rights issues based on human rights risk indicators published by international organizations and others. The identification of such issues is conducted with the support and advice of external experts.

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

## Severity and likelihood of occurrence of identified human rights issues

Human rights issue	Severity <sup>*1</sup>		Likelihood of occurrence <sup>*2</sup>	
	Seven & i Group	Supply chain	Seven & i Group	Supply chain
<b>Employees</b>				
Forced labor and human trafficking	3.67	4.33	6.04	6.05
Child labor	4.00	4.33	4.04	4.26
Discrimination	3.00	3.00	4.14	6.87
Inhumane treatment	4.00	4.00	3.67	3.32
Freedom of association and the right to collective bargaining	3.00	3.00	6.06	7.35
Working hours and wages	3.33	3.50	4.83	6.73
Occupational health and safety	4.00	4.67	5.33	6.73
Rights of migrant workers	3.00	3.67	6.28	4.59
Right to privacy (employees)	2.33	2.33	2.74	4.36
<b>Our customers</b>				
Ethical/responsible marketing	2.67		2.29	
Children's rights (other than child labor)	3.33		2.29	
Right to privacy (consumers)	3.33		2.74	
Product safety and quality	4.33		3.00	
<b>Local communities</b>				
Health of local residents	3.00	4.33	2.35	3.21
Land issues	2.33	3.67	1.52	3.34
Access to water and sanitation	3.33	4.67	2.04	5.40
Rights of indigenous peoples	3.00	4.33	2.02	4.91
Human rights violations by security personnel, etc.		4.00		3.59
Responsible mineral procurement		4.00		1.54
Other high-risk situations	4.33	4.33	2.52	2.92

\*1 Severity is converted into a score on a scale of 0 to 5 (0 being low risk and 5 being high risk).  
 \*2 Likelihood of occurrence is converted into a score on a scale of 0 to 10 (0 being low risk and 10 being high risk).

## Implementation of preventive and corrective measures

The Group identifies human rights issues (and countries/regions) that we focus on preventing and responding to. For those high-priority human rights issues identified, we implement corrective measures within the Group as well as conduct education, training, and other activities aimed at prevention.

For human rights risks in the supply chain, we continuously engage in dialogue and consultation with relevant stakeholders and disseminate guidelines to improve and enhance our efforts to respect human rights, and take corrective measures when risks become apparent.

## Monitoring

In order to identify negative human rights impacts of our corporate activities and to promote continuous improvement, we conduct monitoring both within the Group and the supply chain, as well as collect internal and external information.

The Group has conducted surveys of business partners to confirm whether the actions and statements of employees follow our Corporate Creed and Corporate Action Guidelines. In these surveys, business partners reply to questions anonymously. In FY2022, a total of approximately 10,900 people from our business partners responded to surveys issued by

Group companies.

As part of supply chain monitoring efforts, we conduct CSR audits of end manufacturing facilities to which the Group outsources the manufacture of our *Seven Premium* private-brand merchandise as well as of overseas manufacturing partners for the Group's private-brand products. The audits ascertain their level of compliance with the Seven & i Group Business Partner Sustainability Action Guidelines ("Action Guidelines"). In FY2022, CSR audits were conducted at 846 production facilities in 13 countries, including Japan.

## Disclosure of information to stakeholders

We regularly disclose our commitment to respect for human rights through our website, management reports, and other means of communication.



# 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

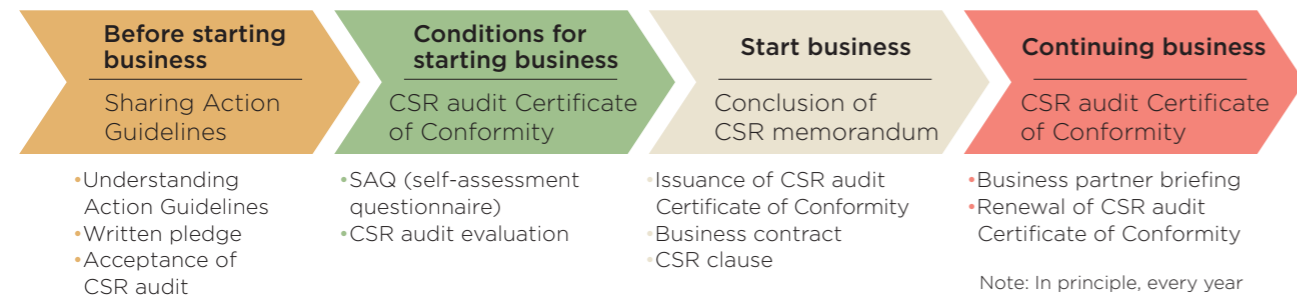
priority on respecting and protecting human rights, and we ask our business partners to understand and implement the Action Guidelines. Together with our business partners, we apply the Action Guidelines in building a sustainable supply chain. In this way, we not only provide our customers with merchandise and services whose safety and quality are ensured but we also promote the 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

## CSR audit items and procedures

The Group conducts audits of business partners' production facilities through a third-party organization in accordance with its own audit criteria, which are based on ISO 26000 and international conventions such as the global standards set forth by the International Labour Organization (ILO). Audit items cover adherence to the Action Guidelines, respect 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, 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 nonconforming item, the third-party audit organization will point out the nonconformity 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 nonconforming 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

■ The four top-priority categories

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 (minimum wage)
7	Working hours
8	Discrimination and harassment
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 FY2022 identified major nonconformities at seven factories, and corrective actions have been implemented. The following nonconformities were identified: living wage (minimum wage, five cases) and underage workers (six cases). Inadequate wage payment records were also handled as the nonconformities relating to living wage (minimum wage). The six cases of nonconformity related to underage workers concerned inadequate registration and documentation, for which corrective actions have

been taken. The CSR audit results did not identify any nonconformities in terms of forced labor, child labor under the age of 15, or disciplinary action. In Japan in FY2022, CSR audits were carried out at 535 production facilities to which we outsource the manufacture of merchandise for our private brand *Seven Premium*. One major instance of non-compliance related to child labor was identified. However, this noncompliance was due to an error in the recording of employment rules, and there was no actual occurrence of child labor.

### Numbers of CSR audits (overseas factories)

Fiscal year	2016	2017	2018	2019	2020	2021	2022	2023 plan
Number of factories audited	245	215	274	304	413	357	322	327
Implementation rate (%) <sup>1</sup>	100.0	100.0	100.0	100.0	89.8 <sup>2</sup>	79.9 <sup>2</sup>	74.2 <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> Audits were suspended at some factories due to the COVID-19 pandemic.



**Toshiro Yonemura**  
Independent Outside Director

### We will thoroughly discuss imagination and preparation which captures the essence of change.

I have become keenly aware through putting into practice crisis management that the attitude of us as humans to only see the reality we want to see instead of looking at all which is real—in other words, wishful thinking—is a cause of the worst results. The same is true for business expansion. I have actively engaged in discussions with management from that perspective. The symbol of that is the update to our Medium-Term Management Plan which now outlines a food-centered growth strategy. We discussed past failures and problems while looking straight at the harsh reality and future projections we did not want to see. The business environment including the international and social situation will continue to change in the future. However, I will grasp the signs of change by gathering information to thoroughly discuss imagination and preparation for the future. That will allow us to avoid being obsessed by superficial changes and falling into situationism preoccupied only with responding to the situation at present.



**Yoshiyuki Izawa**  
Independent Outside Director

### In discussions by the Board of Directors, I will fulfill my role, which is to help push corporate value to the maximum level.

The Group's stakeholders are customers, business partners, shareholders, local communities, and employees. Convenience stores are integral to not only regional but also national infrastructure, and the social role that convenience stores fulfill in, for example, keeping streets safe and helping out in times of disaster in addition to providing food, has grown enormously. I want to see employees execute business activities matched to the expectations of stakeholders, proud of the vital social mission they play. In addition, to sincerely respond to all stakeholders, Seven & i Holdings must be a company that seeks maximum corporate value not only based on short-term targets but also medium- and long-term targets. For myself, I will help push corporate value to the maximum level while taking advantage of various inputs, particularly content that is hard to grasp from an executive position and content for which I do not have the necessary experience to form a personal opinion.



**Meyumi Yamada**  
Independent Outside Director

### Our Group's mission is to provide value linked to the enhanced well-being of consumers.

Japan, is in the midst of great change—an unavoidable progression of issues, including instability on the global stage and the unrelenting spread of COVID-19 as well as a falling birthrate, aging society, and declining population. Against this backdrop, can Seven & i Holdings—being headquartered in Japan, which may be a developed country but still grapples with challenges—address these changes in society and maintain a presence supported by many people? I see this time as a crucial phase in the Company's history. Seven & i Holdings states in its Corporate Creed, which dates back to its earliest days, that it will be a sincere company, earning the trust of diverse stakeholder groups. I believe this is the starting point of all discussions, and the mission of the Group is ultimately to provide services that support the happiness and well-being of as many consumers as possible. I, too, have the perspective of a consumer, but I will also actively participate in discussions from the more objective position of an outside director, and work hard to fulfill my role in pursuing the interests of all stakeholders.



**Jenifer Simms Rogers**  
Independent Outside Director

### I will actively express my views as an outside director who has a unique perspective.

As a newer member of the Board of Directors, I have contributed to strategy assessments by actively expressing my views in meetings of the Board and the Strategy Committee by utilizing my legal and international financial services experience. Seven & i Group's business environment is becoming increasingly challenging due to changes in consumer behavior, food security problems, and rising energy and commodity prices. However, it is precisely at times like these when there is a need for active discussions with outside directors who have unique perspectives. In particular, I believe we need to further deepen discussions regarding the main driver of our growth strategy, which is the convenience store business, considering how we should invest and in which region, and what is the best way to expand our franchises in relation to global expansion that takes advantage of our high degree of 7-Eleven brand recognition in Japan and the United States. We also need to engage in a related risk assessment with respect to future earnings forecasts.



**Shinji Wada**  
Independent Outside Director

### I will encourage system linkage within the Group. At the same time, I will take on the challenge of creating business which utilizes our customer base.

My impression of the Group was of a company involved in business which contributes to local communities in Japan and overseas. I was, therefore, surprised to find it had globalized beyond what I had imagined. On the other hand, I feel there are also many issues in the digital domain such as system linkage. It is said that, in addition to the economic zone of the previous physical space, the economic zone in the virtual space will drastically change the retail industry through digital transformation (DX) and the Web 3.0. I want us to take this reality seriously. I hope to encourage system linkage in fragmented business entities. In addition, a customer base rooted in the local community is an important factor in value creation for the retail industry in the real world. Therefore, I would like us to take on the challenge of creating business which takes into account the issues facing diversifying local communities.



**Fuminao Hachiuma**  
Independent Outside Director

### I will contribute to global growth, while also sharing the thoughts of those on the front line.

I have been involved in Japanese food companies' global expansion for many years. The Group has been my business partner in several different contexts in the past. I experienced a shared corporate culture of sincerity, as stated in the Corporate Creed, which I believe has been the core strength of the Company, supporting the past growth in a sustainable way. In recent years, the Group has been rapidly enhancing its global presence, and expectations are rising for further globalization.

To meet these expectations, it has become important to enhance corporate value by further scaling up its unique strength in the food sector, rooted in its corporate culture, and fulfilling our social responsibilities, including sustainability. As an outside director, I will leverage my past experiences and contribute from an objective standpoint to achieving these goals.



**Paul Yonamine**  
Independent Outside Director

### I believe that the Board and management have an effective working process in place that will bring about meaningful change.

It will be almost one year since I assumed the role as an independent Board member of the Company. With the support of management, our Board has launched the Strategy Committee, which is on driving organizational transformation and an assessment of the Company's current business portfolio. I am satisfied and confident that the Board and management have an effective working process in place and will, thereafter, institute changes that will be meaningful for its shareholders, company employees and customers. I hope that my skill sets will make a meaningful contribution to the Group.



**Stephen Hayes Dacus**  
Independent Outside Director

### I will lead discussions on strategic initiatives and support decision-making which contributes to growth.

All the outside directors bring their own unique experience and knowledge to the Board.

My experience includes working as a teenager in my father's 7-Eleven, leading retail organizations in Japan, North America, and Europe, and competing directly with the Group. I will leverage this experience along with that of our other outside directors in my role as chair of the Strategy Committee. Our role is to monitor the progress of our key strategic initiatives and carry out an objective and holistic analysis of various strategic options to enhance long-term enterprise and shareholder value. We will be looking at corporate structure, our DX evolution, accelerating the growth and profitability of our overseas convenience store business, and monitoring the progress of our superstore's transformation. I am confident that this team will be able to objectively evaluate all strategic options and contribute to the long-term growth of the Seven & i Group.



**Elizabeth Miin Meyerdirk**  
Independent Outside Director

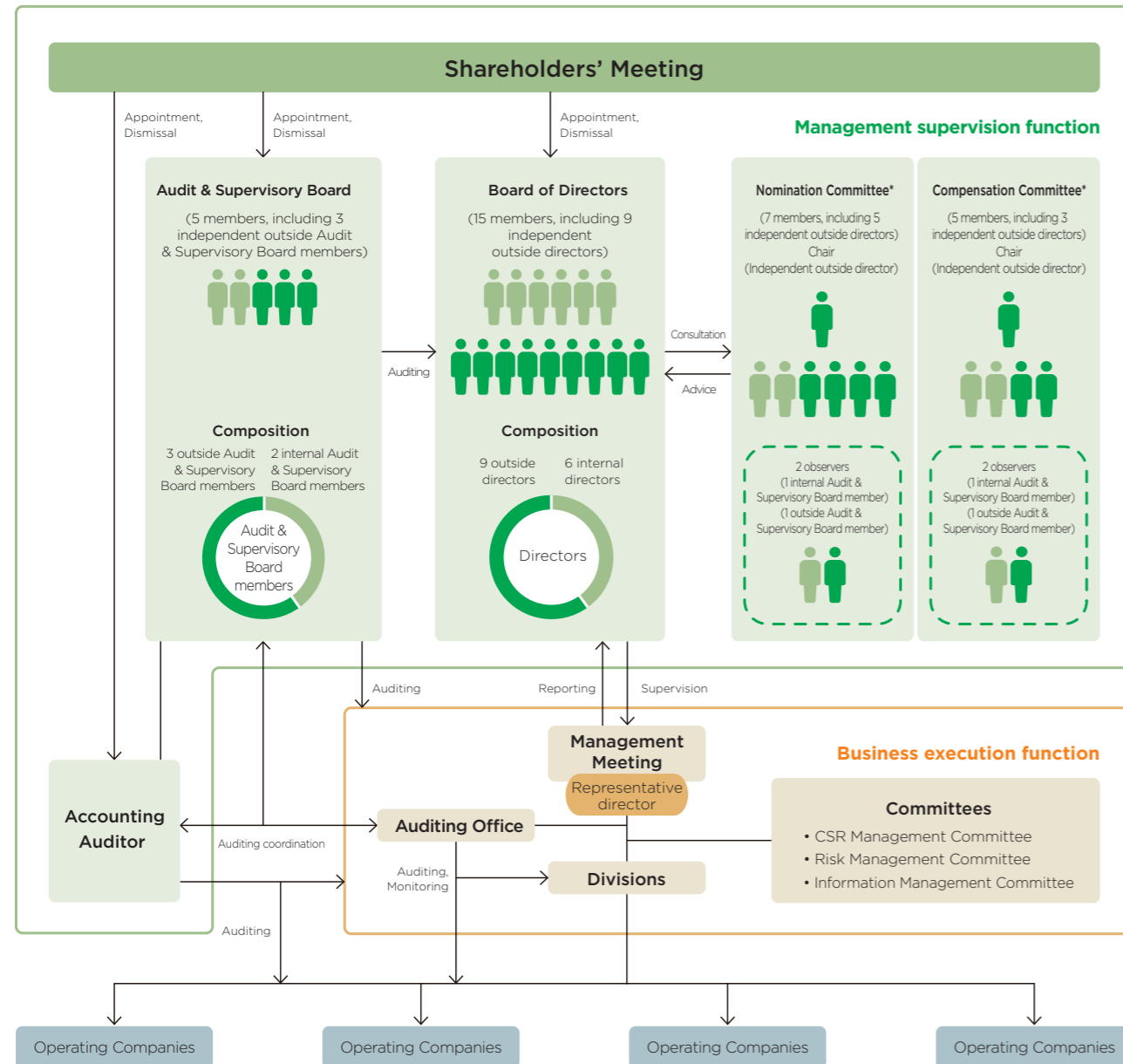
### Our passion for our customers, food, and employees will be our strengths as we execute our global convenience store strategy.

Over the last year, I have been honored and delighted to serve on the Board of Directors. We have engaged in active dialogue to challenge our assumptions and strengthen our conviction in the food business and in particular, in our global convenience store strategy. In addition to the qualitative assessment, I have emphasized a quantitative and objective focus on the value derived from the various parts of our business. I believe that a continued commitment to our digital customer experience is necessary—particularly as we invest in technology, our food offerings, and how we can redefine convenience and the changing consumer need. One key element will be affordability, especially as we navigate a heavy inflationary environment. Overall, critical to our desired global leadership will be in how we attract, retain, and grow our global talent base. We need to continue to surprise and delight our customers as well as our employees and become the global leaders in the convenience store industry.

Note: Each of the messages above is current as of June 2023.



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	<ul style="list-style-type: none"> <li>Approval of quarterly financial statements</li> <li>Approval of the agenda of the general meeting of shareholders, etc.</li> </ul>
2. Matters determined by the Corporate Governance Code	<ul style="list-style-type: none"> <li>Assessment of cross-shareholdings</li> <li>Evaluation of the Board of Directors' effectiveness</li> <li>Establishment of a lead independent outside director</li> <li>Report on the status of dialogue with shareholders and institutional investors, etc.</li> </ul>
3. Items for deliberations, in cooperation with the Nomination Committee and the Compensation Committee	<ul style="list-style-type: none"> <li>Addition of Nomination Committee members</li> <li>Deliberation of candidates for directors proposed by shareholders, 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>Transfer of share of Sogo &amp; Seibu Co., Ltd.</li> <li>Reevaluation of Group strategy, etc.</li> </ul>
5. Internal controls, the status of risk management, and the implementation status of compliance	<ul style="list-style-type: none"> <li>Report on internal Audit &amp; Supervisory Board members</li> <li>Fundamental review of risk management</li> <li>Review of deliberation and decision-making process, etc.</li> </ul>

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.

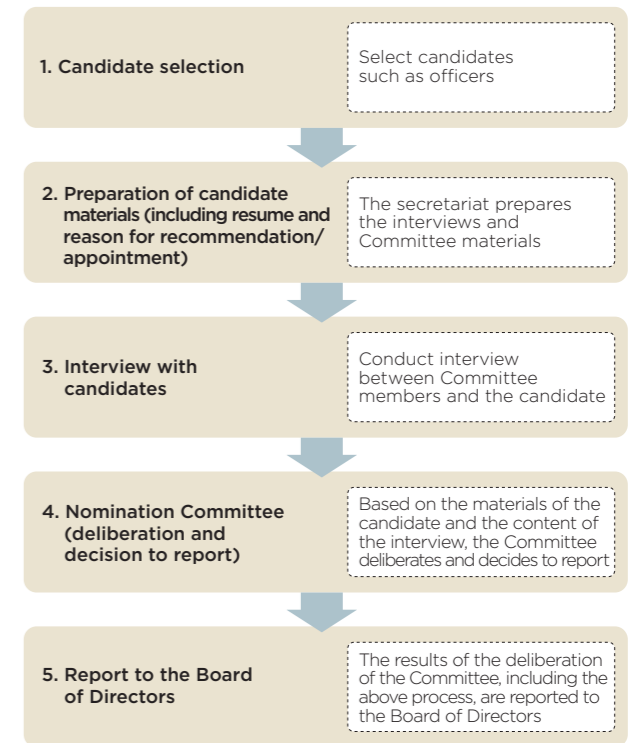
Nomination process for directors and Audit & Supervisory Board members: Objective and transparent deliberation by the Nomination Committee

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"> <li>Have problem-solving capabilities</li> <li>Have outstanding judgment, 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 they lack</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

# Corporate Governance

As of August 31, 2023






## Directors (internal)

■ 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)
 <p><b>Ryuichi Isaka</b> (October 4, 1957) Member of the Nomination Committee</p> <p>■ 17/17 ■ 7/7</p>	<p>President, Representative Director and CEO Director of 7-Eleven, Inc.</p>	<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) Member of the Nomination Committee</p> <p>■ 17/17 ■ 7/7</p>	<p>Vice President, Representative Director and CAO Information Management Supervisor Director of SEVEN-ELEVEN JAPAN CO., LTD. Director of Seven Bank, Ltd.</p>	<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) Member of the Compensation Committee</p> <p>■ 17/17 ■ 3/3</p>	<p>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.</p>	<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, 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>
 <p><b>Fumihiko Nagamatsu</b> (January 3, 1957)</p> <p>■ 17/17</p>	<p>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.</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>Joseph M. DePinto</b> (November 3, 1962)</p> <p>■ 16/17</p>	<p>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)</p>	<p>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.</p>
 <p><b>Yoshimichi Maruyama</b> (November 2, 1959) Member of the Compensation Committee</p> <p>■ 17/17 ■ 1/1</p>	<p>Director, Managing Executive Officer and CFO General Manager of Corporate Finance &amp; Accounting Division Representative Director and President of Seven &amp; i Financial Center Co., Ltd. Director of 7-Eleven, Inc.</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>

## 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)
 <p><b>Toshiro Yonemura</b> (April 26, 1951) Chair of the Compensation Committee Member of the Nomination Committee Member of the Strategy Committee</p> <p>■ 17/17 ■ 7/7 ■ 1/1</p>	<p>Independent Outside Director Outside Director of Kansaidengyosha Co., Ltd.</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>Yoshiyuki Izawa</b> (February 10, 1948) Member of the Nomination Committee Member of the Strategy Committee</p> <p>■ 11/12 ■ 2/2</p>	<p>Independent Outside Director Outside Director, Member of the Audit and Supervisory Committee of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.</p>	<p>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 &amp; 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.</p>
 <p><b>Meyumi Yamada</b> (August 30, 1972) Chair of the Nomination Committee Member of the Strategy Committee</p> <p>■ 12/12 ■ 3/3</p>	<p>Independent Outside Director Director of istyle Inc. Outside Director of SEINO HOLDINGS CO., LTD. Outside Director of Sompo Holdings, Inc.</p>	<p>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.</p>
 <p><b>Jenifer Simms Rogers</b> (June 22, 1963) Member of the Compensation Committee Member of the Strategy Committee</p> <p>■ 12/12 ■ 1/1</p>	<p>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.</p>	<p>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.</p>
 <p><b>Shinji Wada</b> (April 3, 1952) Member of the Strategy Committee</p>	<p>Independent Outside Director Chairman, Director, Executive Officer of Nippon Gas Co., Ltd.</p>	<p>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.</p>

\*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)
 <p><b>Fuminao Hachiuma</b>                      (December 8, 1959)                      Member of the Nomination Committee                      Member of the Strategy Committee</p>	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.
 <p><b>Paul Yonamine</b>                      (August 20, 1957)                      Member of the Strategy Committee                      Member of the Compensation Committee</p>	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.
 <p><b>Stephen Hayes Dacus</b>                      (November 7, 1960)                      Chair of the Strategy Committee                      Member of the Nomination Committee</p>	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.
 <p><b>Elizabeth Miin Meyerdirk</b>                      (December 1, 1981)                      Member of the Strategy Committee</p>	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)
 <p><b>Noriyuki Habano</b>                      (February 10, 1958)                      ■ 17/17                      ■ 26/26</p>	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.
 <p><b>Nobutomo Teshima</b>                      (June 15, 1962)                      ■ 12/12                      ■ 18/19</p>	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.
 <p><b>Kazuhiro Hara</b>                      (February 25, 1954)                      ■ 17/17                      ■ 26/26</p>	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.
 <p><b>Mitsuko Inamasu</b>                      (March 15, 1976)                      ■ 17/17                      ■ 26/26</p>	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.
 <p><b>Kaori Matsuhashi</b>                      (June 7, 1969)                      ■ 17/17                      ■ 26/26</p>	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**

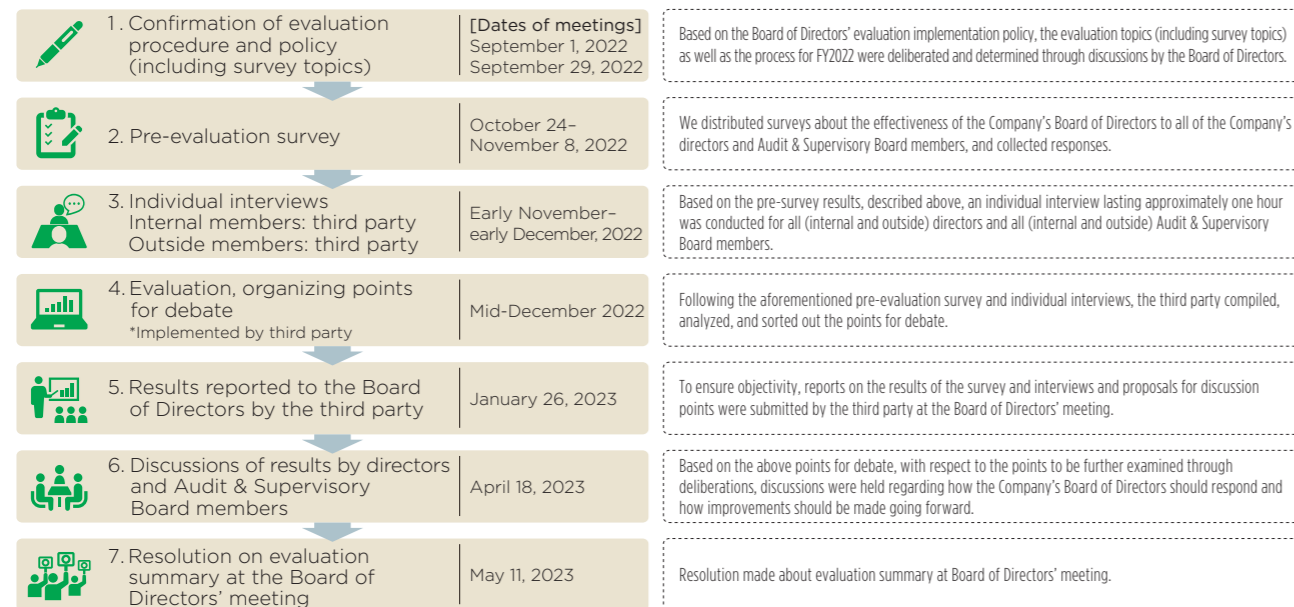
The Company evaluates the effectiveness of the Board of Directors ("Board of Directors' evaluation") through objective analysis and thorough discussions by members of the Board of Directors regarding "whether the Board of Directors is effectively functioning to realize corporate value and improve corporate 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

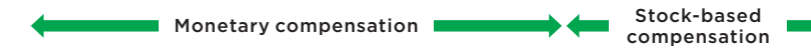
**FY2023 important topics [Evolution (deepening) of meetings of the Board of Directors following changes in the composition of the Board of Directors]**

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	
<b>Fixed compensation</b>	• A fixed compensation commensurate with the responsibilities for each position will be paid. • Compensation will be paid monthly during the term of office.
<b>Performance-based bonuses</b>	• 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 system<sup>1</sup> 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 CO<sub>2</sub> 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.

<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 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 <sub>2</sub> 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

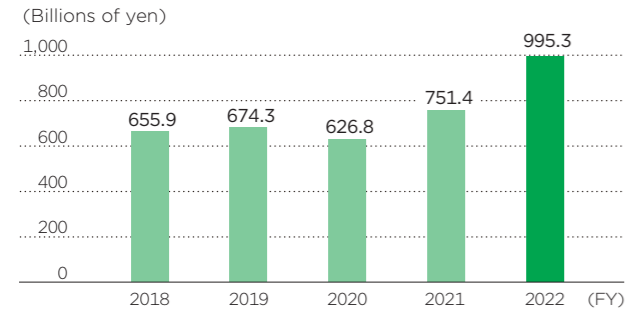
\*2 Comprehensive evaluation by the Compensation Committee  
 Coefficient pertaining to performance-based and stock-based compensation = {(a)+(b)} × {(c)+(d)}  
 (a) "Consolidated ROE" related coefficient × 60% (b) "Consolidated EPS" related coefficient × 40%  
 (c) "CO<sub>2</sub> emissions" related 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).



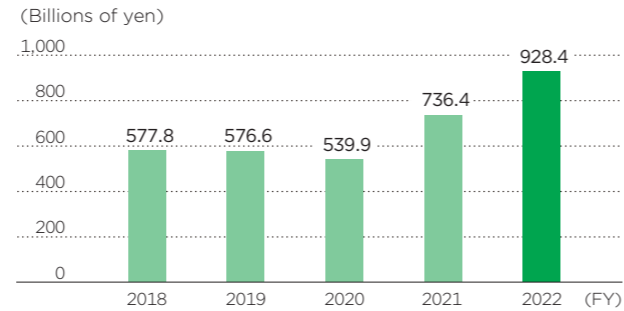
Below are some of the Seven & i Group's key indicators.

### Financial indicators

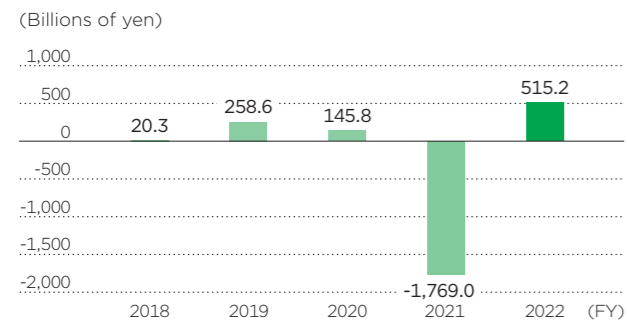
#### EBITDA



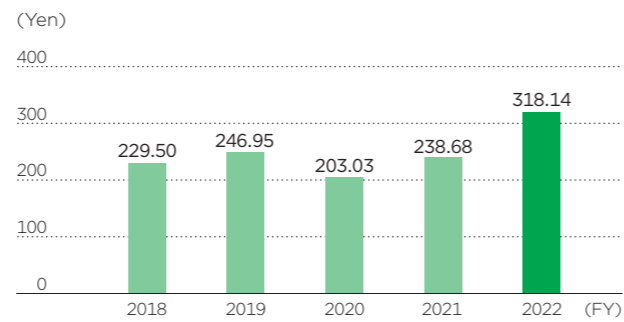
#### Cash flows from operating activities



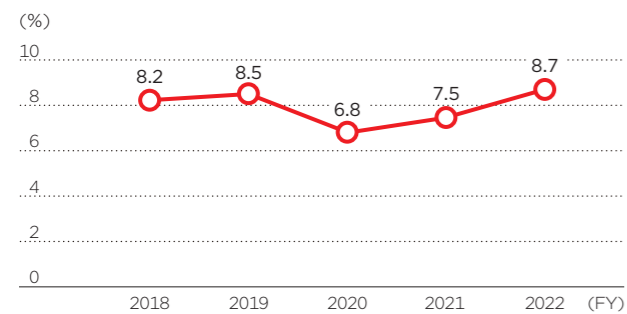
#### Free cash flows\*1



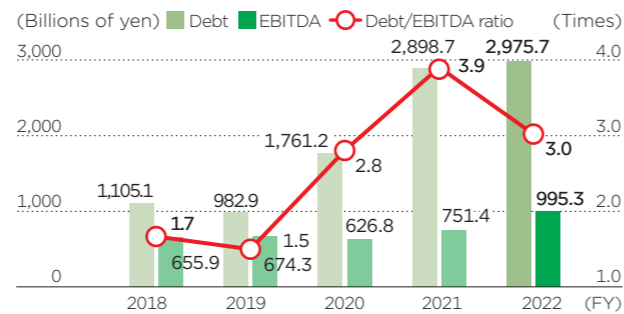
#### EPS



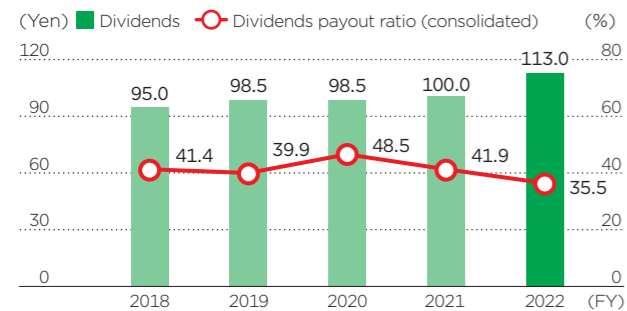
#### ROE



#### Debt/EBITDA ratio



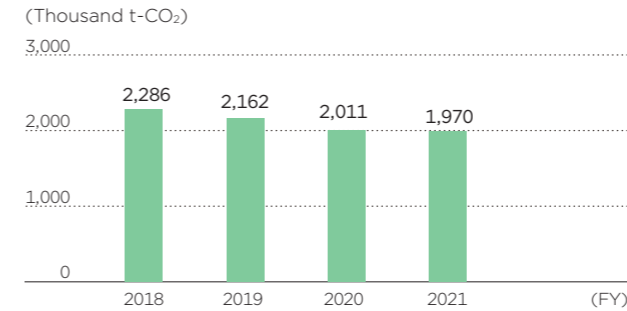
#### Dividends per share



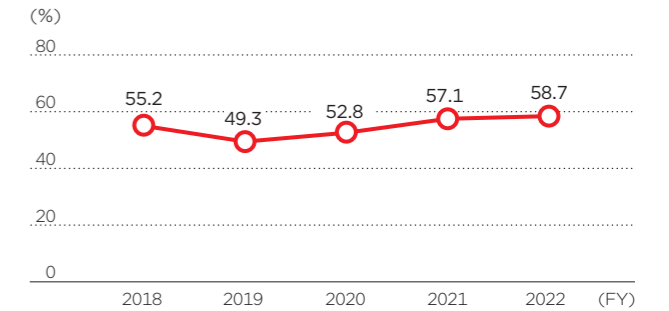
\*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

### Non-financial indicators

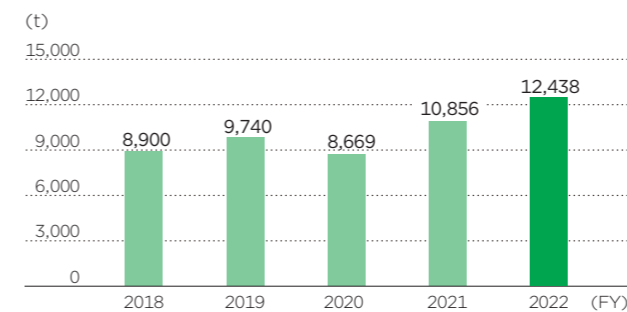
#### CO<sub>2</sub> emissions from store operations\*2



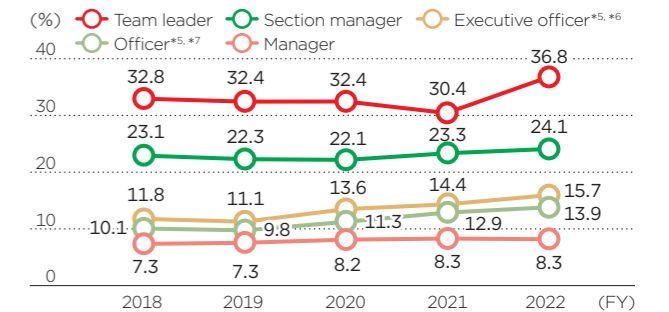
#### Organic waste recycling rate\*3



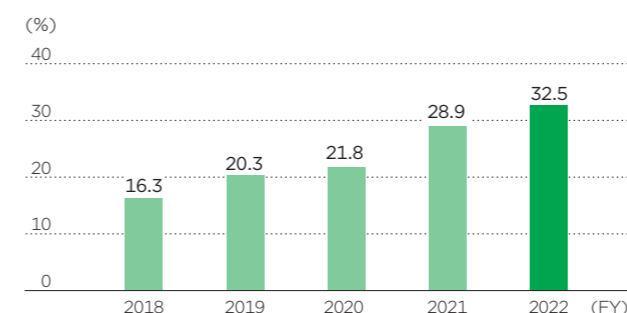
#### Volume of plastic (PET) bottles collected from collection machines



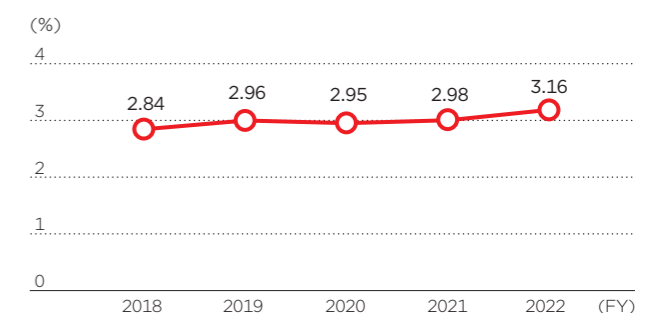
#### Percentage of female managers\*4



#### Ratio of eco-friendly materials\*8 in containers for original merchandise



#### Percentage of employees with disabilities\*9



\*2 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/2022.html>

\*3 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.).

\*4 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.).

\*5 The total for six Group 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.

\*6 Excluding executive officers who are directors

\*7 Officers represent the total of directors, Audit & Supervisory Board members, and executive officers.

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

\*9 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).

# Financial Highlights

Seven & i Holdings Co., Ltd.  
For the fiscal years ended February 28 or 29

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
For the fiscal year:											Millions of yen
Revenues from operations	4,991,642	5,631,820	6,038,948	6,045,704	5,835,689	6,037,815	6,791,215	6,644,359	5,766,718	8,749,752	11,811,303
Operating income	295,685	339,659	343,331	352,320	364,573	391,657	411,596	424,266	366,329	387,653	506,521
Net income attributable to owners of parent	138,064	175,691	172,979	160,930	96,750	181,150	203,004	218,185	179,262	210,774	280,976
Capital expenditures* <sup>1</sup>	334,216	336,758	341,075	399,204	384,119	347,374	539,328	360,909	377,299	439,630	431,961
Depreciation and amortization* <sup>2</sup>	155,666	147,379	172,237	195,511	207,483	213,167	221,133	226,475	235,504	292,561	376,097
Cash flows from operating activities	391,406	454,335	416,690	488,973	512,523	498,306	577,878	576,670	539,995	736,476	928,476
Cash flows from investing activities	(340,922)	(286,686)	(270,235)	(335,949)	(371,602)	(240,418)	(557,497)	(318,047)	(394,127)	(2,505,566)	(413,229)
Cash flows from financing activities	10,032	(55,227)	(79,482)	(2,312)	(78,190)	(168,510)	(5,324)	(213,204)	690,542	937,077	(270,373)
Free cash flows* <sup>3</sup>	50,484	167,648	146,454	153,023	140,921	257,888	20,381	258,623	145,868	(1,769,089)	515,247
At fiscal year-end:											
Total assets	4,262,397	4,811,380	5,234,705	5,441,691	5,508,888	5,494,950	5,795,065	5,996,887	6,946,832	8,739,279	10,550,956
Owners' equity* <sup>4</sup>	1,891,163	2,095,746	2,299,662	2,372,274	2,336,057	2,427,264	2,521,395	2,601,594	2,668,925	2,980,956	3,474,547
Per share data:											Yen
Net income	156.26	198.84	195.66	182.02	109.42	204.80	229.50	246.95	203.03	238.68	318.14
Net assets	2,140.45	2,371.92	2,601.23	2,683.11	2,641.40	2,744.08	2,850.42	2,946.83	3,022.68	3,375.50	3,933.93
Cash dividends	64.00	68.00	73.00	85.00	90.00	90.00	95.00	98.50	98.50	100.00	113.00
Financial ratios:											
Owners' equity ratio* <sup>4</sup>	44.4%	43.6%	43.9%	43.6%	42.4%	44.2%	43.5%	43.4%	38.4%	34.1%	32.9%
Debt/equity ratio (times)* <sup>4</sup>	0.45	0.45	0.41	0.44	0.45	0.41	0.44	0.38	0.66	0.97	0.86
Return on equity (ROE)* <sup>4</sup>	7.6%	8.8%	7.9%	6.9%	4.1%	7.6%	8.2%	8.5%	6.8%	7.5%	8.7%
Return on total assets (ROA)	3.4%	3.9%	3.4%	3.0%	1.8%	3.3%	3.6%	3.7%	2.8%	2.7%	2.9%
Dividend payout ratio	41.0%	34.2%	37.3%	46.7%	82.3%	43.9%	41.4%	39.9%	48.5%	41.9%	35.5%

\*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

Notes: • 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 U.S. GAAP. Accordingly, cash and cash equivalents from the fiscal year ended February 28, 2019 include restricted cash.

• "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the fiscal year ended February 28, 2023.

• For total assets, ASU No. 2016-02 "Leases (Topic 842)" has been applied from the fiscal year ended February 28, 2023.



## Analysis of Business Results

### 1. Revenues from operations and operating income

Revenues from operations for the fiscal year under review amounted to ¥11,811,303 million, an increase of ¥3,061,550 million from the previous fiscal year (or 135.0% of the previous fiscal year). Operating income was ¥506,521 million, an increase of ¥118,868 million from the previous fiscal year (or 130.7% of the previous fiscal year).

Revenues from domestic CVS operations were ¥890,293 million (102.0% of the previous fiscal year), and operating income was ¥232,033 million (103.9% of the previous fiscal year).

While the shift to smaller trading areas accelerated and differences in customer needs by stores became more apparent due to the COVID-19 pandemic, SEVEN-ELEVEN JAPAN CO., LTD., has continued to implement initiatives aimed at increasing the number of customers who visit 7-Eleven stores to purchase the desired products by integrating three measures: expanding the lineup of high-value-added products, changing the sales floor layout to increase the number of items handled, and sales promotions that create an event atmosphere. In response to rapidly growing demand for delivery services, we have strengthened our 7NOW service, which delivers products ordered via smartphone to a designated location in as little as 30 minutes, by increasing the number of stores providing the service to approximately 3,800 as of the fiscal year under review.

In addition to these efforts, during the consolidated fiscal year under review, we introduced new fast food products to broaden our customer base, increased the number of stores handling the "Traceable Vegetables"

produce brand of Ito-Yokado Co., Ltd., and conducted aggressive sales promotion campaigns such as a variety of fairs. Thanks to these initiatives together with a recovery in human flow, favorable weather, and other factors, same-store sales increased from the previous fiscal year. Operating income was ¥232,873 million (104.4% of the previous fiscal year), despite the continued increase in utilities expenses due to soaring fuel cost adjustment unit prices. Total sales of all stores in the chain (the sum of sales from directly managed stores and franchisees) amounted to ¥5,148,742 million (104.0% of the previous fiscal year).

Revenues from the overseas CVS operations were ¥8,846,163 million (170.3% of the previous fiscal year), and operating income was ¥289,703 million (181.2% of the previous fiscal year).

7-Eleven, Inc., in North America has striven to ensure stable store operations despite the emergence of some problems in the U.S. market, such as supply constraints arising from labor shortages and logistics disruptions. It has also been strengthening development and sales of original products with high quality and profitability (fresh food, proprietary beverages, and private-brand products) as well as the 7NOW delivery service, which is available at approximately 5,700 stores.

Although consumption showed signs of weakness as prices soared, U.S. domestic same-store merchandise sales in dollar terms exceeded those in the previous fiscal year during the fiscal year under review, and operating income amounted to ¥396,568 million (176.4% of the previous fiscal year). Total sales of all stores in the chain (the sum

of sales from directly managed stores and franchisees) amounted to ¥10,442,360 million (161.5% of the previous fiscal year).

The process related to the integration with the Speedway business acquired in May 2021 is progressing well, and the synergy benefit was approximately U.S.\$682 million for the fiscal year under review, much higher than the originally planned amount of U.S.\$450 million. In addition, we have established the Cost Leadership Committee to conduct a fundamental review of our cost structure, and will promote further improvement of profitability by implementing appropriate decision-making mechanisms, raising awareness of cost management, etc.

Revenues from the SST operations were ¥1,449,165 million (80.0% of the previous fiscal year), and operating income was ¥12,107 million (64.4% of the previous fiscal year).

Ito-Yokado Co., Ltd., a general merchandise store operator, has been pursuing a regrowth strategy that includes closing unprofitable stores, optimizing personnel, and improving productivity through the use of IT.

In the consolidated fiscal year under review, same-store sales, including tenants, increased over the previous fiscal year mainly due to sales growth by tenants, since human flow recovered, and unlike in the previous fiscal year, there were no restrictions on operating hours and the number of people shopping in a store at one time. However, operating income was ¥408 million (25.2% of the previous fiscal year) due to deteriorating gross profit margins for food products and an increase in utilities expenses resulting from a sharp rise in adjusted unit prices for fuel.

As for York-Benimaru Co., Ltd., a food supermarket, same-store sales decreased from

the previous fiscal year mainly due to a drop in food sales, which had been brisk since the pandemic started. However, thanks primarily to the merger on March 1, 2022 with Life Foods Co., Ltd., which manufactured and sold delicatessen food at York-Benimaru stores, merchandise gross profit margins improved, resulting in operating income of ¥18,013 million (122.5% of the previous fiscal year).

Revenues from the department and specialty store operations were ¥463,739 million (65.1% of the previous fiscal year), and operating income was ¥3,434 million (compared with operating loss of ¥8,153 million in the previous fiscal year).

In the department store business, same-store sales increased year on year, mainly due to a recovery in apparel sales and strong sales of luxury brand products as, unlike in the previous fiscal year, there were no restrictions on operating hours and the number of people shopping in a store at one time. In the restaurant business, same-restaurant sales showed an improving trend chiefly because, unlike in the previous fiscal year, there were no restrictions on operating hours and on serving alcoholic beverages, and the number of people dining in restaurants was on the rise. Despite this, the business recorded an operating loss.

Based on our business portfolio approach, we have entered into an agreement to transfer all of the issued shares of Sogo & Seibu Co., Ltd., held by the Company to Sugi Godo Kaisha, a special-purpose company which is a related entity of Fortress Investment Group LLC, and are in negotiations to execute the agreement. (This transfer was completed on September 1, 2023.)

Revenues from the financial services operations were ¥194,295 million (99.9% of the previous fiscal year), and operating income was ¥37,140 million (98.9% of the previous fiscal year).

At the fiscal year-end the number of domestic ATMs operated by Seven Bank, Ltd., stood at 26,889, up 695 from a year earlier. The average number of ATM use per day per ATM was 101.1 (up 4.4 from the previous fiscal year) due to growth in the number of cash charge transactions associated with various cashless payments and a pickup in the number of transactions at savings and deposit financial institutions, resulting in a year-on-year increase in total ATM use during the fiscal year under review. At the fiscal year-end, Seven Bank had cash and deposits (including cash for ATM loading) of ¥1,024.3 billion.

## 2. Non-operating income/expenses and ordinary income

Non-operating income/expenses amounted to a loss of ¥30,633 million (net amount), compared with a loss of ¥29,081 million (net amount) in the previous fiscal year. This was mainly due to an increase in interest expenses on bonds for 7-Eleven, Inc.

## Analysis of Financial Position

### 1. Assets, liabilities, and net assets

At the fiscal year-end, total assets amounted to ¥10,550,956 million, up ¥1,811,676 million from a year earlier.

Current assets totaled ¥3,060,653 million, up ¥455,879 million from a year earlier, mainly due to an increase of ¥250,219 million in cash and deposits.

As a result, ordinary income increased ¥117,316 million from the previous fiscal year to ¥475,887 million.

### 3. Special gains/losses and income before income taxes

Special gains/losses came to a loss of ¥73,126 million (net amount), compared with a loss of ¥46,716 million (net amount) in the previous fiscal year. This was mainly due to an increase in impairment losses.

As a result, income before income taxes increased ¥90,906 million from the previous fiscal year to ¥402,761 million.

### 4. Income taxes (including income taxes—deferred) and net income attributable to owners of parent

Income taxes amounted to ¥110,591 million, up ¥21,977 million from the previous fiscal year. The effective rate of income taxes after application of deferred tax accounting was 27.5%.

As a result, net income attributable to owners of parent increased ¥70,202 million from the previous fiscal year to ¥280,976 million. Net income per share was ¥318.14, an increase of ¥79.46 from ¥238.68 in the previous fiscal year.

Property and equipment increased ¥1,109,402 million chiefly on account of an increase in right-of-use assets resulting from the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) in the overseas CVS operations. Intangible assets increased ¥224,670 million, mainly due to an increase in goodwill resulting from exchange rate

fluctuations. In addition, investments and other assets increased ¥22,463 million, mainly due to increases in municipal bonds and corporate bonds acquired by Seven Bank, Ltd. As a result, non-current assets increased ¥1,356,536 million from the end of the previous fiscal year to ¥7,489,195 million.

Total liabilities increased ¥1,311,247 million from a year earlier to ¥6,902,794 million.

Current liabilities totaled ¥3,265,089 million, an increase of ¥784,363 million from the end of the previous fiscal year, mainly because the current portion of bonds payable advanced ¥295,823 million.

Non-current liabilities increased ¥526,883 million from the end of the previous fiscal year to ¥3,637,704 million, largely due to an increase in lease obligations resulting from the adoption of ASU No. 2016-02, Leases (Topic 842) in the overseas CVS operations despite a ¥188,178 million decline in bonds payable.

Total net assets increased ¥500,429 million from a year earlier to ¥3,648,161 million.

Retained earnings increased ¥213,336 million from the end of the previous fiscal year, mainly due to an increase of ¥280,976 million resulting from recording of net income attributable to owners of parent and a decrease of ¥89,787 million resulting from payment of dividends.

Foreign currency translation adjustments increased ¥286,908 million, mainly due to translation of the financial statements of 7-Eleven, Inc.

As a result, net assets per share amounted to ¥3,933.93, up ¥558.43 from a year earlier, and the owners' equity ratio decreased to 32.9% from 34.1% at the end of the previous fiscal year.

## 2. Cash flows

Cash and cash equivalents increased ¥259,897 million from the end of the previous fiscal year to ¥1,674,787 million, mainly due to cash flow generated by high operating profitability primarily in the domestic and overseas CVS operations, despite expenditures for new store openings and store renovations chiefly in the domestic and overseas CVS operations.

### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥928,476 million (126.1% of the previous fiscal year). The ¥191,999 million increase over the same period last year was mainly due to a ¥90,906 million increase in income before income taxes and an ¥83,535 million increase in depreciation and amortization, while there was a ¥44,247 million decrease in deposits received.

### Cash flows from investing activities

Net cash used in investing activities amounted to ¥413,229 million (16.5% of the previous fiscal year). The main reason for the decrease of ¥2,092,336 million from a year earlier was a decrease of ¥2,295,104 million in payment for purchase of shares in subsidiaries resulting in change in scope of consolidation, which occurred in the previous fiscal year due to the acquisition of Speedway in the overseas CVS operations.

### Cash flows from financing activities

Net cash used in financing activities totaled ¥270,373 million (compared with net cash provided by financing activities of ¥937,077 million in the previous fiscal year). The change from the previous fiscal year was mainly because ¥1,192,710 million in proceeds of the issuance of bonds by 7-Eleven, Inc. was recorded in the previous fiscal year.



# Company Information

(As of February 28, 2023)

## 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) 84,154 [83,094]

(Non-consolidated) 1,017 [15]

\* 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

74,745

### Stock Listing

Tokyo Stock Exchange, First Section

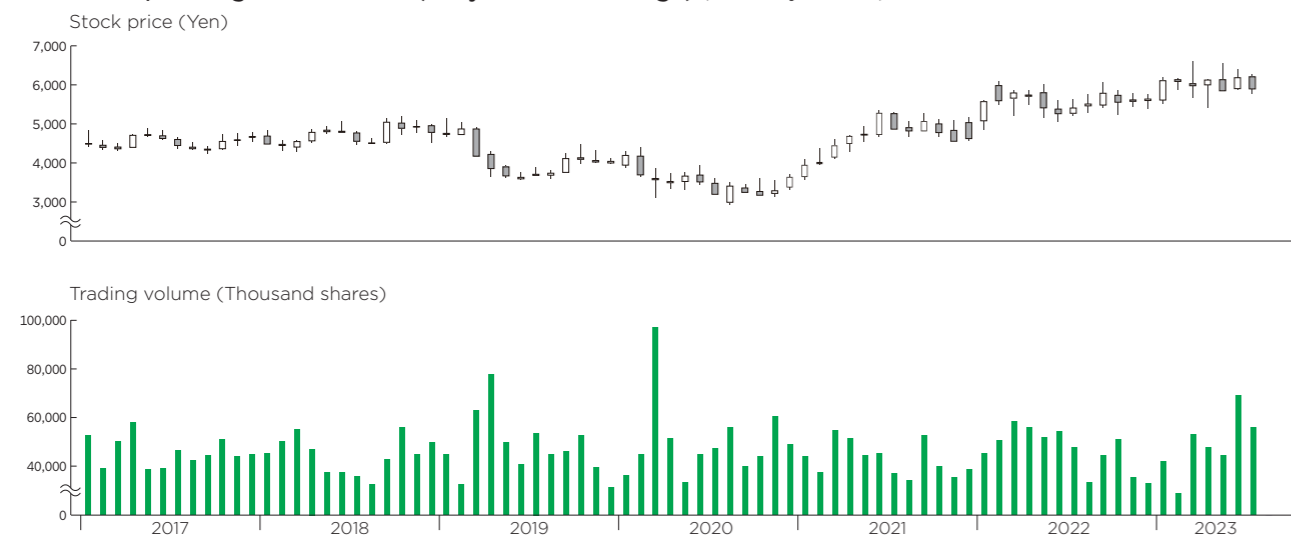
### Transfer Agent and Registrar

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.

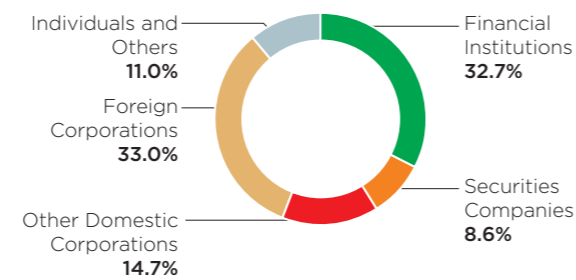
## Stock Price/Trading Volume Chart (Tokyo Stock Exchange) (As of July 31, 2023)



## Principal Shareholders

Name of shareholders	Number of shares (thousand shares)	Shareholding ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	121,723	13.7
ITO-KOGYO CO., LTD.	70,701	8.0
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	52,596	5.9
SMBC NIKKO SECURITIES INC.	34,588	3.9
SSBTC CLIENT OMNIBUS ACCOUNT	21,197	2.4
MASATOSHI ITO	19,658	2.2
NIPPON LIFE INSURANCE COMPANY	17,672	2.0
VALUEACT CAPITAL MASTER FUND L.P.	16,761	1.9
MITSUI & CO., LTD.	16,222	1.8
JAPAN SECURITIES FINANCE CO., LTD.	14,153	1.6

## Classification of Shareholders by Percentage of Shares Held

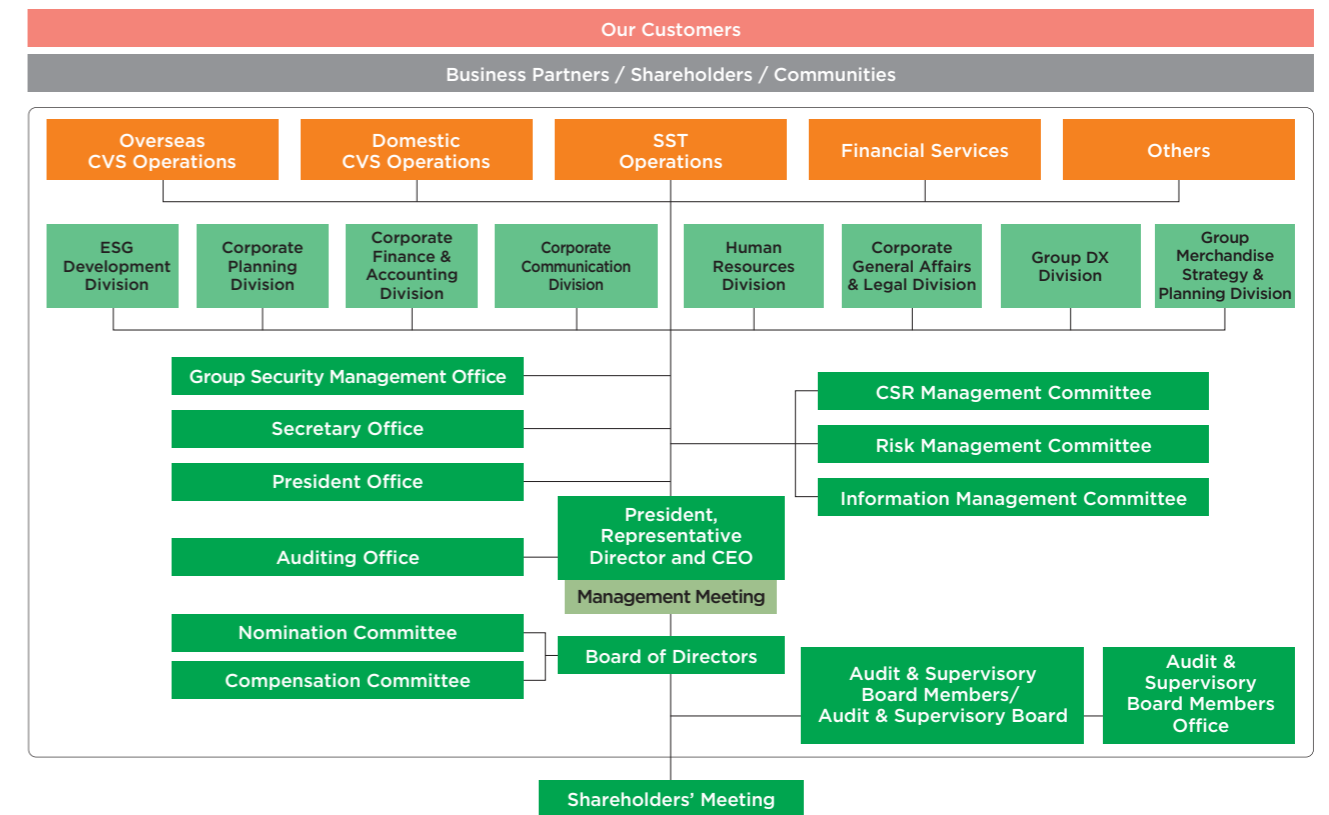


## Rating Information (As of June 30, 2023)

		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		
	Long-term	A		AA-	
Seven Bank	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.

## Organization chart (As of April 6, 2023)



## 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.

**Management Report (this report)**  
<https://www.7andi.com/en/ir/library/mr.html>  
An 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/2023.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/>