



October 10, 2019

To whom it may concern:

Company name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka,
President and Representative Director
(Code No. 3382/First Section of the Tokyo Stock Exchange)

**Notice on Recurrence Prevention Measures regarding the “7pay” Case,
Voluntary Returns of Compensation of Directors and Executive Officer, and
Change of Representative Director at the Subsidiary**

Given the occurrence of unauthorized access to some of the accounts at “7pay” the barcode settlement service operated by Seven Pay Co., Ltd., Seven & i Holdings Co., Ltd. (the “Company”)'s subsidiary (the “Case”), we sincerely apologize again to the relevant persons including customers and shareholders for any serious inconvenience and concern caused.

The Company is taking the Case gravely and seriously, and hereby announces that, at the meeting of the Board of Directors held today, the Company resolved to implement recurrence prevention measures and change the relevant Director as set forth below, and the relevant Directors and Executive Officer, including the President, decided to voluntarily return a portion of their compensation.

The Company shall make full efforts to regain trust and to avoid such a situation arising again.

1. Cause of the Occurrence of the Case

As a result of investigation by the “security countermeasures project” in cooperation with external information security companies, the Company has concluded that the cause of the Case was “likely to be a so-called ‘list-type account hacking’ in which attackers use a list of IDs and passwords illicitly obtained from elsewhere and attempt an unauthorized access while posing as a 7pay user.”

Based on the investigation by the study team mainly comprising lawyers established to objectively investigate “governance backgrounds in terms of organization and decision-making process,” the Company believes that the following factors were largely responsible for the Company being unable to prevent the unauthorized access:

- (i) In the system regarding 7pay, 7pay’s original authentication system, and fraud detection and prevention measures were not necessarily perfect.
- (ii) In the development structure of 7pay, a strict policy on security standards was not thoroughly implemented. Also, in complex system development, neither project management functions comprehensively controlling the security aspects, nor risk control functions to point out system risks including security were adequately demonstrated.

2. Voluntary Return of Compensation of Directors and Executive Officer, and Change of Representative at the Subsidiary

Taking into consideration the serious inconvenience caused to the relevant persons as a result of the prevention measures against unauthorized access not being perfect as stated in 1 above, the Company decided to have the relevant Directors and Executive Officer return a portion of their compensation, and to change the representative at the subsidiary as set forth below.

(1) Voluntary return of compensation of Directors and Executive Officer

Name	Current position	Details of compensation return
Ryuichi Isaka	President and Representative Director, Seven & i Holdings Co., Ltd.	30% reduction in monthly compensation for three months
Katsuhiko Goto	Vice President and Representative Director, and General Manager of the Corporate Digital Strategy & Planning Division, Seven & i Holdings Co., Ltd.	30% reduction in monthly compensation for three months
Katsutane Aihara	Executive Officer, and General Manager of the System Headquarters, Seven-Eleven Japan Co., Ltd. *Until May 2019 Director and Executive Officer, and Senior Officer of the IT Strategy and Planning Department, Seven & i Holdings Co., Ltd.	10% reduction in monthly compensation for three months

(2) Change of Representative at the Subsidiary

(i) Retiring Representative Director

Name	Current position	Effective date
Tsuyoshi Kobayashi	President and Representative Director, Seven Pay Co., Ltd.	October 10, 2019

Mr. Tsuyoshi Kobayashi will retire as a Director of Seven Pay Co., Ltd. as of the effective date.

(ii) New Representative Director

Name	New position	Current position	Effective date
Tatsuya Mizuochi	President and Representative Director, Seven Pay Co., Ltd.	Director, Seven Pay Co., Ltd.	October 10, 2019

3. Outline of Recurrence Prevention Measures

The Company plans to implement the following recurrence prevention measures based on the causes of the occurrence of the Case stated in 1 above:

- (i) Establishment of a dedicated organization comprehensively controlling security implementation measures within the 7&i Group.
- (ii) Redevelopment and thorough implementation of security policy and guidelines, and system development policy and guidelines applied across the 7&i Group.
- (iii) Expansion of personnel with expertise in project management and security concerning system development.
- (iv) Measures for internal training and cultivation of awareness within the Group that security is indispensable as one of the services provided to customers.

The Group will continuously work to take necessary responses to prevent recurrences pursuant to the recurrence prevention measures above.

End