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Corporate Governance Report

CORPORATE GOVERNANCE Seven Bank, Ltd.

Last Update: June 22, 2023

Seven Bank, Ltd.
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The following summarizes matters related to the corporate governance of Seven Bank, Ltd. (the "Bank").

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

As a bank that owns and operates an ATM network that manages deposits from a large number of customers and has a nature similar to that of public infrastructure, the Bank recognizes that ensuring disciplined corporate management is vital in responding to the social trust and seeks to ensure effective corporate governance. This is achieved by maintaining and improving its corporate governance and compliance systems to ensure transparent, fair and swift managerial decision making; clarify the roles and responsibilities of Executives and employees; strengthen management oversight functions; and ensure equitable operations.

The Bank adopts the organizational form of a Company with Audit & Supervisory Board Members. At the Board of Directors, the Bank ensures effective corporate governance through decision making by Directors with Executive Authority over operations who are well versed in the Bank's operations and Outside Directors who have considerable experience and insight in their areas of expertise as well as the audits by the Audit & Supervisory Board Members.

To clarify the specific issues to be addressed by the Bank to realize the above policy and fulfill the accountability of the Bank's corporate governance to its shareholders, the Bank has established the "Corporate Governance Guidelines," which are disclosed on its website.

<URL of the page regarding corporate governance>

https://www.sevenbank.co.jp/english/csr/esg/governance/

<Corporate Governance Guidelines>

https://contents.xj-storage.jp/xcontents/AS96633/fc234663/e1ad/488e/a49d/eecf2f1b12b2/20230330104134602s.pdf

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Bank complies with all principles of the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1-4: Strategic Shareholdings]

1. We make it a basic policy not to hold the shares of other companies as strategic shareholdings unless those holdings are considered meaningful. We consider strategic shareholdings meaningful if they are judged to contribute to the preservation and enhancement of corporate value of the issuing business partner and the Bank based on the results of studies on their profitability and other factors both current and projected. We make it a policy to dispose of or reduce strategic shareholdings that, as a result of these investigations and studies, are judged to have become less meaningful or no longer meaningful, as promptly as possible.
2. We regularly conduct thorough investigations into the appropriateness of the objectives of the holdings, whether or not the benefits and risks of the holdings are commensurate with the capital cost, and other matters concerning each stock of strategic shareholdings at meetings of the Board of Directors, and study the appropriateness of the holdings and disclose the details of the studies. We make it a policy to dispose of or reduce strategic shareholdings that, as a result of these investigations and studies, are judged to have become less meaningful or no longer meaningful, as promptly as possible.
3. The Bank exercises its voting rights relating to strategic shareholdings upon comprehensive consideration of whether an issuer makes appropriate decisions to improve its corporate value over the medium to long term through appropriate corporate governance systems, as well as possible effects on enhancing our own corporate value. In particular, when considering proposals that are judged to have a serious impact on the execution of the Bank's operations, whether to vote for or against the proposals at General Meetings of Shareholders is considered through dialogue with the issuers and studies conducted by the department in charge.
4. In the event that a company holding the Bank's shares as strategic shareholdings indicates its intention to sell those shares, the Bank takes appropriate measures without doing anything that would prevent the sale, such as suggesting a reduction in transactions.
5. The Bank does not conduct any transactions with strategic shareholders that would harm the common interests of the company and shareholders, such as continuing transactions without sufficiently studying the economic rationality of such transactions.

(Excerpt from Article 8 of our Corporate Governance Guidelines)

The results of studies on strategic shareholdings conducted by the Board of Directors are described and disclosed in the securities report.

[Principle 1-7: Related Party Transactions]

1. To protect the interests of shareholders, we are taking measures to prevent any related party of the Bank, such as an officer, from conducting transactions that would harm the interests of shareholders by taking advantage of its position.
2. Any significant or extraordinary transaction with the Bank's Directors, Audit & Supervisory Board Members and/or major shareholders requires the approval of the Board of Directors.

(Excerpt from Article 7 of our Corporate Governance Guidelines)

[Supplementary Principle 2-4 (1): Ensuring Diversity in the Promotion, etc. of Core Human Resources]

1. Views and Objectives

The Bank recognizes that it is its duty as a corporate entity to contribute to the creation of a society in which many types of people can participate in various ways. We also believe that creating opportunities for people to flourish regardless of their gender, age or nationality, improving productivity by enhancing the capabilities of various employees, developing diverse human resources, and creating an environment in which everyone can play an active role will lead to the achievement of fulfilling lifestyles as well as the continuous development of society. In particular, the status regarding managers who play a central role in management is as summarized below.

- We aim to increase the ratio of female managers to 30% as of the end of fiscal 2025 (18.4% as of the end of fiscal 2021).
- As of the end of fiscal 2022, the ratio of managers recruited from outside the Bank accounts for over 90%.
- With regard to foreign persons as managers, we are expanding our overseas business as part of our growth strategy. We are promoting global expansion through, among other things, the hiring and promotion of foreign persons to positions of officers and managers of our overseas subsidiaries. As of the end of fiscal 2022, the ratio of foreign persons who are officers and managers of our overseas subsidiaries was in excess of 60%, and we will strive to continue to maintain the ratio going forward.

2. Human Resource Development Policy and Internal Environment Improvement Policy

(1) Recruitment

Our principle when making hiring decisions is to "strive for equal opportunity in employment without making discriminatory treatment."

In addition, we are also promoting the active recruitment of experienced human resources who have considerable knowledge and experience.

(2) Development and promotion

In order to ascertain each person's potential, we will train them from a medium- to long-term perspective while confirming their suitability through appropriate rotations.

The Bank conducts training sessions for human resources in order for them to acquire the necessary expertise and skills at each stage so that autonomous human resources can play an active role. In addition, in order to promote the growth of employees, we conduct fair evaluations and promote employees based on these evaluations.

(3) Internal environment improvement policy

Based on our purpose, which is to "create a better version of daily life by going beyond the wishes of our customers," we believe that the growth of each individual by leveraging their individuality and demonstrating their capabilities will lead to the growth of the company. We have therefore introduced a Regular Employee Promotion System, a Masters' Employee System, a Work from Home System, and a Childcare and Nursing Care System, and are striving to promote their utilization.

[Principle 2-6: Asset Owner]

Management of the Bank's corporate pension funds is carried out by Seven & i Holdings Corporate Pension Fund (hereinafter, "Corporate Pension Fund").

1. Structure of the Corporate Pension Fund

The Board of Delegates, which is the decision-making body for the Corporate Pension Fund, comprises an equal number of selected delegates (company) and elected delegates (employees). The Board confirms the status of asset management twice a

year and passes resolutions on management policies for the managed portfolios as required, while the Board of Governors executes operations in accordance with the management policies.

Furthermore, as an examining organization, the Asset Management Committee comprises members affiliated with the finance and accounting departments, etc. of the Seven & i Holdings Group and conducts monitoring activities every two months based on specialized knowledge.

In addition, the Secretariat is staffed with personnel with knowledge in finance and human resources, enabling it to execute highly specialized management, including the monitoring of management institutions.

2. Management of the Corporate Pension Fund

The Corporate Pension Fund confirms that all domestic equity management institutions have accepted the Stewardship Code.

The Fund also monitors the equity management institutions' constructive dialogues with investee companies and the implementation status of the exercise of voting rights, and in doing so, verifies matters such as specific examples of stewardship activities. Furthermore, the Fund confirms the accuracy and transparency of the information provided, etc. with pension management consultants, and shares information on the status of these activities and the results of fund management with employees through Seven & i Holdings' Group magazines and other means.

Any conflicts of interest are appropriately managed through the selection of individual investee companies and the conclusion of contracts entrusting the exercise of voting rights to management institutions.

[Principle 3-1: Full Disclosure]

1. The Bank's ideals (Management Ethos), management strategies and management plans

The Bank's Management Ethos, management strategies and management plans are disclosed on its website and through such tools as documents for the presentation of financial results and Integrated Reports.

2. Basic views on and policies for corporate governance

Please refer to "I.1 Basic Views" in this report.

3. Policies and procedures for the Board of Directors to determine compensation etc. for the top management and Directors

<<Establishment of Nomination & Compensation Committee>>

As an advisory organization to the Board of Directors, the Bank has established the Nomination & Compensation Committee chaired by an Independent Outside Director in order to supplement functions of the Board of Directors. The committee deliberates the following matters regarding the Bank's Directors and Executive Officers.

(1) Delegated by the Board of Directors, recommendations for candidates for Director to be put on the agenda at a General Meeting of Shareholders

(2) Delegated by the Board of Directors, recommendations for candidates for Representative Director, candidates for Executive Director, candidates for Executive Officer with Title and candidates for Executive Officer to be put on the agenda at a Board of Directors meeting

(3) Supervision of a plan on successors to the position of Director, etc.

(4) Allocation of the total amount of compensation for Directors determined by the Articles of Incorporation or by a General Meeting of Shareholders to each Director, and proposals for the amount of compensation for Executive Officers

determined by a Board of Directors meeting

(5) Other important personnel matters regarding Directors

(Excerpt from Article 23 of our Corporate Governance Guidelines)

<<Policies and procedures for determining compensation, etc., for Directors and Audit & Supervisory Board Members>>

(1) Compensation for Directors is determined by the Board of Directors, following proposals to the Board of Directors by the Nomination & Compensation Committee, based on the Basic Policy on Officers' Compensation, within the annual limits for the compensation approved by the General Meeting of Shareholders. From the perspective of understanding the process of discussion, Audit & Supervisory Board Members may participate as observers who do not possess voting rights when a Nomination & Compensation Committee meeting is held.

(2) The system of determining compensation for Audit & Supervisory Board Members shall be separate from that for Directors. Compensation for Audit & Supervisory Board Members is determined through discussion at the Audit & Supervisory Board within the annual limits for the compensation approved by the General Meeting of Shareholders.

4. Policies and procedures for the Board of Directors to appoint or remove top management and nominate candidates for Director and candidates for Audit & Supervisory Board Member

<<Criteria for appointing or removing top management>>

(1) Top management must have a significant track record, high capabilities and insights in the Bank's group, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of pursuing corporate management and business operations in a highly disciplined manner, thereby contributing to the further development of the Bank's group so that the Bank will continue to be an enterprise that will grow in the future.

(2) Any of the following shall disqualify top management.

- Having any form of relations with antisocial forces, or
- Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.

(3) In the event that top management reaches a certain age as specified in internal rules; in the event of fraud; in the event of the occurrence of a serious obstacle to the execution of business; in the event that the selection criteria set forth in 1. and 2. above are not met, or in the event that there is a significant lack of qualifications as top management, including cases where it is judged that the level of business execution as top management does not meet the requirements of the Bank, the top management will be released from their position.

<<Criteria for selecting candidates for Director>>

(1) A candidate for Director must have a significant track record, high capabilities and insights in his or her area of expertise, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of pursuing corporate management and business operations in a highly disciplined manner, thereby contributing to the further development of the Bank's group.

(2) Any of the following shall disqualify a candidacy for Director.

- Having any form of relations with antisocial forces, or
- Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association

with personal matters.

(Excerpt from Article 18 of our Corporate Governance Guidelines)

<<Criteria and procedures for selecting candidates for Audit & Supervisory Board Member>>

(1) A candidate for Audit & Supervisory Board Member must have a significant track record and high capabilities in his or her area of expertise, financial, accounting and legal knowledge and insights necessary for the execution of business, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of auditing the status of Directors' execution of duties from a fair and objective standpoint, thereby contributing to the enhancement of the soundness and transparency of corporate management.

(2) Any of the following shall disqualify a candidacy for Audit & Supervisory Board Member.

- Having any form of relations with antisocial forces, or
- Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.

(3) When selecting candidates for Audit & Supervisory Board Members, the Audit & Supervisory Board makes appropriate decisions from an independent and objective standpoint, including through interviews with candidates conducted by Audit & Supervisory Board Members.

(Excerpt from Article 20 of our Corporate Governance Guidelines)

5. Description of the reasons for the Board of Directors to appoint or remove top management and nominate candidates for Director and candidates for Audit & Supervisory Board Member in accordance with the policies and procedures described in 4. above.

Appointments and removals by the Bank of top management are disclosed on the Bank's website and on the Timely Disclosure network (hereinafter, the "TD net").

The reasons for the Board of Directors to nominate candidates for Director and candidates for Audit & Supervisory Board Member are described in the Reference Materials for General Meeting of Shareholders and disclosed on the Bank's website. The career history of each candidate for Director and candidate for Audit & Supervisory Board Member is disclosed in the Notification of General Shareholder Meeting.

[Supplementary Principle 3-1 (3): Initiatives, etc. for Sustainability]

1. Sustainability initiatives

   Specific initiatives for the Bank's sustainability promotion are disclosed on the Bank's website.

   URL: https://www.sevenbank.co.jp/english/csr/

2. Investment in human capital and intellectual property

   As indicated in the Medium-Term Management Plan (FY2021 – FY2025), with a view to "corporate transformation," we are promoting both transformation into an organization which promotes employees' improvement of skills, career formation, and selection of workstyles and where independent human resources can play active roles, and transformation of business model/process through the utilization of digital technology and data.

URL: https://www.sevenbank.co.jp/english/ir/managementplan/

3. Impact of climate change risks and profit opportunities on our business activities and profits

The Bank positions the climate change issue as one of the important management issues in promoting sustainability. For this reason, we announced our endorsement of the TCFD Recommendations in December 2021 with the aim of enhancing information disclosure to stakeholders regarding the impact of climate change risks and profit opportunities on our business activities and profits. At the same time, we have joined the TCFD Consortium, and will enhance information disclosure to stakeholders on the impact of climate change on our business activities and profits, as well as take concrete measures against such impacts. Details on this matter are described and disclosed in the securities report.

In addition, at the Bank, climate change-related risks and opportunities, etc. are deliberated by the Sustainability Committee, chaired by the officer in charge of SDGs promotion, and a system has been put in place to discuss and report important matters to the Executive Committee and the Board of Directors.

[Supplementary Principle 4-1 (1): Scope of Authority Delegated to the Management Team]

The Bank has a Board of Directors as a decision-making and supervising body for management and an Executive Committee as a decision-making body that executes business operations based on the decisions and delegations made by the Board of Directors. Under the Board of Directors is established the Executive Committee as a deliberative body concerned with operational implementation within the scope delegated by the Board of Directors. The Executive Committee meets to deliberate on the formulation or amendment of business plans; the acquisition and disposal of assets; credit provision-related issues; the payment of debts and expenses; credit management issues; rewards and sanctions for employees; issues related to employees' working conditions and benefits; the establishment, change and abolition of elements of the organization; and the formation, revision and elimination of rules and policies, in addition to conferring on issues to be deliberated by the Board of Directors prior to its meetings. The Executive Committee comprises Executive Officers and others as nominated by the Board of Directors.

(Excerpt from Article 14, Paragraph 4 of our Corporate Governance Guidelines)

[Principle 4-9: Independence Standards and Qualification for Independent Outside Directors]

The Bank's Independence Standards for Outside Officers are as follows.

1. Is not a person with executive authority over operations of the Bank's parent company or fellow subsidiary (or has been in such position in the past, hereinafter, the same applies to each item);
2. Is not a person for which the Bank is a major business partner or a person with executive authority over such entity's operations, or a major business partner of the Bank or a person with executive authority over operations of such entity's operations.
3. Is not a consultant, an accounting professional, a legal professional or a person belonging to an organization that receives a significant amount of monetary compensation from the Bank, other than officers' compensation.
4. Is not a major shareholder of the Bank or a person with executive authority over operations of such shareholder; or
5. Is not a close relative to a person that falls under any of the above or a relative by blood or marriage within the second degree to a person with executive authority over operations of the Bank.

[Supplementary Principle 4-10 (1): Utilization of Voluntary Systems

The Bank adopts the organizational form of a Company with Audit & Supervisory Board Members, and the majority of its Directors are Independent Outside Directors. Furthermore, as an advisory organization to the Board of Directors, the Bank has established the Nomination & Compensation Committee in order to supplement functions of the Board of Directors.

The Nomination & Compensation Committee consists of four Directors, including two Independent Outside Directors and two Representative Directors, and is chaired by an Independent Outside Director. All decisions of the committee meeting shall be made by a majority of the members present when the meeting is attended by a majority of the members. In the case of a tie vote, the matter shall be decided by the chairperson.

A member cannot exercise his or her voting right for a decision regarding the person himself or herself.

In such case, a system is in place so that the voting right of the member is excluded from the number of voting rights held by the members present.

(For the authority and role, etc. of the Nomination & Compensation Committee, please refer to [Principle 3-1: Full Disclosure] 3. Policies and procedures for the Board of Directors to determine compensation etc. for the top management and Directors

[Supplementary Principle 4-11 (1): Diversity and Size of the Board of Directors and Policies and Procedures for the Appointment of Directors]

The Bank makes it a policy to ensure diverse backgrounds in the areas of the expertise and experience of the Directors on the Board of Directors and to maintain an appropriate number that enables the most effective and efficient delivery of its functions (not exceeding the number as stipulated by the Articles of Incorporation).

(Excerpt from Article 14, Paragraph 3 of our Corporate Governance Guidelines)

We believe that the role of Directors is to realize appropriate business management by supervising and auditing business execution while fully understanding the social mission and responsibilities of the banking business.

In order to properly fulfill this role, we utilize the skill matrix when appointing Directors, and aim for a well-balanced composition of members with diverse skills and expertise.

For the skill matrix, please refer to the table at the end of this document.

[Supplementary Principle 4-11 (2): Status of Concurrent Positions of Directors and Audit & Supervisory Board Members]

The status of concurrent positions of Directors and Audit & Supervisory Board Members is described and disclosed in the securities report.

[Supplementary Principle 4-11 (3): Analysis and Evaluation of Effectiveness of the Board of Directors]

- The Bank has been conducting an evaluation of the effectiveness of the Board of Directors annually since fiscal 2015.
- Concerning the effectiveness of the Board of Directors for fiscal 2022, the Bank conducted a questionnaire for Directors and Audit & Supervisory Board Members and based on a summary of the results, discussion and evaluation occurred at the Board of Directors meetings. The results of the evaluation are described below.

<Results of initiatives in fiscal 2022>

All Directors share the roles and responsibilities of the Board of Directors and are fulfilling the decision-making and supervisory

functions through multi-faceted deliberations in which members engage in free and open-minded discussions backed by their knowledge and expertise. Therefore, it was confirmed that the Board of Directors is functioning properly and is hence effective.
Of the priority matters for fiscal 2022 that arose from the issues recognized in fiscal 2021, the continuation and enhancement of strategic discussions, etc. earned high ratings as a result of improvement efforts. Meanwhile, the continuation of explanation by executive personnel on operations was found to have some room for improvement such as the need of opportunities for a deeper level of exchange between the Board of Directors and executive personnel, although the explanations were found to be extremely useful in forming opinions of the Directors. As for the advancement of governance in the Seven Bank Group, the need to ensure more diversity in the composition of the Board of Directors has been pointed out as an issue, although improvements were seen with regard to the issues with which the Board of Directors should be involved.

<Priority matters for fiscal 2023>
Based on the evaluation results for fiscal 2022, we will strive to make governance more effective with the Board of Directors by implementing the following priority matters for fiscal 2023 aimed at our sustained growth and further improvement of corporate value over the medium to long term: to continue to advance governance in the Seven Bank Group; to expand opportunities for the Board of Directors to exchange views and communicate with executive personnel; and to work on initiatives for constructive dialogues with shareholders/investors.

[Supplementary Principle 4-14 (2): Support Systems and Training Policies for Directors and Audit & Supervisory Board Members]
The Bank's support systems and training policies for its Directors and Audit & Supervisory Board Members are as follows.

1. Provide necessary and sufficient internal systems for enabling Directors and Audit & Supervisory Board Members to fulfill their roles and responsibilities in an effective manner.
2. Provide Directors and Audit & Supervisory Board Members with necessary opportunities to enable them to fulfill their roles, such as by providing the information and knowledge relating to the business activities that would be necessary to supervise corporate management when they take office and continually thereafter.
3. Build systems for sharing a sufficient amount of the Bank's internal information with Outside Directors and Outside Audit & Supervisory Board Members (hereinafter, "Outside Officers").
4. Encourage Outside Officers to deepen their understanding of the Bank's Management Ethos and corporate culture, while providing information on the Bank's business environment and other issues on a continuous basis.
5. Maintain and improve the environment for Outside Officers to mutually share information and exchange ideas, such as by holding periodic meetings with Executive Officers and/or other Non-Executive Officers.
6. Bear the expenses for Outside Officers to fulfill their roles.

(Excerpt from Article 25 of our Corporate Governance Guidelines)

[Principle 5-1: Policies for Systems and Measures to Promote Constructive Dialogues with Shareholders]

1. The Bank holds constructive dialogues with its shareholders within a range and using a method that is deemed appropriate by the Bank to contribute to the sustainable growth of the Bank and the medium- to long-term enhancement of its corporate value.

2. Policies for systems and measures to promote constructive dialogues with shareholders are as follows.

(1) Dialogues with shareholders in general shall be supervised by the officer in charge of the Planning Division. When having a dialogue with shareholders, the related departments shall appropriately exchange information and cooperate with each other, led by the Planning Division.

(2) A dialogue with shareholders shall be handled by a Director or an equivalent person within a reasonable range.

(3) Briefings for investors are held periodically to expand the range of means for dialogue with shareholders.

(4) Opinions, etc., of shareholders obtained through dialogues therewith shall be reported to a Director or an equivalent person periodically.

(5) A dialogue with shareholders shall be carried out in accordance with the relevant internal regulations, while handling insider information in an appropriate manner.

3. To promote constructive dialogues with shareholders, the composition of the Bank's shareholders is confirmed periodically.

4. When formulating and announcing a management plan, the content of the plan, including basic policies regarding the business portfolio and the status of its review, and detailed information on what will be implemented in terms of the allocation of management resources, including capital investment, R&D investment and investment in human capital, shall be described in concrete terms by clarifying basic policies on profit planning and capital policy and targets for profitability, capital efficiency and others, after accurately ascertaining the Bank's capital cost in order to achieve this.

(Excerpt from Article 26 of our Corporate Governance Guidelines)

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Seven-Eleven Japan Co., Ltd.	453,639,000	38.46
The Master Trust Bank of Japan, Ltd. (trust account)	97,763,800	8.28
Custody Bank of Japan, Ltd. (trust account)	57,475,900	4.87
Ito-Yokado Co., Ltd.	46,961,000	3.98
York-Benimaru Co., Ltd	45,000,000	3.81
Sumitomo Mitsui Banking Corporation	15,000,000	1.27
The Dai-ichi Life Insurance Company, Limited	15,000,000	1.27
BBH FOR UMB BK, NATL ASSOCIATION－GLOBAL ALPHA INTL SMALL CAP FUND LP	14,747,292	1.25
MUFG Bank, Ltd.	10,000,000	0.84
Nomura Research Institute, Ltd.	10,000,000	0.84

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—

Name of Parent Company, if applicable	Seven & i Holdings Co., Ltd. (Listed Stock Exchange: Tokyo Stock Exchange)

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market of the Tokyo Stock Exchange
Fiscal Year-End	March
Business Sector	Banking
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	From 500 to less than 1,000
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

Seven & i Holdings Co., Ltd. is the Bank's parent company indirectly holding 46.28% of its voting rights, therefore falls under the category of controlling shareholder stipulated in the Timely Disclosure Rules. When conducting transactions, etc. with the parent company, the Bank will comply with the arm's-length rule under the Banking Law, which is a rule established to prevent the soundness of the Bank's management from being compromised through conflict of interest transactions. The Bank fully confirms the necessity for such transactions and that the conditions of such transactions do not differ significantly from conditions of usual transactions with third parties.

5. Other Special Circumstances which May have Material Impact on Corporate Governance

The Bank believes that in order to achieve sound and sustainable growth, it is essential to engage in business development (innovation) by integrating collaboration with various partners to an advanced degree based on our credibility and transparency of management as a corporate entity. Furthermore, we recognize that listing on the market is one of the most effective means to ensure the Bank's credibility and transparency of management. As an independently listed company, the Bank independently and autonomously deliberates and determines our own business strategies, personnel policies, capital policies, etc. as we engage in our own operating activities. In addition, in order to ensure the necessary independence from our parent company, we have established a Nomination & Compensation Committee, which is chaired by an Independent Outside Director, as an advisory body to the Board of Directors. This Committee deliberates on matters concerning recommendations for candidates for the Bank's Directors and Executive Officers. In this way, independence from the parent company is ensured regarding the appointment of top

management personnel.

Further, the Bank also has Outside Directors and Outside Audit & Supervisory Board Members with a certain degree of independence who supervise to ensure that no conflict of interest arises between our parent company and shareholders other than the parent company. The Bank does not have any agreements concluded regarding Group management with the parent company. In addition, to comply with the disclosure obligations, etc. of the parent company, the Bank has established the Guidelines for Reporting of Material Facts with the parent company and reports to the parent company accordingly. These reports are limited to matters that impact the parent company's timely disclosure, materially impact the parent company's consolidated financial statements, and may potentially impair the credibility of the Seven & i Group. Parent company's approach and policy regarding group management are as follows:

"Although the Company owns the listed subsidiary, Seven Bank, Ltd., from the standpoint of respecting the independence of Seven Bank, Ltd., we value the management decisions of the said listed subsidiary, and respect the independent and autonomous deliberation and determination of its business strategies, personnel policies, capital policies, etc., as it engages in its own operating activities." (Excerpt from Seven & i Holdings Co., Ltd.'s website)

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board Members

Directors

Number of Directors Stipulated in Articles of Incorporation	9
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Makoto Kigawa	From another company								△			
Yukiko Kuroda	From another company											

Etsuhiro Takato	From another company											
Yuji Hirako	From another company											
Tami Kihara	From another company											

*Categories for "Relationship with the Company"

*"○" when the Director presently falls under or recently has fallen under the category; "△" when the Director fell under the category in the past

*"●" when a close relative of the Director presently falls under or recently has fallen under the category; "▲" when a close relative of the Director fell under the category in the past

a. Executive of the Bank or its subsidiary
b. Non-Executive Director or Executive of a parent company of the Bank
c. Executive of a fellow subsidiary of the Bank
d. A party for which the major client or supplier is the Bank or an Executive thereof
e. Major client or supplier of the Bank or an Executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Bank besides officers' compensation
g. Major shareholder of the Bank (or an Executive thereof if the shareholder is a legal entity)
h. Executive of a client or supplier of the Bank (which does not correspond to any of d, e or f) (the Director himself/herself only)
i. Executive of a company, between which the Bank mutually appoints Outside Officers (the Director himself/herself only)
j. Executive of a company or organization that receives a donation from the Bank (the Director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Makoto Kigawa	○	Mr. Makoto Kigawa concurrently holds offices as Special Adviser of YAMATO HOLDINGS CO., LTD. and Outside Director of The Higo Bank, Ltd. The Bank and its subsidiaries have the following transactions with YAMATO HOLDINGS' subsidiaries and The Higo Bank, Ltd., respectively. However, the amount of such transactions with each comprises less than 1% of ordinary expenses or of the ordinary income of the Bank's most recent consolidated business year. Therefore, we consider that these transactions will not have an impact on independence. The Bank and its subsidiaries pay delivery fees, etc. to YAMATO HOLDINGS' subsidiaries. The Bank's subsidiaries receive payments for system usage fees, etc. from the YAMATO HOLDINGS' subsidiaries. The Bank has ATM collaboration transactions with The Higo Bank, Ltd. and receives payments of commissions, etc. [Major Concurrent Positions] Special Adviser, YAMATO HOLDINGS CO., LTD. Outside Director, Oki Electric Industry Co., Ltd. Outside Director, The Higo Bank, Ltd.	Mr. Makoto Kigawa's experience and insight as a manager at YAMATO HOLDINGS CO., LTD., etc., has genuinely contributed to the Bank's management. Mr. Makoto Kigawa does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Yukiko Kuroda	○	Ms. Yukiko Kuroda concurrently holds office as Independent Director	Ms. Yukiko Kuroda's experience as a corporate manager and insight related to

		of OBAYASHI CORPORATION. The Bank's subsidiaries have the transactions stated below with OBAYASHI CORPORATION. However, the amount of such transactions comprises less than 1% of ordinary expenses or of the ordinary income of the Bank's most recent consolidated business year and it is not deemed to affect her independence. - The Bank's subsidiaries receive payments for system usage fees, etc., from OBAYASHI CORPORATION. [Major Concurrent Positions] Director/Founder, People Focus Consulting Co., Ltd. Outside Director, TERUMO CORPORATION, Independent Director, OBAYASHI CORPORATION, Outside Director, Oracle Corporation Japan	the development of human resources who can handle global business has genuinely contributed to the Bank's management. Ms. Yukiko Kuroda does not have any special attributes and/or relations with the Bank that would disqualify her as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and she is therefore designated as an Independent Officer.
Etsuhiro Takato	○	[Major Concurrent Positions] Advisor, Ajinomoto Co., Inc. Outside Director, Milbon Co., Ltd.	Mr. Etsuhiro Takato's experience and insight in corporate management, marketing, and global duties from working at Ajinomoto Co., Inc. has genuinely contributed to the Bank's management. Mr. Etsuhiro Takato does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Yuji Hirako	○	[Major Concurrent Positions] Member of the Board, Vice Chairman, ANA HOLDINGS INC.	Mr. Yuji Hirako possesses experience and insight in managing companies such as ANA HOLDINGS INC. Mr. Yuji Hirako does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Tami Kihara	○	[Major Concurrent Positions] General Manger of Digital Professionals Strategy Center of Digital Strategy Department, Ricoh Company, Ltd. Director, Ricoh IT Solutions Co., Ltd.	Ms. Tami Kihara possesses experience and insight in corporate management at Ricoh IT Solutions Co., Ltd. and HR strategy at Ricoh Company, Ltd. Ms. Tami Kihara does not have any special attributes and/or relations with the Bank that would disqualify her as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of causing conflicts of interest with general shareholders, and she is therefore designated as an Independent Officer.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Compensation Committee	4	0	2	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination & Compensation Committee	4	0	2	2	0	0	Outside Director

Supplementary Explanation

Details of the Nomination & Compensation Committee are stated in "Supplementary Principle 4-10 (1) Utilization of Voluntary Systems" under the "Disclosure Based on the Principles of the Corporate Governance Code" in this Report.

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

1. Cooperation between the Audit & Supervisory Board Members and the Accounting Auditor

Under an audit contract with KPMG AZSA LLC, Audit & Supervisory Board Members receive advice as an accounting professional on the accounting audits by the Audit & Supervisory Board Members and hold regular meetings to exchange opinions for mutual collaboration.

Audit & Supervisory Board Members perform audits on the execution of duties by Directors by attending the Board of Directors meetings or other means. In addition to conducting their own operational and accounting audits, Audit & Supervisory Board Members receive reports on results of external audits by the accounting auditor and check the appropriateness thereof. Members from the Internal Audit Division are also present when receiving accounting audit reports from the accounting auditor, in an effort to facilitate close cooperation.

2. Cooperation between the Audit & Supervisory Board Members and the Internal Audit Division

The Bank has in place the Internal Audit Division, which is independent of the Bank's other departments engaging in business operations and directly reports to the President and Representative Director.

The Internal Audit Division annually sets a basic policy for internal auditing plans and priority issues to be addressed, which are to be approved by the Board of Directors. Individual internal auditing plans are formulated by the General Manager of the Internal Audit Division, and approval of these plans is obtained from the President and Representative Director, who is the officer in charge of the Internal Audit Division. Individual internal audits are conducted by investigating and evaluating the appropriateness and effectiveness of internal management systems as a whole based on the following items to discover problems, if any, and suggesting how to address them. The results of these audits are reported to the President and Representative Director, the Executive Committee and the Audit & Supervisory Board.

(1) Status of business plans

(2) Compliance system and compliance status

(3) Appropriateness and effectiveness of internal controls over financial reporting

(4) Systems for and the current status of customer management, including customer protection

(5) Systems for and the current status of risk management

(6) Internal management systems at each operational department, appropriateness and effectiveness thereof

Internal audits are conducted on all of the Bank's departments and systems, including those of its subsidiaries. Audits are also conducted on the operations of the Bank's major outsourcing contractors regarding the status of management by its relevant internal departments, as well as on the outsourcing contractors themselves within the scope agreed with them.

Audit & Supervisory Board Members receive periodic reports from the Internal Audit Division on its audit plans and results and request investigations as necessary to ensure that the audit results of the Internal Audit Division are effectively utilized for internal control system audits by Audit & Supervisory Board Members. In addition, Audit & Supervisory Board Members receive reports on the status of internal control systems regularly or as necessary from the departments in charge of internal control functions, and ask for detailed explanations as necessary.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideaki Terashima	Attorney-at-law													
Chieko Ogawa	Certified Public Accountant													

*Categories for "Relationship with the Company"

*"○" when the Audit & Supervisory Board Member presently falls under or recently has fallen under the category; "△" when the Audit & Supervisory Board Member fell under the category in the past

*"●" when a close relative of the Audit & Supervisory Board Member presently falls under or recently has fallen under the category; "▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. Executive of the Bank or its subsidiary
b. Non-Executive Director or Accounting Advisor of the Bank or its subsidiary
c. Executive or Non-Executive Director of a parent company of the Bank
d. Audit & Supervisory Board Member of a parent company of the Bank
e. Executive of a fellow subsidiary of the Bank
f. A party for which the major client or supplier is the Bank or an Executive thereof
g. Major client or supplier of the Bank or an Executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Bank besides officers' compensation
i. Major shareholder of the Bank (or an Executive thereof if the shareholder is a legal entity)
j. Executive of a client or supplier of the Bank (which does not correspond to any of f, g or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which the Bank mutually appoints Outside Officers (the Audit & Supervisory Board Member himself/herself only)
l. Executive of a company or organization that receives a donation from the Bank (the Audit & Supervisory Board Member himself/herself only)
m. Others

Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hideaki Terashima	○	[Major Concurrent Positions] Attorney-at-law (Harumi-kyowa Law Offices)	Mr. Hideaki Terashima utilizes his broad insight in corporate legal affairs, nurtured in his career as an Attorney-at- law, to contribute to the audits of management of the Bank. Mr. Hideaki Terashima does not have any special attributes and/or relations with the Bank that would disqualify him as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of having conflicts of interest with general shareholders, and he is therefore designated as an Independent Officer.
Chieko Ogawa	○	[Major Concurrent Positions] Certified Public Accountant and Certified Tax Accountant (Head of Ogawa CPA Office) Member of the Board (Outside) (Member of the Audit & Supervisory Committee), Yorozu Corporation	Ms. Chieko Ogawa possesses international insight as a Certified Public Accountant. Ms. Chieko Ogawa does not have any special attributes and/or relations with the Bank that would disqualify her as an Independent Officer as stipulated by the Tokyo Stock Exchange, Inc. This eliminates the possibility of having conflicts of interest with general shareholders, and she is therefore designated as an Independent Officer.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	7

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

The Bank registers all applicable persons who fulfill the qualifications of Independent Officer as such.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduced a Performance-Based Stock Compensation Plan

Supplementary Explanation for Applicable Items

To further increase motivation in contributing to the medium- to long-term continued enhancement of performance and corporate value of the Bank, the Bank introduced a Performance-Based Stock Compensation Plan, which delivers the Company's shares in accordance with the level of achievement of performance targets (hereinafter, the "Plan"), as of 2017. (The transfer of the unexercised and outstanding share subscription rights previously granted to Directors as share-based compensation in the form of stock options to the Plan was approved by a resolution at the 19th Ordinary General Meeting of Shareholders held on June 22, 2020, and the transition from share-based compensation in the form of stock options to the Plan was executed. The Plan is composed of a "fixed portion," which grants fixed points for each job rank, and a "performance-based portion," which grants a varying number of points determined by job rank and performance. For each portion, points are granted and accumulate every year of the term of office of the relevant officer, and a number of the Bank's shares corresponding to the amount of accumulated points will be delivered to the officer upon retirement.

The number of points (i.e., the number of shares to be delivered) to be provided in the performance-based portion will be determined by multiplying the number of points for each rank by performance-linked factors according to the achievement level of consolidated performance targets (Employee engagement is scheduled to be added as an evaluation indicator for the points to be granted as performance-based stock compensation as consideration for the fiscal year ending March 31, 2024, and thereafter).

In addition, as of 2020, the Bank has introduced a bonus system that will pay recipients in accordance with the level of achievement of performance targets, with the aim of steadily achieving performance targets (milestones) for each fiscal year to realize medium- to long-term improvement of corporate value.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation for Applicable Items

The total amount of Directors' compensation for the 22nd fiscal period (April 1, 2022, to March 31, 2023) was ¥234 million for 9 Directors. This compensation included ¥44 million of expenses related to stock compensation that were granted to two Directors.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

(Basic Policy on Officers' Compensation)

- Ensuring a compensation system to promote sustainable improvement of corporate value with emphasis placed on the link to business performance
- Ensuring compensation systems and compensation levels with their responsibilities to secure highly capable human resources who lead and take responsibility for, in an appropriate manner, the supervision and execution of operations
- Ensuring a compensation system based on an objective and transparent process and that is fair and equitable

(Compensation Structure)

The Bank's compensation structure for Officers is comprised of the following: "basic compensation" as fixed compensation and "bonuses" and "performance-based stock compensation" as variable compensation. The ratio of each plan is proposed to the Board of Directors by the Nomination & Compensation Committee, and the final decision is made by resolution of the Board of Directors, taking into account factors including: (i) a balance between fixed compensation and variable compensation, (ii) a balance between cash remuneration and stock compensation, (iii) a balance between bonuses and stock compensation, and (iv) incentivization to carry out management with a well-balanced perspective in both the short-term and the medium- to long-term. In addition, Non-Executive Directors and Audit & Supervisory Board Members only receive fixed compensation, considering their role is to supervise the Bank's management from an objective and independent standpoint.

(Method for Determining Compensation, etc.)

The specific amount of compensation, etc. for Directors is proposed to the Board of Directors by the Nomination & Compensation Committee within the annual limits for compensation approved by the General Meeting of Shareholders, and the final decision is made by resolution of the Board of Directors.

From the perspective of understanding the process of discussion, Audit & Supervisory Board Members may participate as observers who do not possess voting rights when a Nomination & Compensation Committee meeting is held.

In addition, the Nomination & Compensation Committee deliberates on the system and level, etc., of Officers' compensation and also verifies compensation amounts based on the Bank's Basic Policy on Officers' Compensation, and thereby ensures the objectivity and transparency of the compensation decision process.

Support System for Outside Directors and/or Outside Audit and Supervisory Board Members

The support system for Outside Directors and/or Audit & Supervisory Board Members is stated in "Supplementary Principle 4-14 (2): Support Systems and Training Policies for Directors and Audit & Supervisory Board Members" under the "Disclosure Based on the Principles of the Corporate Governance Code" in this Report.

Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Takashi Anzai	Executive Adviser	External activities, etc.	Part-time, with no compensation	June 19, 2018	1 year, (renewable)
Kensuke Futagoishi	Executive Adviser	Outside officer, External activities, etc.	Full-time, with compensation	June 20, 2022	1 year, (renewable)

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	2

Other Related Matters

- The advisory system is stipulated in the regulations for officers that are established and resolved by the Board of Directors, and under this system advisors and Executive Advisors are appointed from among candidates with experience as Director.
- Advisers and Executive Advisers do not have any authority that would affect the management decisions of the Company.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

As of the update of this Report, the Bank's Board of Directors consisted of eight Directors, including five Outside Directors. The Board of Directors meets, in principle, once a month to decide on the Bank's basic management policies and important operational issues and to supervise the execution of business by Directors with executive authority over operations and Executive Officers.

As an advisory organization to the Board of Directors, the Bank has established the Nomination & Compensation Committee chaired by an Independent Outside Director to supplement functions of the Board of Directors. The committee deliberates the following matters regarding the Bank's Directors and Executive Officers.

(1) Delegated by the Board of Directors, recommendations for candidates for Director to be put on the agenda at a General Meeting of Shareholders

(2) Delegated by the Board of Directors, recommendations for candidates for Representative Director, candidates for Executive Director, candidates for Executive Officer with Title and candidates for Executive Officer to be put on the agenda at a Board of Directors meeting

(3) Supervision of a plan on successors to the position of Director, etc.

(4) Allocation of the total amount of compensation for Directors determined by the Articles of Incorporation or by a General Meeting of Shareholders to each Director, and proposals for the amount of compensation for Executive Officers determined by a Board of Directors meeting

(5) Other important personnel matters regarding Directors

The Board of Directors has established the Executive Committee as a decision-making body concerned with operational implementation within the scope delegated by the Board of Directors. In principle, the Executive Committee meets on a weekly basis to deliberate on the implementation of important operations, including the formulation or amendment of important business plans; the acquisition and disposal of important assets; important credit provision-related issues; the payment of large debts and expenses; important credit management issues; rewards and sanctions for employees; important issues related to employees' working conditions and benefits; the establishment, change and abolition of important elements of the organization; and the formation, revision and elimination of important rules and policies, in addition to conferring on issues to be deliberated by the Board of Directors prior to its meetings. Since June 2006, the Bank has adopted an executive officer system, and the Executive Committee comprises Executive Officers and others nominated by the Board of Directors.

As of the update of this Report, the Bank's Audit & Supervisory Board consisted of four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members. The Audit & Supervisory Board meets, in principle, at least once a month to receive reports regarding important auditing- related issues and deliberate and make decisions thereof. The Audit & Supervisory Board convenes with Representative Directors, the Internal Audit Division and the accounting auditor on a regular basis to exchange opinions and make requests as necessary on issues to be addressed by the Bank, the status of improvements to the Audit & Supervisory Board Members' auditing environment and important auditing-related issues. In addition, the Audit & Supervisory Board Members attend important meetings of the Company, including meetings of the Board of Directors, and oversee and verify from the following perspectives the status of fulfillment of legal obligations, including the duty of care of a good manager and the duty of loyalty, with regard to resolutions of the Board of Directors and other decision making by Directors.

(1) There shall be no material and careless errors in recognizing the facts based on which a decision is made.

(2) The decision-making process shall be reasonable.

(3) The content of a decision shall not violate laws and/or the Articles of Incorporation.

(4) The content of a decision shall not be apparently unreasonable as an ordinary corporate manager.

(5) The interest of the Bank shall be considered first, not the interest of Directors or a third party, in making a decision.

To assist the Audit & Supervisory Board Members and facilitate the operation of the Audit & Supervisory Board, the Audit & Supervisory Board Members' Office has been established and employees have been positioned in place.

3. Reasons for Adoption of Current Corporate Governance System

Regarding the reasons for adoption of the current corporate governance system, please refer to "I.1 Basic Views."

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	A Convocation Notice of a General Meeting of Shareholders is mailed no later than three days in advance of the statutory due date (mailed on June 1, 2023). The notice is also published electronically on the websites of the Bank and the Tokyo Stock Exchange before it is mailed so that shareholders may sufficiently comprehend the content.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Bank's General Meeting of Shareholders is held during the week preceding the week during which the peak day falls so that as many shareholders as possible may attend the meeting. The 22nd Annual General Meeting of Shareholders: June 19, 2023.
Electronic Exercise of Voting Rights	The electronic exercise of voting rights is allowed by accessing the voting website specified by the Bank through a personal computer or a smartphone, etc., thereby allowing as many shareholders as possible to exercise their voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Bank uses the electronic voting platform operated by Investor Communications Japan, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	An abridged English translation of the convocation notice is posted on the electronic voting platform and the website of the Bank (English version).
Other	The disclosure of results for the exercise of voting rights are posted on the Bank's website. https://www.sevenbank.co.jp/english/ir/stock/meeting.html For the benefit of shareholders who were unavailable on the day of the 22nd Ordinary General Meeting of Shareholders, for remote shareholders, and in consideration of the fact that the COVID-19 situation is still a case of on-going concern, the Bank provided methods for shareholders to exercise their vote and participate in the meeting on the Internet. Furthermore, the Ordinary General Meeting of Shareholders was livestreamed on the Internet, and the archived video will be distributed after the meeting.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Disclosure Policies have been created and posted on the Bank's website.	
Regular Investor Briefings held for Individual Investors	In fiscal 2022, we held one corporate briefing online.	No
Regular Investor Briefings held for Analysts and Institutional Investors	Briefing for analysts and institutional investors are usually held following the release of each quarterly financial results.	Yes
Online Disclosure of IR Information	Financial reports, other statutory disclosure materials and other information including those voluntarily disclosed are provided to promote fair IR activities.	
Establishment of Department and/or Placement of a Manager in Charge of IR	Planning Division	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Bank's basic attitude toward its stakeholders is stipulated in its Management Ethos, Corporate Principles and Code of Conduct. In addition, in order to be a company that continues to be needed in the face of changes in each stakeholder's requirements caused by changes in society and the environment, the Seven Bank Group's purpose was formulated in April 2021 as a basic stance toward each stakeholder.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Bank's group defines sustainability as "proactively working to solve environmental and social issues through business activities, and creating value for both the environment and society and companies" and "the obligation to be proactively fulfilled as a company supported by customers and the society and coexisting with the environment and the society." We position sustainability as the basis for our long-term management strategy, contribute to the increasingly serious and emerging social issues through our business activities, and continuously promote new value creation in both society and companies. In April 2021, with the aim of increasing the effectiveness of the Bank's group's promotion of sustainability, we formulated the "Basic Sustainability Promotion Policy" and established the "Sustainability Committee" as an advisory body to the Executive Committee. In promoting sustainability, we are committed to conducting activities on a

	company-wide basis. In accordance with the “Five Materiality” established in 2019, we will accelerate our efforts to solve environmental problems and social issues through our business and consequently contribute to achieving the SDGs. <The Five “Materiality”> 1. Provide safe and secure settlement infrastructure 2. Create life quality through new financial services 3. Create a society where everybody can play a part 4. Reduce environmental impact 5. Realize coexistence of multiple cultures In addition, with regard to 4. “Reduce environmental impact,” we will actively participate in GREEN CHALLENGE 2050 (net zero emissions by 2050), which was set by Seven & i Holdings Co., Ltd., the Bank’s parent company, by pursuing initiatives with a view to the entire ATM platform business (ATM manufacturing, ATM operations, disposal of removed ATMs). Specific initiatives for sustainability promotion are disclosed on the Bank’s website. https://www.sevenbank.co.jp/english/csr/
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Bank’s Disclosure Policies, including a policy for the provision of information to stakeholders, have been established and are posted on its website.
Other	Efforts to ensure diversity are stated in “Supplementary Principle 2-4 (1): Ensuring Diversity in the Promotion of Human Resources” under the “Disclosure Based on the Principles of the Corporate Governance Code” in this report.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

1. Contents of resolutions made at the Board of Directors

It was resolved at the Board of Directors meeting held on May 8, 2006, that relevant steps would be taken to ensure the development of systems in accordance with Article 362, Paragraph 4, Item 6 of the Companies Act. The content of this resolution is reviewed each fiscal year in terms of its progress. An outline of the system is as follows.

(1) System for ensuring that the execution of duties by Directors is carried out in accordance with laws, regulations and the Articles of Incorporation

The Board of Directors has established a "Policy on Compliance" and "Compliance Standards" for the implementation of compliance in management. The Directors regularly report to the Board of Directors on the current state of progress made on compliance initiatives.

(2) System for the storage and management of information related to the execution of duties by Directors

The information related to the execution of duties by Directors is to be appropriately and securely stored and managed, and prompt disclosure shall be made in case requested either by Directors or Audit & Supervisory Board Members.

(3) Regulations and other structures for controlling the risk of loss

The Board of Directors has established a "Basic Policy on Risk Control" comprising systematic provisions for risk control with the aim of securing sound and effective management for the appropriate control of the Bank's risk of loss in management. The Directors regularly report to the Board of Directors about issues related to risk control.

(4) System for ensuring the efficient execution of duties by Directors

The Board of Directors aims to ensure its efficient operation by establishing "Rules for the Board of Directors" and by making provisions for important issues to be placed on its agenda and suitably reported. The Board of Directors has established the Executive Committee for the efficient decision making on business execution and introduced an executive officer system with the aim of achieving the smooth and efficient execution of duties.

(5) System for ensuring that the execution of duties by employees is carried out in accordance with laws, regulations and the Articles of Incorporation

The Directors develop an appropriate compliance system based on the "Policy on Compliance" and the "Compliance Standards." The Directors bear ultimate responsibility for the creation of structures to ensure compliance in the execution of employees' duties, the determination of policies, the execution of such policies, the verification of their implementation status and the assessment of the policies.

(6) Structure for ensuring the appropriateness of the Group's operations

The Directors and employees of the Bank, as members of the Seven & i Group sharing the Group's Management Ethos, are united in striving to promote a law-abiding attitude. With the aim of prioritizing the soundness of its management, the Bank develops a structure for independent management decision making while adhering to the arm's-length rule and others. To ensure the appropriateness of operations conducted by the Bank's group consisting of the Bank and its subsidiaries, the Board of Directors formulates the "Policy to Manage Subsidiaries," based on which Directors put in place a structure to manage subsidiaries appropriately.

(7) Items concerning relevant employees in the case of requests from Audit & Supervisory Board Members for the deployment of the Bank's employees to support the role of Audit & Supervisory Board Members

The Bank shall install the Audit & Supervisory Board Members' Office and deploy employees dedicated for the Audit & Supervisory Board Members' Office to support the role of Audit &

Supervisory Board Members. In addition, the Directors shall, when requested by Audit & Supervisory Board Members, have employees assist with audit operations.

(8) Items concerning the independence from the Directors of the Bank's employees dedicated to the Audit & Supervisory Board Members' Office

With regard to employees dedicated to the Audit & Supervisory Board Members' Office, the officers in charge of Human Resources Division should preliminarily report to, and gain prior approval of, the full-time Audit & Supervisory Board Members concerning personnel transfers, performance evaluations and disciplinary actions.

(9) System for ensuring the effectiveness of directions given by Audit & Supervisory Board Members to the employees supporting the role of the Audit & Supervisory Board Members

The Audit & Supervisory Board Members' Office shall be staffed by an appropriate number of dedicated employees equipped with the necessary knowledge and abilities, and Audit & Supervisory Board Members shall be given the right to issue orders to such employees. In addition, such employees are given the authority to investigate the appropriateness of operations and collect necessary information for that purpose.

(10) System for reports to Audit & Supervisory Board Members made by Directors and employees

Directors receive an explanation of auditing policies and plans and the current status and results of the implementation of audits from the Audit & Supervisory Board as necessary, and shall determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and shall duly make such report. Directors and employees shall promptly report to Audit & Supervisory Board Members issues that could cause significant entity-wide influence, the progress of internal audits and important matters with regard to compliance, in addition to statutory matters. For reports concerning the Bank's subsidiaries, a department within the Bank shall be assigned to take responsibility for receiving reports on a subsidiary's business management, compliance, risk management and other internal management issues from the subsidiary's Directors and employees. Such departments in charge of the respective subsidiaries shall report, if necessary, such information to Audit & Supervisory Board Members.

(11) System for ensuring that persons who report to Audit & Supervisory Board Members are not treated disadvantageously due to such reporting

The Bank's internal regulations shall be in place to prohibit any disadvantageous treatment of persons who make reports to Audit & Supervisory Board Members and such regulations shall be operated appropriately.

(12) Matters concerning policies for the procedures for the prepayment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Board Members or treatment of other expenses or liabilities incurred for the execution of such duties

Ordinary auditing expenses shall be budgeted according to the auditing plans of Audit & Supervisory Board Members. For any extraordinary or temporary expenses, reimbursement may be requested.

(13) Other system for ensuring the effective implementation of audits by Audit & Supervisory Board Members

Directors and the internal audit division hold regular meetings with the Audit & Supervisory Board to exchange opinions about important auditing issues and deepen their mutual understanding.

2. Status of operation of the structure for the maintenance of the appropriateness of the Bank's group's operations

Outline of the status of operation of the structure for the maintenance of the appropriateness of the Company's operations for the fiscal 2022 under review is as follows.

(1) Compliance system

The Bank has a Compliance Committee installed for the purpose of inspecting and evaluating the entity-wide compliance from the perspective of comprehensive management and operation. During the fiscal 2022 under review, the Compliance Committee met two times, understanding compliance- related issues and discussing the measures to address such issues.

Furthermore, the Bank has formulated a "Compliance Program," based on which the employees practice compliance, and the Bank monitors the Program's progress and status of implementation through a self-inspection system and also interviews conducted by compliance officers.

(2) Risk management system

The Bank has a Risk Management Committee installed for the purpose of deliberating on important matters regarding the status of risk management reported from the Risk Management Division controlling each risk and reporting the content to the Executive Committee. During the fiscal 2022 under review, the Risk Management Committee met four times, receiving reports from the Risk Management Division controlling each risk concerning the risk management status and evaluation, etc., and discussing measures to address such risks.

(3) Execution of duties by Directors

During the fiscal 2022 under review, the Board of Directors held 14 meetings to determine matters stipulated by laws and regulations, as well as the Company's Articles of Incorporation. In addition, the board determined management policy, formulated a budget and determined other important managerial matters; analyzed and evaluated monthly business performance; and deliberated from the perspectives of compliance with laws, regulations and the Company's Articles of Incorporation, as well as the appropriateness of business duties.

In addition, we gave prior explanations to Outside Directors on certain issues that might have a significant effect on management and making efforts to further deepen an understanding of the Bank's business operation.

(4) The Bank's group management structure

Regarding the subsidiaries' business plans that the Bank approved, the Bank gives the subsidiaries some room for their discretion in the execution of business within the approved range. Then, the Board of Directors, at its meetings, shall receive reports from directors, etc., of subsidiaries regarding the status of management, etc., of such subsidiaries to understand the current situation. In addition, the Bank's Internal Audit Division regularly audits the business operation of subsidiaries.

(5) Execution of duties by the Audit & Supervisory Board Members

The Bank's Audit & Supervisory Board consists of four Audit & Supervisory Board Members including two Outside Audit & Supervisory Board Members. During the fiscal 2022 under review, the Audit & Supervisory Board held 16 meetings, receiving reports from full-time Audit & Supervisory Board Members with regard to the current status of the Bank and exchanging opinions among the Audit & Supervisory Board Members.

In addition, the Audit & Supervisory Board Members attend important meetings such as Board of Directors meetings and the Executive Committee meetings, regularly exchanging information with Representative Directors, the Accounting Auditor and the Internal Audit Division, thereby monitoring Directors' execution of duties.

(6) Ensuring the effectiveness of audits by the Audit & Supervisory Board Members

To support the role of the Audit & Supervisory Board Members, the Bank has the Audit & Supervisory Board Members' Office with two dedicated employees positioned to the office, assisting the Audit & Supervisory Board Members with their duties. Directors receive explanation as necessary from the Audit & Supervisory Board regarding the audit policy, the audit plan, the status of implementation of audits and the audit results. Directors determine the issues that should be reported to the Audit & Supervisory Board by consulting with the Audit & Supervisory Board, and they are duly reporting to the Audit & Supervisory Board.

Directors and employees of the Bank and Directors and employees of the subsidiaries report to the Audit & Supervisory Board Members as necessary regarding matters that have a significant impact on the overall entity, the status of implementation of the internal audits and important matters related to compliance in addition to legal issues.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. Views on Eliminating Antisocial Groups

In its Code of Conduct, the Bank presents its strong opposition to antisocial groups that could threaten the order and safety of civil society. Details of specific measures for that purpose are stipulated in its internal regulations.

2. Progress of the Development of Systems for Eliminating Antisocial Groups

(1) Status of establishing a department responsible for dealing with related matters and assigning a person responsible for responding to wrongful demands

The Bank assigns the Risk Management Division to be in charge of developing systems for acting against antisocial groups. The Division formulates the policies, systems and measures for acting against antisocial groups and conducts the implementation, reporting, evaluation, review and improvement thereof. Meanwhile, the General Affairs Division and the Financial Crime Risk Strategy Planning and Prevention Division are assigned the responsibility to deal with any specific approach or attack actually made by antisocial groups and to improve the systems for such purpose. In addition, the Bank designates a person responsible for preventing wrongful demands to ensure an organized approach against wrongful demands.

(2) Status of collaboration with outside professional organizations

The General Affairs Division and the Financial Crime Risk Strategy Planning and Prevention Division have built collaborative relationships with outside professional organizations, including the police, public interest incorporated foundation Tokyo Center for Promoting the Elimination of Bouryokudan ("Boutsui Tokyo"), to enable timely and appropriate action in case of emergency, by exchanging information on a regular basis.

(3) Status of collecting and managing information on antisocial groups

The Financial Crime Risk Strategy Planning and Prevention Division maintains a database on antisocial groups, and the database is continuously updated whenever information is received from outside professional organizations.

(4) Status of preparing manuals for acting against antisocial groups

In line with its Code of Conduct, Policy on Compliance and Compliance Regulations, the Bank has stipulated improvements to organized systems for acting against antisocial groups and specific measures in the Regulations for Response to Antisocial Groups.

(5) Status of conducting training activities

The Bank provides all employees with educational and training opportunities to learn how to act against antisocial groups at least once a year.

(6) Other

The Bank has asked customers applying to open accounts to sign an affidavit stating that they are not associated with antisocial forces, has included rules and other clauses that provide explicitly for the exclusion of organized crime groups, and has enabled account application rejection and account closure for customers associated with antisocial groups.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

Preparation and Improvement of Systems for Timely Disclosure

1. Basic Approach on Timely Disclosure

The Bank recognizes that, building on proper information management, conducting timely and appropriate disclosure of its corporate information and highly reliable financial reporting are important to enhance the transparency of corporate management and promote the understanding and trust of the Bank among its customers, shareholders, business partners, local communities and employees, thereby increasing the Bank's corporate value. With this recognition, the Bank conducts the disclosure of its information in an active and equitable manner. The Bank conducts the disclosure of information that is useful to society, including its shareholders, as promptly and correctly as possible, even if the disclosure of such information is not statutorily required and irrespective of whether such information is advantageous or disadvantageous to the Bank.

The Bank adheres to the Disclosure Policies in which it is stated that information is posted on its website promptly after it is timely disclosed to ensure the opportunity to get fair and easy access to such information. The Disclosure Policies are disclosed on the Bank's website and put in action.

2. Development and Improvement of Internal Systems and Structures for Timely Disclosure

The Bank has established the Basic Policy on Internal Management to improve the systems for ensuring the soundness and appropriateness of business operations and to make all officers and employees fully aware of such systems. Based on this policy, the Bank has also developed the Policy on Information Disclosure and the Information Disclosure Regulations as its subordinate regulation to clarify the Bank's basic attitude toward information disclosure and the disclosure methods and ensure entity-wide awareness by disseminating them by posting on its intranet.

In line with the basic policy, the Bank has designated the Planning Division as a department in charge of promoting timely and appropriate information disclosure. With the officer in charge of Planning Division designated as the person responsible for

information disclosure, the Planning Division conducts the overall management of information disclosure issues, including procedures for information disclosure and responses after disclosure.

3. Development and Improvement of Procedures for Timely Disclosure

(1) Information on determined facts

A material fact determined by the Bank's own intention (hereinafter "determined facts") is disclosed immediately after it is resolved by the organization that makes decisions on the execution of operations.

The Planning Division, which is in charge of information disclosure, bears the function as a secretariat of the Board of Directors, which makes decisions on the basic policies for corporate management and important matters concerning business operations, and the Executive Committee, which conducts deliberations on the execution of business operations within the scope delegated by the Board of Directors and confers on issues to be deliberated by the Board of Directors prior to its meetings. Therefore, information concerning determined facts is gathered to the Planning Division before being resolved. The department in charge of information disclosure preliminarily obtains the matters to be put on the agenda of the Board of Directors or the Executive Committee through the secretariat thereto; identifies the information to be disclosed and the best possible timing and method to disclose it by taking into account the possible effects on investors' judgment and other factors in light of the timely disclosure rules and regulations set by the stock exchange where the Bank is listed and the provisions of the Financial Instruments and Exchange Act; and immediately discloses such information using the TD net upon a resolution on the determined facts.

The information disclosed is reported to the Board of Directors. Information disclosed in the method above, after disclosure by the TD net, is then disclosed on the Bank's website, etc. and distributed at related press clubs or other entities to ensure broader recognition.

(2) Information on occurred facts

A material fact occurring due to external factors is disclosed promptly when the occurrence of such fact is recognized by the Bank.

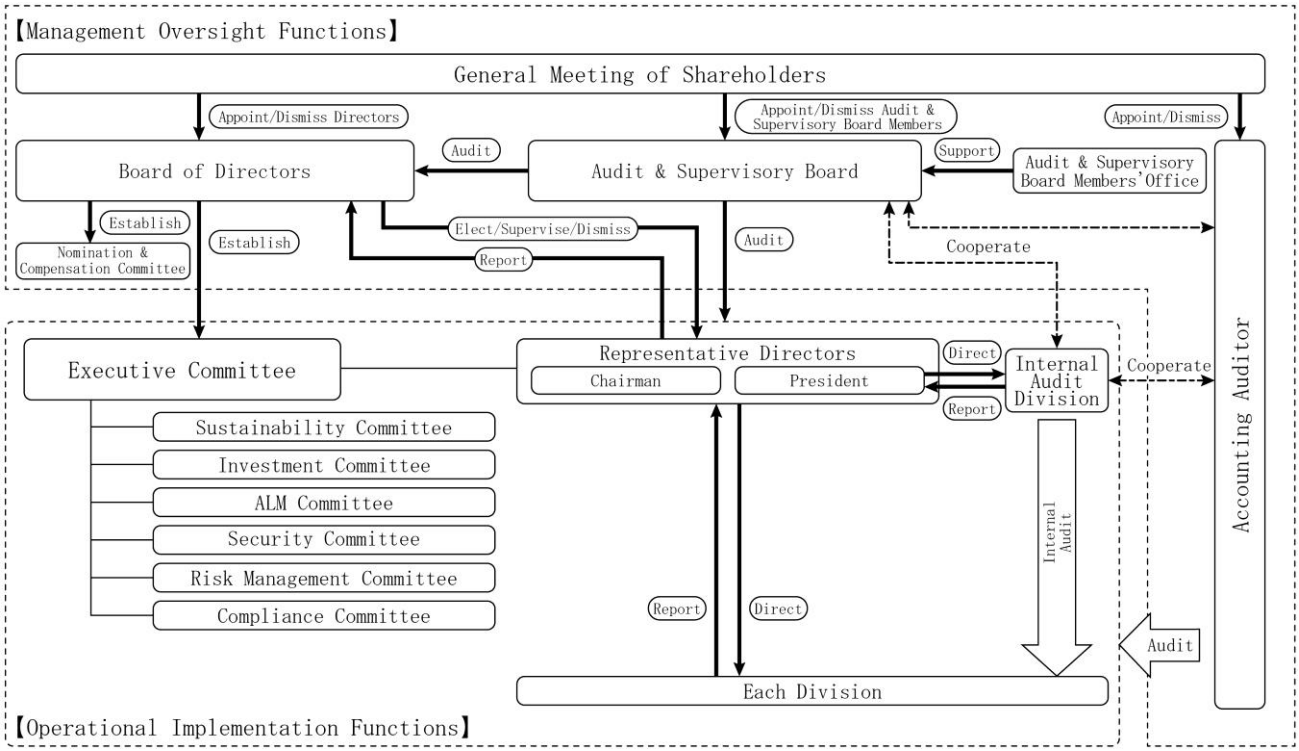
Information concerning the Bank is gathered to the Planning Division, which is in charge of information disclosure. Based on the information on occurred facts gathered, the Planning Division confirms the content and situation of the facts and estimates the possible development of the situation; identifies the best possible timing and method to disclose it by taking into account the possible effects on investors' judgment and other factors in light of the timely disclosure rules and regulations set by the stock exchange where the Bank is listed and the provisions of the Financial Instruments and Exchange Act; and discloses such information using the TD net after necessary approval is obtained. The information disclosed is reported to the Board of Directors. Information disclosed in the method above, after disclosure by the TD net, is then disclosed on the Bank's website, etc. and distributed at related press clubs or other entities to ensure broader recognition.

Business Management Organization

"Chairperson of the Board of Directors" described in 1. Organizational Composition and Operation [Directors] under II. Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business and Oversight in Management set forth in this report shall refer to a Director stipulated in advance by the Board of Directors, as provided for in the Articles of Incorporation. In addition, in the event that an accident befalls the Director who has

been stipulated in advance, another Director shall replace said Director in an order prescribed in advance by the Board of Directors.

<Corporate Governance Structure>



<Skill Matrix of Directors and Audit & Supervisory Board Members>

Position	Name	Corporate Management	Sales and Marketing	Product Development & IT	Global	Human Resources & Labor	Financial Affairs & Finance	Legal Affairs & Risk Management
Chairman and Representative Director	Yasuaki Funatake	○	○			○	○	
President and Representative Director	Masaaki Matsuhashi	○	○	○				
Director	Tsuyoshi Kobayashi	○			○		○	
Outside Director (Independent Officer)	Makoto Kigawa	○				○	○	○
Outside Director (Independent Officer)	Yukiko Kuroda	○			○	○		
Outside Director (Independent Officer)	Etsuhiro Takato	○	○		○			
Outside Director (Independent Officer)	Yuji Hirako	○			○		○	
Outside Director (Independent Officer)	Tami Kihara			○		○		
Full-time Audit & Supervisory Board Member	Kazuhiko Ishiguro			○				○
Full-time Audit & Supervisory Board Member	Ryoji Sakai				○		○	○
Outside Audit & Supervisory Board Member (Independent Officer)	Hideaki Terashima					○		○
Outside Audit & Supervisory Board Member (Independent Officer)	Chieko Ogawa						○	

END