SEVEN&i HLDGS. Co.,Ltd.

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Management Report 2024

Seven & i Holdings Co., Ltd.

Editorial Policy

Aiming for collaborative value creation and sustainable growth through constructive dialogue with stakeholders

Since April 2024, based on recommendations from the Strategy Committee, which is composed of outside directors, we have been advancing action plans in the following three areas: Actions for Accelerating Growth, Transition to an Optimal Group Structure to Enhance Long-Term Growth and Shareholder Value, and Strengthening Investor Engagement. This report aims to provide an overview of the background behind these action plans, as well as specific future strategies and initiatives. It also introduces our value creation model centered around 7-Eleven operations in Japan and overseas, along with our sustainability strategy. Through this report, we aim to foster constructive dialogue with our stakeholders and achieve value co-creation and sustainable growth.

Publication date: September 2024
Reporting period: March 1, 2023 to February 29, 2024
Includes certain disclosures and business activities conducted after March 2024.
Scope of coverage: Seven & i Holdings Co., Ltd. and its consolidated subsidiaries
Guidelines referenced: International Financial Reporting Standards (IFRS) Foundation's "Integrated Reporting Framework," Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation 2.0 (https://www.meti.go.jp/english/policy/economy/corporate_accounting/pdf/20221129_guidance.pdf)," and the Task Force on Climate-related Financial Disclosures (TCFD) Final Report

Forward-looking statements
This report contains certain statements based on Seven & i Holdings' current plans, estimates, strategies, and beliefs. All statements that are not historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management, based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these statements. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.

Information Disclosure Guide

Information for shareholders and investors
Financial Information



Corporate Outline
https://www.7andi.com/en/ir/file/library/co/pdf/2024_all_b.pdf



Management Report (Integrated Report)
https://www.7andi.com/en/ir/library/mr.html

Sustainability / ESG information
(Non-financial Information)



Sustainability Data Book
https://www.7andi.com/en/sustainability/report/2023.html



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Aiming to be one of the world's leading retail groups with a focus on *food* (p. 27)



Environmental Initiatives (p. 55)



Tripartite Discussion Between Independent Outside Directors (p. 95)

Management Philosophy

Placing trust and sincerity at the core of everything



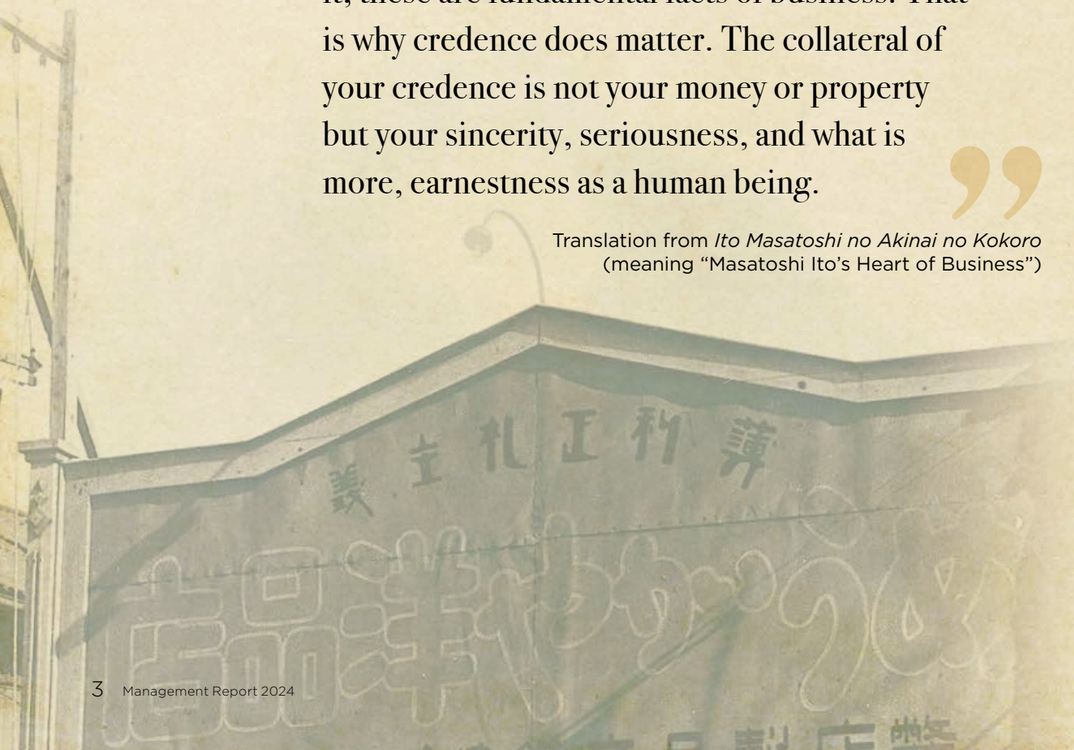
1920
Yokado established



Seven & i Group founder
Masatoshi Ito
(1924–2023)

> Customers do not visit your store as frequently as you expect, trade connections do not sell your merchandise to the degree you expect, and bankers do not lend you money when you need it; these are fundamental facts of business. That is why credence does matter. The collateral of your credence is not your money or property but your sincerity, seriousness, and what is more, earnestness as a human being.

Translation from *Ito Masatoshi no Akinai no Kokoro*
(meaning "Masatoshi Ito's Heart of Business")



Corporate Creed

We aim to be a sincere company that our customers trust.
We aim to be a sincere company that our business partners, shareholders and local communities trust.
We aim to be a sincere company that our employees trust.

Basic Stance

We aim to contribute to the local community both in Japan and overseas by providing new experiences and values from the customer's point of view.

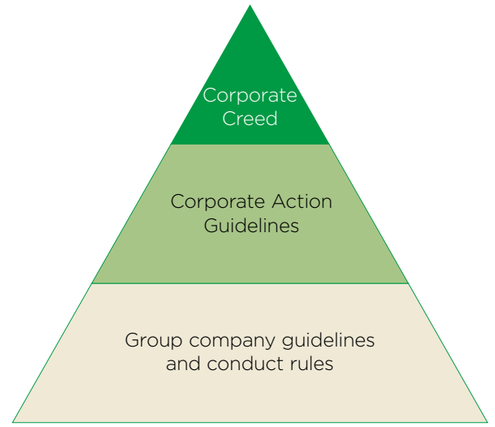
Ideal Group Image for 2030

A world-class retail group centered around its *food* that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology.

Corporate Action Guidelines

The spirit embodied in the Corporate Creed is our unchanging philosophy, which will remain undisturbed no matter how greatly the social environment changes in the future. The attitudes needed to realize this philosophy have been formulated as our Corporate Action Guidelines. The Guidelines present the basic attitudes adopted by all of the Group's directors, Audit & Supervisory Board members, and employees and comprise the Basic Policy, which sets out the approach of the Group as a whole, and the Code of Corporate Conduct, which sets out rules for conduct. Furthermore, each Group company has established detailed guidelines and conduct rules appropriate for its business format at the concrete action level and, together with the Guidelines, will keep all new recruits and newly appointed managerial employees fully informed through their training.

Structure of the Corporate Creed and Corporate Action Guidelines



Stakeholder Dialogue

Leveraging stakeholder dialogue as a key catalyst

The Company aims to be a sincere company in line with its Corporate Creed, earning the trust of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees. Guided by our Group slogan of "Responding to Change while Strengthening Fundamentals," we view the constantly changing needs of society and our customers as opportunities to create new retail services and work toward the creation of new retail services in response to changing times.

Today, as various changes are accelerating, the Company recognizes the importance of constantly striving to accurately understand the expectations and interests that stakeholders have of the Group. For this reason, the Company will strive to respond quickly to feedback from its stakeholders—their opinions, requests, and so forth—that it receives through its dialogue with them, and at the same time, the Company will continue to sincerely reflect this feedback in its business activities and management decision-making process (stakeholder engagement).



Our Customers

We constantly think of things from the customer's point of view, value communication with them, and respond sincerely to their feedback.



Business Partners

We comply with laws and regulations related to fair trade and, together with our business partners, are committed to realizing a sustainable society by respecting human rights throughout the supply chain and ensuring the provision of safe and reliable merchandise.



Shareholders and Investors

Our operations are underpinned by the investments of our shareholders and investors.
To respond to their trust, we practice highly transparent management and engage in thoughtful and ongoing dialogue with them.



Employees

We aim to realize workplaces where employees can participate actively and find satisfaction in their work.
To this end, we will create working environments that are fair, just, and considerate of human rights.
We will also create environments that protect privacy and safety, while helping employees develop their capabilities and facilitating their work.

SEVEN&i HOLDINGS

Franchisees



Relationships of trust with franchisees are the core of our convenience store operations, and these relationships should be mutually beneficial.
Through dialogue with Operations Field Counselors (OFCs), we build good relationships based on strong mutual trust and contribute to realizing more prosperous lives for customers.

Local Communities

We are committed to providing merchandise and services that closely align with daily life, while also promoting local production for local consumption and fostering harmony with local communities, contributing to the sustainable development of the regions we serve.



Global Environment



Our business is dependent on the blessings of nature. Therefore, we will provide merchandise and services taking into account the sustainability of the environment, while cooperating with customers, business partners, and employees to reduce the environmental impact throughout the supply chain.

Milestones

Creating innovations in retail services by responding to changes in lifestyles and society

Seven & i Holdings



2005 Established Seven & i Holdings Co., Ltd.

2007 Launched *Seven Premium*, a private brand common to the Group

2021 Drafted Medium-Term Management Plan 2021–2025

Convenience Store Operations





1974 Opened the first 7-Eleven store in Japan

1978 Developed and introduced a special film for onigiri (rice balls)



1982 Introduced a POS system (verification of sales data by individual item)

1991 Rehabilitated Southland Corporation (now, 7-Eleven, Inc.)



2005 Made SEI a wholly owned subsidiary

2005 Established a nationwide cold chain logistics network





2013 Started the 7Rewards points program

2017 Launched the 7-Eleven online service (now, 7NOW)

2018 Launched 7NOW

2021 Completed the acquisition of Speedway

2021 Established 7-Eleven International LLC

2023 Made additional investment in Vietnam

2024 Completed the acquisition of 7-Eleven Australia

Superstore Operations

1920 Founded Yokado

1958 Established Yokado Co., Ltd. (now, Ito-Yokado Co., Ltd.)

1961 Began developing supermarket chain network



1973 Concluded a business alliance with Benimaru Shoji Co., Ltd. (now, York-Benimaru Co., Ltd.)

1975 Established York-Mart Co., Ltd. (later renamed, York Co., Ltd.)

2006 Made York-Benimaru Co., Ltd. a wholly owned subsidiary

September 2023 Completed the merger between Ito-Yokado Co., Ltd. and York Co., Ltd.

Financial Services



2007 Started the *nanaco* e-money service

July 2023 Completed the transfer of all shares in Seven Card Service Co., Ltd. to Seven Bank, Ltd.

2001 Established IY Bank Co., Ltd. (now, Seven Bank, Ltd.)



Others

1974 Opened Denny's restaurant



August 2021 Completed the partial transfer of shares in Francfranc Corporation (completed transfer of all shares in August 2024)

March 2022 Completed the transfer of all shares in Oshman's Japan Co., Ltd.

May 2023 Completed the transfer of all shares in Barneys Japan Co., Ltd.

September 2023 Completed the transfer of all shares in Sogo & Seibu Co., Ltd.

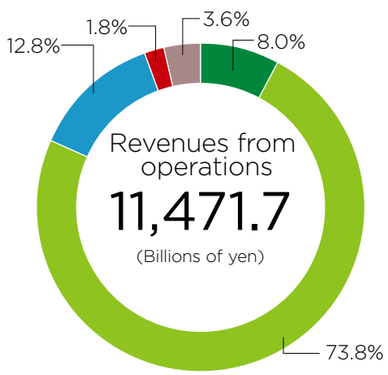
July 2024 Completed the transfer of all shares in Nissen Holdings Co., Ltd.

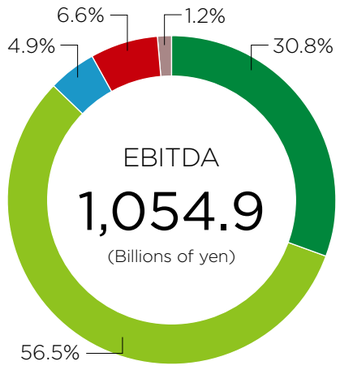
1920–1960s | **1970–1980s** | **1990s–** | **–2000s** | **2010s–** | **2020–2030**

1923 Great Kanto Earthquake
1939 World War II
1973 First oil shock
1973 Large-Scale Retail Store Law
1989 Consumption tax introduced
1995 Great Hanshin-Awaji Earthquake
Early 1990s Collapse of "bubble"
2007 Global financial crisis
2011 Great East Japan Earthquake
2020 COVID-19 pandemic
2015 Sustainable Development Goals (SDGs)

Business and Management Capital

Leveraging diverse forms of capital to become a world-class retail group centered on the 7-Eleven business





- Domestic convenience store operations
- Overseas convenience store operations
- Superstore operations
- Financial services
- Others

Note:
The composition ratios shown in the pie charts do not include eliminations and corporate. (FY2023)

Domestic convenience store operations / Convenience store operations



Major Group companies
- SEVEN-ELEVEN JAPAN CO., LTD.
- SEVEN-ELEVEN OKINAWA Co., LTD

Overseas convenience store operations



Major Group companies
- 7-Eleven, Inc.
- 7-Eleven International LLC
- SEVEN-ELEVEN HAWAII, INC.

Superstore operations



Major Group companies
- Ito-Yokado Co., Ltd.
- York-Benimaru Co., Ltd.
- SHELL GARDEN CO., LTD.

Financial services / Others



Major Group companies
- Seven Bank, Ltd.
- Seven Card Service Co., Ltd.
- Seven Financial Service Co., Ltd.
- Akachan Honpo Co., Ltd.
- Seven & i Food Systems Co., Ltd.
- THE LOFT CO., LTD.

Non-financial capital

Human capital
- **Diverse human resources** from around the world with extensive capabilities

Number of employees (consolidated)*1
157,177

Intellectual capital
- A **robust franchise system** and the **store management knowledge and technology** to support it
- **7-Eleven's trademark and brand strength**
- **Team Merchandising (Team MD)** for merchandise development and manufacturing in collaboration with business partners
- **Item-by-item management** that improves order accuracy by verifying data for each individual item

Seven Premium merchandise with annual sales of ¥1 billion or more
303 items

Trademark consisting solely of colors, firstly registered in Japan
1 trademark (three lines)

Manufacturing and sales capital
- **A store network** of approximately 85,800 locations*2 across 20 countries and regions
- **A strong value chain**

SEJ commissaries 172
(156 of which manufacture only SEJ merchandise)

SEI commisaries 31
(two of which are dedicated commissaries)

Social capital
- Business expansion driven by **contact with customers**
- **Regional comprehensive partnership agreements** with local governments in Japan

Number of daily customer visits to Group stores Global approx.
63.6 million

Number of comprehensive collaboration agreements with local governments
331

Natural capital
- **GREEN CHALLENGE 2050,** Seven & i Group's environmental declaration aimed at reducing environmental burden (p. 55)

Reduction of CO_2 emissions
32.5%

Measures against plastic
34.5% usage

Reduction in food waste generated (Japan)
22.1%

Food waste recycling rate (Japan)
58.7%

Sustainable procurement (Japan)
19.1%

Note: FY2022 results

Financial capital

- Robust **cash-generating capability**
- Application of **accurate investment criteria** reflecting the cost of capital
- External credit ratings that support **optimal funding**

*1 As of February 29, 2024. Includes part-time employees (converted to the equivalent in full-time workers, assuming 163 average monthly working hours).
*2 The store counts in Japan are as of February 29, 2024, while for overseas, they are as of December 31, 2023.

Value Creation Process

Promoting a growth strategy centered on domestic and overseas CVS operations toward achieving the Ideal Group Image for 2030

Inputs

Non-financial

Human capital
- Diverse human resources from around the world with extensive capabilities
  Number of employees (consolidated): 157,177

Intellectual capital
- A robust franchise system and store management know-how and technology
- 7-Eleven's trademark and brand strength
- Team Merchandising (Team MD)
- Item-by-item management

Manufacturing and sales capital
- Approximately 85,800 stores spread across 20 countries and regions
- A strong value chain
  - SEJ commissaries: 172 (156 of which manufacture only SEJ merchandise)
  - SEI commissaries: 31 (two of which are dedicated commissaries)

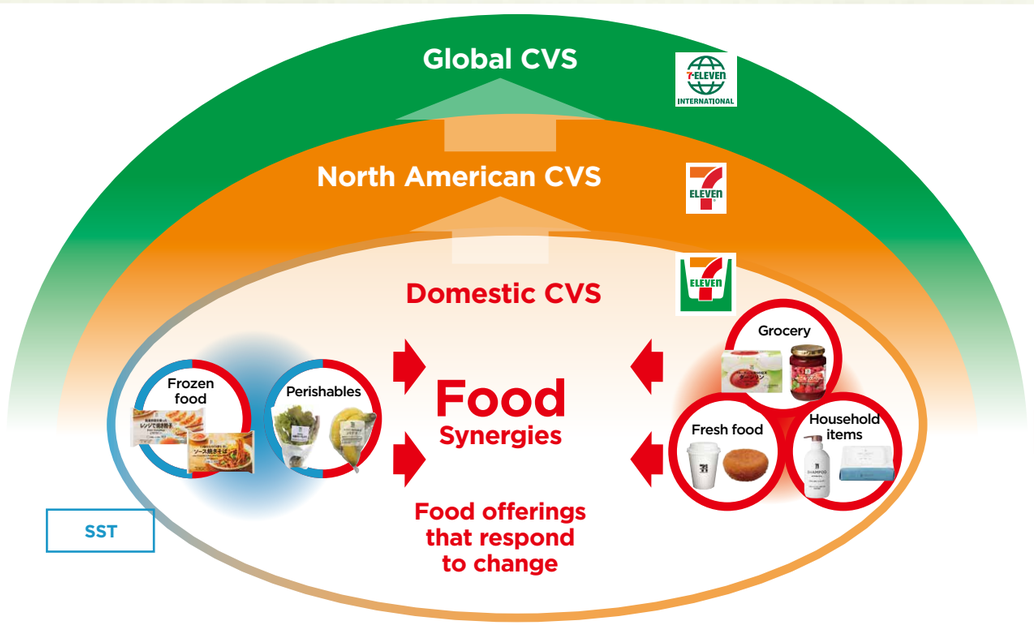
Social capital
- Number of daily customer visits to Group stores: 63.6 million
- Regional comprehensive partnership agreements with local governments in Japan: 331

Natural capital
- GREEN CHALLENGE 2050, Seven & i Group's environmental declaration aimed at reducing environmental burden (FY2022 results)
  - Reduction of CO_2 emissions: ····· 32.5%
  - Measures against plastic ····· 34.5% usage
  - Food loss/recycling (Japan):
    Reduction in food waste ····· 22.1%
    Food waste recycling rate ····· 58.7%
  - Sustainable procurement (Japan) ····· 19.1%

Financial

- Robust cash-generating capability
- Application of accurate investment criteria reflecting the cost of capital
- External credit ratings that support optimal capital procurement

Business Model (Output)



Seven Material Issues (p.53)

Growth strategy	Strength in food is the key source of competitive advantage for the Group's CVS business		Maximize the value of each business
	Domestic CVS	Overseas CVS	SST / Financial
	SEJ (p. 35)	**SEI** (p. 39) / **7IN** (p. 43)	**IY/YB** (p. 47) / **7BK** (p. 49)

Sustainability strategy	**Environmental initiatives** (p. 55)	**Social initiatives** (p. 69)

Governance (p. 79)

Outcome

Enhancing corporate value and shareholder value

Glocal brand that is tailored to customers' lives around the world

Evolution of the value chain

Contribution as social infrastructure

Human capital
- Improvement of employee engagement

Financial capital
- Enhancement of operating CF and EBITDA
- Increase in ROE and ROIC

Realizing decarbonization, a circular economy, and society in harmony with nature

Ideal Group Image for 2030

A world-class retail group centered around its *food* that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology

Stakeholder Dialogue (p. 5)

Corporate Creed and Basic Stance (p. 3)

Message from the CEO



Ryuichi Isaka
President, Representative Director and CEO

Joined SEVEN-ELEVEN JAPAN CO., LTD. (SEJ), in 1980. Named Director in 2002 and Managing Executive Officer in 2006. After serving as Director and Managing Executive Officer of the Merchandising & Foods Department, was named SEJ's Representative Director and President in 2009. Appointed Representative Director and President of Seven & i Holdings Co., Ltd. in May 2016.

Leading the charge with decisive action plans

Formulated action plans following ongoing discussions

In April 2024, Seven & i Holdings announced action plans focused on three key areas to maximize the Seven & i Group's medium- to long-term corporate value and shareholder value. One is the formulation of concrete action plans to accelerate growth, two is the changes to the Group structure that will enhance our long-term growth and corporate value, and three is the enhancement of investor engagement.

Since assuming the role of CEO, I have significantly shifted the Group's growth strategy from a general retail business to concentrating our management resources with a core focus on growth in convenience store (CVS) operations in both Japan and the United States. I have been implementing this approach through the Medium-Term Management Plan 2021–2025 (MTMP). The action plans, which outline efforts to accelerate growth and shape the Group's structure from FY2025 onward, mark a significant milestone toward achieving our Ideal Group Image for 2030.

To date, the Company has viewed the acquisitions of Sunoco LP in 2018 and Speedway LLC in 2021 as major steps toward global growth. Since then, we have intensified our focus on domestic and overseas CVS operations while implementing the business portfolio reforms outlined in our MTMP.

I believe that a key driving force behind these initiatives has been our new governance structure, introduced in FY2022, where independent outside directors comprise the majority of the Board of Directors. The outside directors, who take a broad view of the business and objectively discuss both the present and future while emphasizing the shareholders' perspective, have made critical observations. They pointed out the need for a clear roadmap for the fundamental transformation of superstore (SST) operations and raised concerns that having domestically focused SST operations and global CVS operations under the same umbrella could reduce capital efficiency. Although we were aware of these issues, we tended to prioritize internal matters. The objective opinions of the outside directors, free from internal biases, provided us with new insights and raised our awareness of these issues, significantly pushing us toward more informed decision-making.

Following such candid discussions, in March 2023 we announced the Results of the Group Strategy Reevaluation, highlighting our decision to focus management resources on a CVS strategy centered on our strengths in *food*. We also updated our MTMP targets accordingly.

These action plans were carefully considered by the Company based on recommendations from the Strategy Committee, which is composed solely of independent outside directors. Over the past year, the Strategy Committee held 13 formal meetings and, including informal discussions, a total of 17 sessions, dedicating substantial time and effort to the process. At the Board of Directors' meeting, in response to the recommendations, we reaffirmed the positive vision for the Group beyond the new perspectives presented. Acknowledging the Strategy Committee's enthusiasm, we took the time to thoroughly and carefully discuss and finalize our action plans.

Becoming a world-class retail group centered on the 7-Eleven brand

The major goal of our concrete action plans to accelerate growth is to leverage our strengths in *food*, which is the starting point of our Group's competitiveness, to elevate the 7-Eleven brand to a globally recognized level.

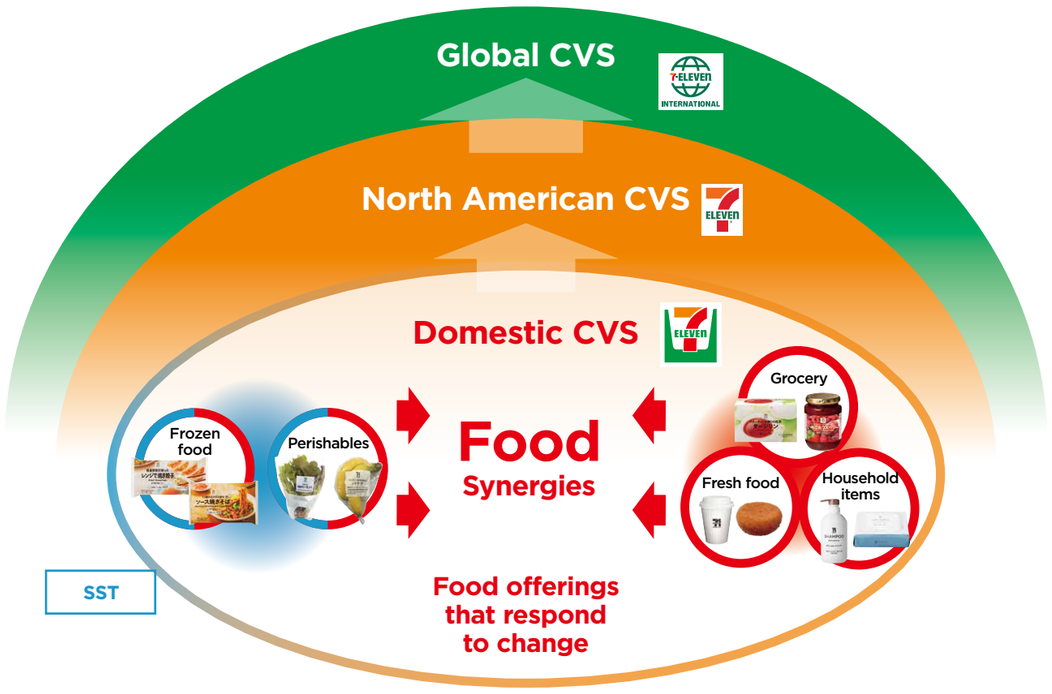
Message from the CEO

SEVEN-ELEVEN JAPAN CO., LTD. (SEJ) has achieved high brand loyalty, with average daily sales approximately 30% higher than the average of domestic competitors. This is largely attributed to SEJ's differentiation through original fresh foods and fast foods. In addition, the strong synergy effects achieved by having SST operations within the Group, which specialize in frozen food and perishables, have contributed significantly. SST operations offer wide-ranging product lines unmatched by CVS operations, supported by an extensive procurement network involving various suppliers, from perishables to processed foods. By leveraging such insights and networks to the fullest, we have established a Team Merchandising (Team MD) framework to develop the Group's private brand, *Seven Premium*. This approach has enabled us to increase the proportion of proprietary merchandise that offers distinctive flavor and value. In fact, there is a strong correlation between the sales composition of fresh foods and the number of store visits in 7-Eleven business worldwide.

In response, the Group is currently focusing on building a value chain for *food*, which is key to growth. We are working alongside SEJ, 7-Eleven, Inc. (SEI), which manages CVS operations in North America, and 7-Eleven International LLC (7IN), which manages CVS operations worldwide. As a result, in North America, fresh foods made at a production facility for daily items in Virginia saw double-digit growth in FY2023. Additionally, in the Vietnam business we invested in 2023, we have strengthened our proprietary merchandise and achieved higher average daily sales than competitors despite being a late entrant. This reflects the tangible results of our evolution toward becoming a global food-focused convenience store.

The value chain-building capabilities developed by SEJ are a core competence of the Group. By expanding this expertise from Japan to North America and further worldwide, we aim to establish brand loyalty as a world-class retail group centered on the 7-Eleven business.

■ *Food*-based growth strategy for domestic and overseas CVS operations



Start of Global CVS Steering Committee activities

At the outset of the action plans, we established a framework to promote the growth of domestic and overseas CVS operations more efficiently, effectively, and swiftly. Central to this framework is the Global CVS Steering Committee, where leaders from SEJ, SEI, and 7IN come together to pool their accumulated knowledge and expertise to develop optimal strategies. I lead these discussions as the head of the committee.

As the cash generation capacity of the 7-Eleven business grows, it becomes crucial to determine where to invest, with what objectives, and in which initiatives to prioritize in order to maximize corporate value and shareholder value. For example, in the globalization efforts led by 7IN, we are refining a roadmap for expansion by reassessing the entire process—from criteria for selecting countries and regions to finalizing contracts with local partners—to focus on the most promising areas for development.

We are also looking closely at operational aspects, investing in non-financial capital such as talent development and IT utilization, while sharing insights across the Group. For example, in IT and digital transformation (DX), by utilizing SEI's extensive experience and expertise in initiatives like 7NOW, mobile checkout, and retail media, we are taking the lead in supporting the



implementation of systems tailored to the store expansion needs of SEJ and 7IN. In addition, under the theme of "food reinforcement," employees of SEJ and domestic business partners travel to North America and various Asian countries to support the development of local value chains. By synchronizing our business strategy with IT/DX and human resource strategies, we aim to maximize effectiveness and achieve significant impact.

Clarifying direction for the optimal Group structure

In the action plans, we have also outlined the direction for an optimal Group structure aimed at achieving long-term growth and enhancing corporate value and shareholder value, beyond the fundamental transformation of SST operations.

In SST operations, we are considering a realistic and timely initial public offering (IPO) as a workable option enabling long-term growth. Given that our strengths in *food* are the cornerstone of the Group's growth, we aim to retain a certain stake in SST operations and maintain a collaborative framework between SST and CVS operations in the food development domain.

With the IPO, SST operations will be able to

Message from the CEO

define their own growth direction under financial discipline as an independent entity. Employees will also be able to build their careers with a stronger awareness of both the business's growth and their own development. This engagement between the company and its employees is expected to play a significant role in achieving sustainable growth following the reforms.

At the same time, domestic and overseas CVS operations, which account for approximately 90% of the Group's EBITDA, will be able to allocate their accumulated cash more intensively toward growth investments. I am confident that this plan, which allows both CVS and SST operations to focus on their respective businesses, will lead to the maximization of long-term value for stakeholders.

Further reinforcing governance structure

It is our hope that the action plans will be discussed in greater depth and with greater frequency in the future, as the board of directors continues to monitor it. While the execution of measures devised from these discussions will be handled by the executive team, we have decided to separate the roles of the chairperson of the Board and CEO. This change aims to maintain the objectivity and transparency of Board discussions and to enable swift deliberation on the broad themes of the action plans.

The newly appointed Board Chairperson, Stephen Hayes Dacus, possesses extensive global experience and a high level of knowledge in the retail industry. His performance to date as chairperson of the Strategy Committee also makes him well-qualified for the role of chairperson of the Board. We are confident that his continued collaboration with us will significantly contribute to enhancing the Company's corporate value and shareholder value.

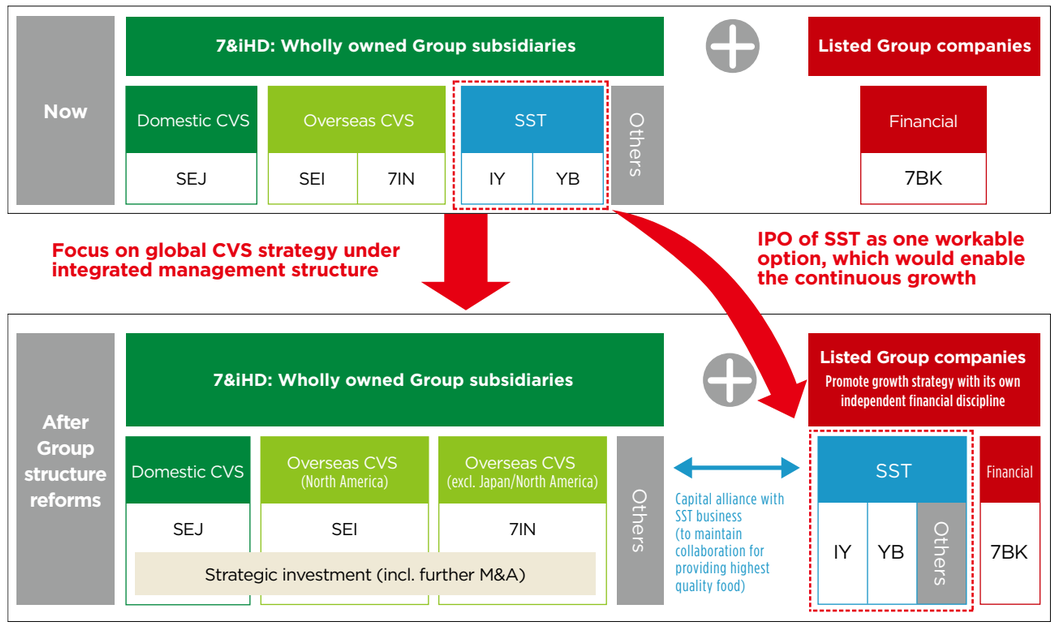
Improving qualitative indicators based on consolidated financial KPIs

To enhance corporate value, we have established financial key performance indicators (KPIs) based on both quantitative and qualitative metrics. For quantitative expansion, we focus on EBITDA, operating cash flow (excluding financial services), and earnings per share (EPS) growth rate. For qualitative improvement, we track return on equity (ROE) and return on invested capital (ROIC) (excluding financial services). In terms of financial soundness, we use the Debt/EBITDA ratio as a KPI and are thus actively working toward achieving our targets for FY2025.

Among these, we particularly recognize the need to improve qualitative indicators such as ROE and ROIC. Enhancing capital efficiency requires boosting profitability, particularly in domestic and overseas CVS operations, to improve ROIC. Effectively implementing the concrete action plans to accelerate growth is essential for achieving this objective. Improving profitability in North American CVS operations is considered an urgent priority. We are intensifying the monitoring of strategic execution from both short-term and long-term perspectives to address this challenge and enhance profitability.

From the standpoint of optimizing the capital invested, we are accelerating the reorganization of unprofitable assets. We will also rigorously monitor investments and returns related to resource allocation for growth, taking appropriate actions to improve capital efficiency.

Changes to the Group structure that will enhance our long-term growth and corporate value



Consolidated financial KPI

	FY2023 results	FY2024 forecasts	Initial targets for FY2025	Updated MTMP targets for FY2025
EBITDA	¥1,054.9 billion	¥1,102.0 billion	¥1.0 trillion or more	¥1.1 trillion or more
ROE	6.2% (Adjusted) 7.9%	7.8%	10.0% or more	11.5% or more
ROIC (excl. financial services)	4.1% (Adjusted) 5.1%	5.5%	7.0% or more	8.0% or more
Debt/EBITDA ratio	2.6x	2.3x	2.0x or less	1.8 to 2.5x Updated
EPS	¥84 (Adjusted) ¥108	¥112	15.0% or more (CAGR)	18.0% or more (CAGR)

Notes: 1. Adjusted: Adjusted figures for the effects of the transfer of the shares of Sogo & Seibu and Barneys Japan
2. ROIC (excluding. financial services): {Net income + Interest expense x (1 - Effective tax rate)} / {Owner's equity + Interest-bearing debt (both the averages of the figures at the beginning and the end of each fiscal year)}
3. Debt/EBITDA ratio: We changed our FY2025 target to proactively implement strategic investments in the Convenience Store business with a more agile and flexible financial discipline, in order to promote the growth strategy of our Group.
4. The Company conducted a 3-for-1 common share split on March 1, 2024. "EPS" is calculated as if the share split had occurred at the beginning of previous consolidated fiscal year

Message from the CEO



Approach to capital allocation

As business and profit growth progress steadily and cash flow increases, investment decisions will be guided by capital efficiency criteria to enhance corporate value and shareholder value. Our fundamental approach is to concentrate investments on strategic areas, with a primary focus on overseas CVS operations, which are key growth drivers for the Group.

Additionally, to remain agile and flexible in responding to high-quality strategic investment opportunities, we have adjusted the Debt/EBITDA ratio range from below 1.8 times to between 1.8 and 2.5 times.

For shareholder returns, we will introduce progressive dividends that increase in line with sustainable profit growth, aiming for a total return ratio of 50% or more for the cumulative period from FY2023 to FY2025.

We have begun discussions on the next medium-term management plan based on our capital allocation strategy.

Expanding opportunities for dialogue with investors

Regarding our action plan for enhanced investor engagement, we have increased direct dialogue opportunities by hosting our inaugural IR Day fall 2023 and visiting institutional investors in North America, Europe, and Asia twice a year. While these efforts have been highly praised by outside directors, it has also been noted that there is a gap compared to global best practices.

We will enhance the quality of our investor and shareholder relations activities to deepen understanding of our management strategy, which is aimed at achieving the Group's vision. Our goal is to cultivate expectations for increased corporate value and shareholder value through sustainable growth.

Supporting employees' career development based on a future roadmap

Amid significant changes in the Group's structure, maintaining and enhancing the motivation of our human resources is one of our most critical challenges. In the retail industry, the importance of employee engagement, particularly for those who interact closely with customers, is certain to increase in the future.

To achieve this, it is essential to evolve into a workplace where diverse employees feel both fulfilled and comfortable in their roles. It is also important to support employees in visualizing their desired future and proactively shaping their careers based on the Group's direction, while fostering a workplace culture where they continuously take on challenges with the customer's perspective in mind.

Through these efforts, it is our role as management to connect employees' motivation to the Group's competitiveness. We aim to support individual career development and job satisfaction with more concrete systems and measures, and we intend to deepen our dialogue with employees to achieve this goal.

Sustainability strategy aligned with the growth strategy

The Group's global supply chain is expanding, and we are increasingly conducting business in regions with different lifestyles and business practices. In this context, to embody the vision of becoming a world-class retail group, it is essential to establish systems across all parts of the supply chain, including outsourced manufacturing, that ensure robust protections for human rights and the environment.

To realize this, we continuously focus on the results of our CSR audits and discuss the types of business partners that require re-audits and the trends observed among them. In the past, there have been cases where we suspended transactions with contract manufacturers of private-label products due to issues such as child labor and unpaid overtime. We will continue to monitor these matters closely moving forward.

While we focus on fortifying our defenses, we also emphasize a proactive approach by concentrating on opportunities within our seven material issues. This includes promoting the widespread adoption of merchandise and services that address local social issues. From this perspective, we believe that expanding the 7-Eleven business, which has become an integral part of Japanese society, to a global scale is crucial for integrating our growth strategy with our sustainability strategy. This involves promoting product safety and reliability and other measures as part of GREEN CHALLENGE 2050, the Seven & i Group's environmental declaration, encouraging the employment of seniors and persons with disabilities, and providing various forms of social value, including community support programs.

Becoming a glocal brand tailored to customers' lives around the world

The Seven & i Group began in 1920 with the clothing store Yokado, and over the years, we have significantly evolved our merchandise, services, and business operations to adapt to changing times and customer values.

SEJ, which I joined in 1980, is now the driving force behind the growth of the Group, which is now the 7th largest retail group in the world in terms of Group sales*, including sales by franchisees, and I am very happy that the entire Group is developing businesses that are deeply tailored to customers' lives, with a focus on *food*.

We will remain steadfast in our commitment to pursuing valuable merchandise and services essential to daily life, along with upholding the management principle of responding to change while strengthening fundamentals. Similarly, our Corporate Creed, centered on trust and sincerity, and our fundamental approach of providing new experiences and values, will continue to be the foundation and driving force of our growth.

Building on the unique characteristics of the Group, we will continue to engage with our stakeholders, think critically, and take action to achieve sustainable growth. Our goal is for stakeholders to want to experience our merchandise and services, support us as shareholders, and seek opportunities to work with us. We will steadily implement our action plans to make this vision a reality.

* The Group's total sales include the sales of franchisees of SEJ, SEVEN-ELEVEN OKINAWA CO., LTD., and SEI.

Message from the CFO



Striving to achieve the targets of the financial KPIs that support the successful execution of our MTMP and the growth strategy beyond it

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

Toward achieving the goals of the MTMP

The basic financial policy of the Medium-Term Management Plan 2021–2025 (MTMP) is to expand returns that exceed the cost of capital, enhance cash flow generation, and continuously improve corporate value. To achieve this, we have established key performance indicators (KPIs) and their targets from three perspectives: quantitative expansion, qualitative improvement, and ensuring financial soundness. We made upward revisions to the KPI targets in March 2023.

Regarding quantitative expansion, our cash-generating capability has been steadily increasing, particularly in domestic and overseas convenience store (CVS) operations. We are now on track to achieve our targets for both EBITDA and operating cash flow (excluding financial services).

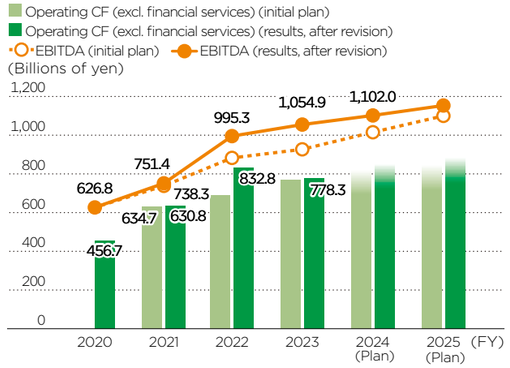
In terms of ensuring financial soundness, we have seen improvement in our key indicator, the Debt/EBITDA ratio, despite executing unplanned M&A activities. This improvement is due to the repayment of interest-bearing debt as planned and the completion of the transfer of shares of Sogo & Seibu Co., Ltd., which had substantial interest-bearing debt. However, we revised the Debt/EBITDA ratio target for FY2025 in April 2024, adjusting it from below 1.8 times to a range of 1.8 to 2.5 times. This adjustment reflects recommendations from the Strategy Committee and is intended to promote our growth strategy aimed at enhancing the Group's medium- to long-term corporate value and shareholder value. It involved re-evaluating the balance between ensuring financial soundness and the capacity to take on debt for supporting growth investments, with a focus on optimal capital structure. This adjustment is based on the principle that, in the absence of high-quality strategic investment opportunities, we will lower leverage to 1.8 times as initially planned to prepare for future significant investments. Concurrently, we will disclose the extent to which we can allocate funds for investments while preserving our current financial soundness.

For our qualitative improvement indicators—ROE and ROIC—we exceeded our initial targets through to FY2022. However, in FY2023, our performance significantly fell short due primarily to initiatives such as the transfer of Sogo & Seibu shares and other efforts to optimize the business portfolio. In FY2024, we expect to continue falling below our initial targets due to upfront losses from fundamental business portfolio reforms and the acceleration of strategic investments, particularly in CVS operations in the United States and Japan, as

Consolidated financial KPI

EBITDA and operating CF

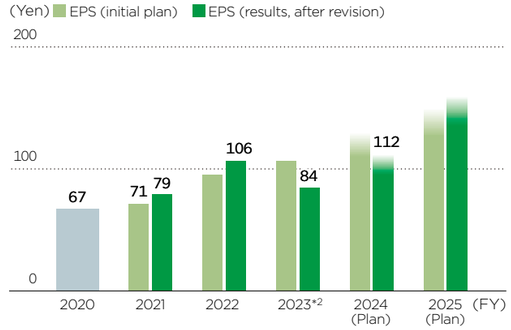
By FY2025: EBITDA ¥1.1 trillion or more, operating CF ¥900 billion or more



Notes: 1. Operating CF: Management accounting figures based on NOPAT (excluding. financial services)
2. Exchange rate: Initial plan 1U.S.$ = ¥107 (FY2021), 1U.S.$ = ¥105 (FY2022–2025)
3. Results, after revision: 1U.S.$ = ¥109.90 (FY2021), 1U.S.$ = ¥131.62 (FY2022), 1U.S.$ = ¥140.67 (FY2023), 1U.S.$ = ¥145.0 (FY2024), 1U.S.$ = ¥116.0 (FY2025)
Figures in the initial plan exclude the effect of sales & leaseback.

EPS growth rate

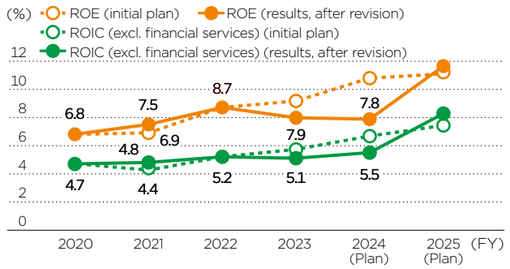
FY2021–2025: EPS growth plan: 18% or more*1



*1 Calculated based on CAGR (Compound Annual Growth Rate) for FY2020
*2 Adjusted figures for the effects of the transfer of the shares of Sogo & Seibu and Barneys Japan
Note: The Company conducted a 3-for-1 common share split on March 1, 2024. "EPS" is calculated as if the share split had occurred at the beginning of the FY2020.

ROE, ROIC

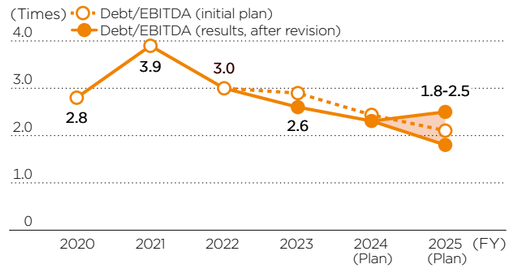
By FY2025: ROE 11.5% or more ROIC 8% or more (excl. financial services)



Notes: 1. Adjusted figures for the effects of the transfer of the shares of Sogo & Seibu and Barneys Japan
2. Figures in the initial plan exclude the effect of sales & leaseback.
3. ROIC: {Net income + Interest expense x (1 - Effective tax rate)} / {Owner's equity + Interest-bearing debt (both the averages of the figures at the beginning and the end of each fiscal year)}

Debt/EBITDA ratio

FY2025: Below 1.8 times to 1.8–2.5 times



Note: We changed our FY2025 target to proactively implement strategic investments in the Convenience Store business with more agile and flexible financial discipline, in order to promote the growth strategy of our Group.

Message from the CFO

we work toward achieving MTMP goals.

Therefore, from a financial perspective, we recognize that the key to achieving the FY2025 targets lies in how effectively we implement qualitative improvement measures in FY2024.

To this end, first we need to evolve the Group's business model to accelerate growth and enhance capital efficiency. Next, we need to expedite the disposal or restructuring of assets and businesses that are not generating profits or have low returns. It is important to implement these two measures by FY2024 to maximize the benefits in FY2025. In that sense, FY2024 will be a pivotal year for us.

Additionally, the macroeconomic environment surrounding consumer spending has changed significantly from our initial expectations. One factor is that, particularly since the second half of 2023, inflation has significantly impacted both Japan and the United States, leading to substantial changes in consumer purchasing behavior. There is also the effect of the weaker yen. To address these changes, we need to accelerate and further evolve the two measures mentioned above.

For enhancing corporate value and shareholder value

Currently, we are advancing action plans in three areas as determined by the Board of Directors based on recommendations from the Strategy Committee. The main objectives are to evolve the business models of our Group companies to drive growth and improve capital efficiency by reassessing non-performing assets and optimizing the Group's business structure. We also seek to further enhance investor engagement to ensure that the capital markets recognize these efforts in a timely and appropriate manner. Ultimately, we aim to maximize the Group's medium- to long-term corporate value and, consequently, shareholder value.

We believe that these action plans are crucial initiatives for achieving our MTMP goals and ensuring sustained growth beyond them. Consequently, FY2024 is extremely important for our success.



Qualitative improvement of North American CVS operations

North American CVS operations, which represent about 60% of the Group's EBITDA and are central to our growth, face an urgent need to enhance profitability and capital efficiency. A crucial factor in achieving this is the expansion of proprietary merchandise. As inflation persists and customers become more price-sensitive, it is important to promote improvements by increasing the proportion of proprietary merchandise that is more affordable than national brands, while ensuring it maintains comparable quality and high gross profit margins. This approach will drive growth and enhance profitability.

At the same time, cost reduction efforts are essential. In FY2023, 7-Eleven, Inc. (SEI) achieved approximately $308 million in cost savings through the efforts of the Cost Leadership Committee. For FY2024, the cost reduction target has been revised upward from the initial $350 million to $500 million. These initiatives are an effort to reduce not only SG&A expenses but also the cost of goods sold, which will also improve the profit margin.

Transitioning to an optimal Group structure

As part of the Group's structural reforms, we completed the transfer of shares of Sogo & Seibu in 2023. In superstore (SST), five policies aimed at fundamental reform are progressing according to the roadmap, steadily improving the profit structure. Moving forward, we will focus on measures to further enhance sales and profits to achieve the FY2025 targets of ¥55 billion or more in EBITDA and at least 4% ROIC for Tokyo metropolitan SST operations. Moreover, the SST Committee, where top executives from the Company and related businesses discuss growth strategies, will work on laying out a concrete path toward a potential future IPO.

Strengthening of investor engagement

We have always prioritized dialogue with shareholders and investors. To enhance the frequency and depth of these interactions, we launched IR Day in FY2023, where those responsible for overseeing each business present and engage directly with investors on medium- to long-term business strategies. We are also increasing opportunities for dialogue between outside directors and investors.

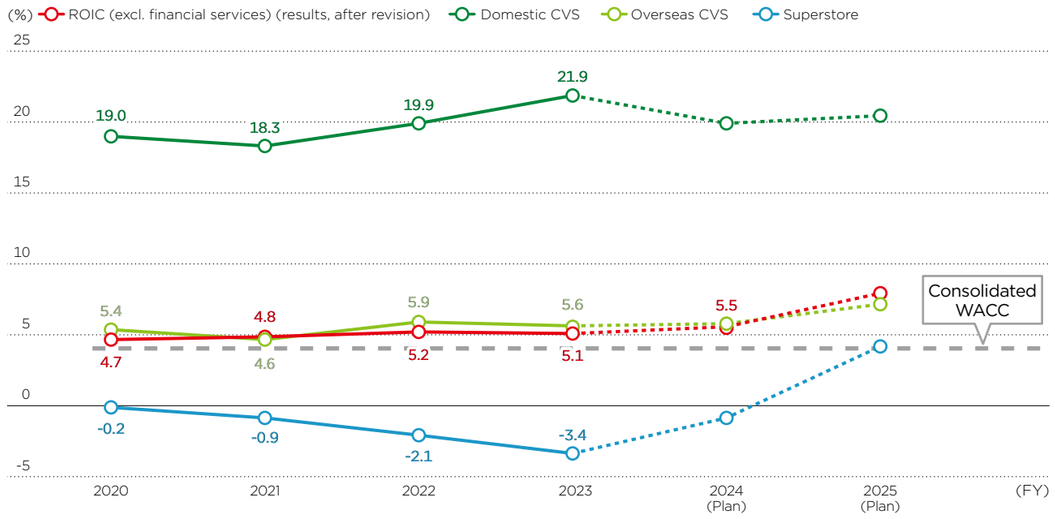
We regularly report the opinions and suggestions of our shareholders and investors to our management team and board of directors, and share them with our affiliated operating companies, where they are used to formulate management strategies and milestones.

While our enhanced dialogue opportunities and improved information disclosure have been positively received during overseas roadshows, we acknowledge the need for further improvement in our investor relations and shareholder relations activities and structure. Specifically, there is a demand for more detailed disclosure of quantitative targets and milestones related to achieving our consolidated financial KPIs. We will continue to bolster our disclosures and respond to requests through ongoing dialogue.

Promoting management conscious of cost of capital and stock price

To achieve management conscious of cost of capital and stock price, we disclose not only ROE but also segment-specific ROIC targets. We continuously monitor whether these targets exceed the consolidated cost of capital and the extent of the spread. Given the importance of capital efficiency in domestic and overseas CVS operations—a key pillar of the Group's growth—the management teams of the company and the three companies responsible for CVS operations, namely SEJ, SEI, and 7IN,

ROIC by segment



Note: Management accounting figures adjusted for intra-Group capital and financing transactions

Message from the CFO

convene at the Global CVS Steering Committee to discuss growth strategies as well as review policies and investment criteria. Furthermore, progress toward achieving the FY2025 ROIC target of 4% or more for SST operations is being reviewed by the SST Committee.

In this way, we are coordinating and discussing with each operating company in a timely and appropriate manner, with the goal of implementing effective measures to enhance capital efficiency.

We have received feedback that our stock price appears to be facing resistance, and one possible factor is that our accounting standards might lead to undervaluation compared to global companies. While we adopt Japanese Generally Accepted Accounting Principles (JGAAP), SEI follows U.S. GAAP, and 7-Eleven Australia Pty. Ltd., which we acquired in April 2024, adheres to International Financial Reporting Standards (IFRS), which complicates consolidated accounting. Accordingly, we have begun considering the adoption of IFRS for CVS operations. However, since SST operations are primarily domestic, we will continue to use JGAAP for that segment.

Expanding shareholder return

For us, as well as for our shareholders, a key factor is how we enhance our capital-generating capability and allocate that capital toward growth investments, ensuring financial soundness, and expanding shareholder return.

Regarding shareholder return, during the MTMP period to FY2025, in addition to growth investments in domestic and overseas CVS operations, we also plan to allocate a portion of our capital toward repaying interest-bearing debt to restore financial health. Accordingly, in FY2023, we executed share buybacks amounting to ¥110 billion. On top of this, we plan to conduct further share buybacks totaling approximately ¥100 billion by FY2025.

Additionally, considering the nature of our retail business, we have committed to a progressive dividend policy, which ensures either a continuous increase or maintenance of dividend payouts. We will also implement shareholder return measures flexibly based on free cash flow conditions, committing to a total return ratio of 50% or more over the period from FY2023 to FY2025. Also, to create a more investor-friendly environment and expand our investor base, we conducted a stock split effective March 1, 2024.

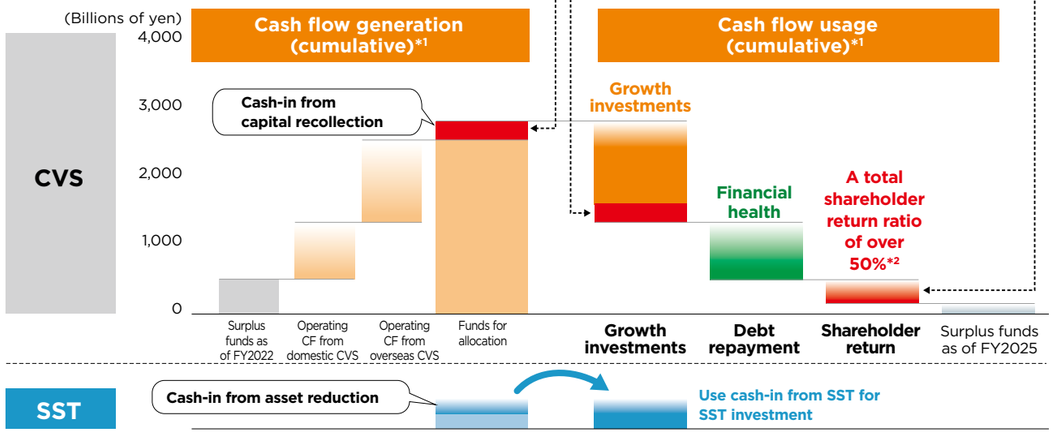
Since many of our individual shareholders are also customers of the Group's stores, we have introduced a new shareholder benefit program to encourage long-term support and foster greater shareholder loyalty. This program is expected to optimize the cost of capital and increase liquidity by reducing stock price volatility, thereby enhancing corporate value.

Capital allocation plan

Cash-in from reorganization of the business portfolio	
July 2024:	Completed the sale of Nissen Holdings
September 2023:	Completed the sale of Sogo & Seibu
July 2023:	Completed the additional sale of Francfranc
May 2023:	Completed the sale of Barneys Japan
March 2022:	Completed the sale of OSHMAN'S

Strategic investment	
April 2024:	Completed the acquisition of Sunoco-Stripes (West Texas)
April 2024:	Completed the acquisition of 7-Eleven Australia
February 2023:	Decided to invest additionally in Vietnam business

Shareholder return	
2023–2024	Decided a share buyback ¥110 billion
Up to FY2025	Expect additional share buybacks of ¥100 billion*3



*1 Cumulative figures from FY2023 to FY2025
*2 Cumulative total return to shareholders from FY2023 to FY2025
*3 The share buyback amount may possibly change if large strategic investments (such as M&A) are pursued instead of share buybacks.

Exploring the quantification and metrics of non-financial value

In recent years, as interest in environmental, social, and governance (ESG) matters has increased, there has been growing curiosity about what constitutes non-financial value, which contributes to the Group's financial value. In response, I highlight that the Group's most significant non-financial value lies in our ability to develop and build a value chain with partner manufacturers who are essential for creating proprietary merchandise crucial to the growth of our overseas CVS operations. Equally important is the human capital driving this success.

As previously mentioned, the introduction of proprietary merchandise enhances profitability. Moving forward, we will look to quantify the financial impact of expanding our value chain.



Cultivating talent with a focus on capital efficiency

To realize an optimal Group structure, it is essential for each Group company to cultivate and apply talent that practices management conscious of cost of capital and stock price. Based on this awareness, we have established ROIC as a KPI not only on a consolidated basis but also for each operating company. In addition, we provide feedback on engagement with shareholders and investors to the management teams of these operating companies.

Through our continued efforts, understanding of the balance sheet and cost of capital has steadily improved. In particular, by committing both internally and externally to ROIC targets for SST operations, we have seen these concepts become clearly understood at the operational level. Moreover, these metrics have elevated strategic perspectives and increased the number of individuals with a managerial outlook. To further build on these achievements, we will increase opportunities for discussions about financial KPIs with all Group companies.

As mentioned earlier, FY2024 is a crucial year for achieving our MTMP goals and advancing our growth strategy for the future. We will continue to implement each of our current measures meticulously and promptly while engaging in ongoing dialogue with shareholders and investors. Our commitment is to maximize long-term shareholder value and meet the expectations of all stakeholders.

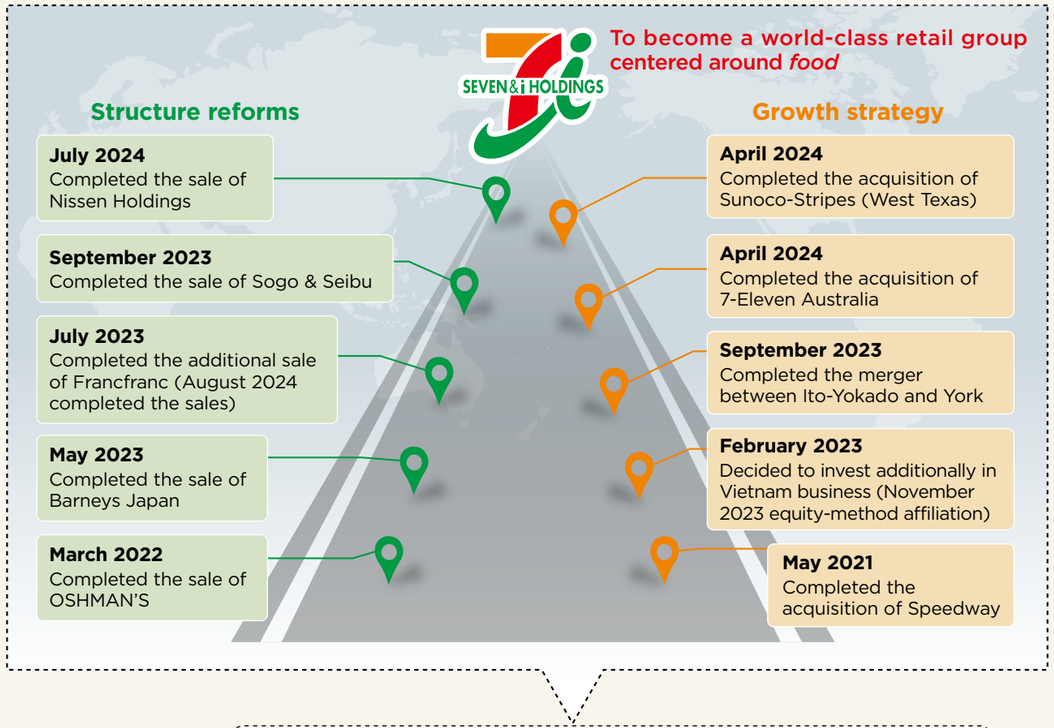
Promoting business structural reform, shifting focus from general retail business to domestic and overseas convenience store operations

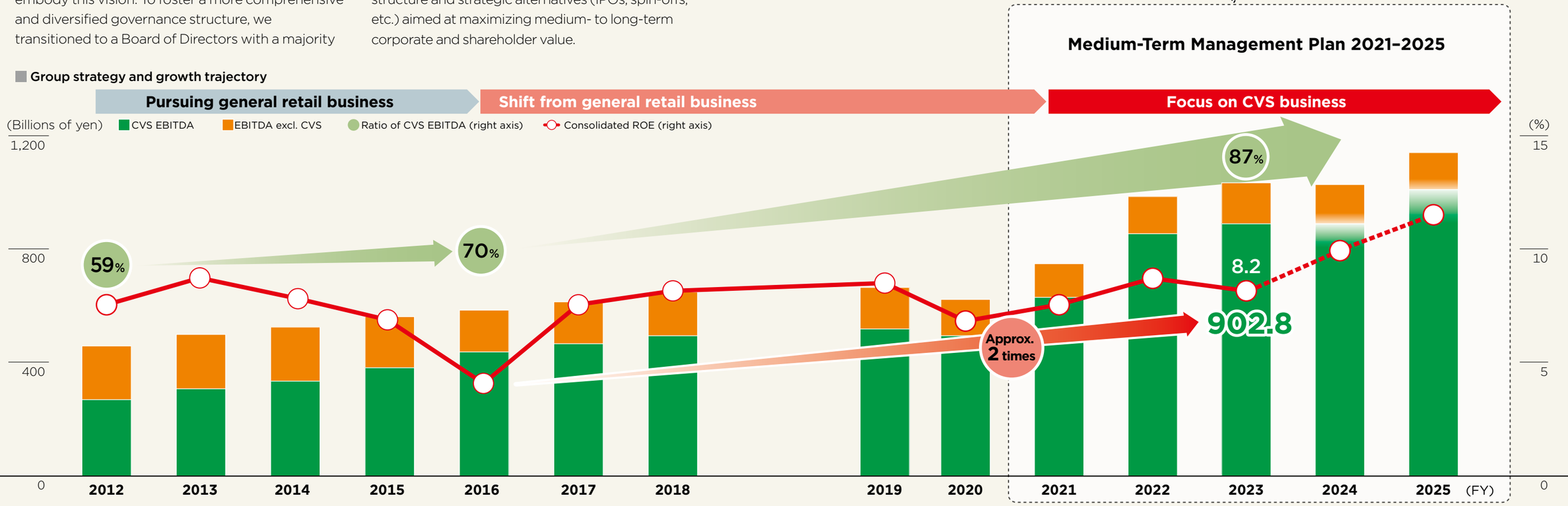
Optimizing the Group's business structure with a focus on domestic and overseas CVS operations

In March 2016, we announced a focus on CVS operations in Japan and the United States, leveraging Group synergies as the core of our growth strategy. This marked a clear departure from our previous stance toward the general retail business. After Ryuichi Isaka was appointed as president in May of the same year, we executed several major initiatives, including the acquisition of certain convenience store (CVS) businesses from Sunoco LP in 2018 and the acquisition of Speedway in 2021. At the same time, we undertook structural reforms and a review of the business portfolio for Ito-Yokado (IY) and began exploring ways to optimize the Group's businesses, with a commitment to enhancing corporate and shareholder value.

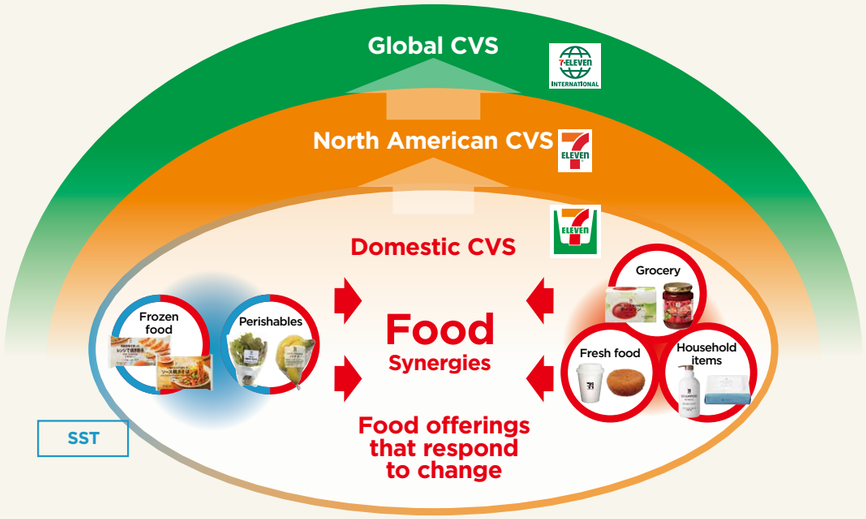
In July 2021, we unveiled our Medium-Term Management Plan 2021-2025, charting our vision for 2030 of becoming a world-class global retail group centered on the 7-Eleven business. Simultaneously, we initiated a review of our business portfolio to embody this vision. To foster a more comprehensive and diversified governance structure, we transitioned to a Board of Directors with a majority of independent outside directors in May 2022. This strategic shift aligned with our commitment to enhancing Group corporate value. Concurrently, we conducted a thorough review of each business unit's strategic initiatives, exploring all potential avenues for growth and optimization.

In March 2023, following these discussions, we announced the Update to the Medium-Term Management Plan and the Results of the Group Strategic Reevaluation. To capitalize on the Group's strengths, we set our vision for 2030 as a world-class retail group centered around its *food* that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology. This clarified the direction for the Group's medium- to long-term growth. In October 2023, we announced a major milestone for the fundamental transformation of the superstore (SST) business. Additionally, we established a Strategic Committee comprised solely of independent outside directors to monitor progress of the Group's strategic priorities. The Committee began a comprehensive, objective analysis and review of the optimal Group business structure and strategic alternatives (IPOs, spin-offs, etc.) aimed at maximizing medium- to long-term corporate and shareholder value.





Establishing global brand loyalty starting from strengths in *food* in the domestic CVS business



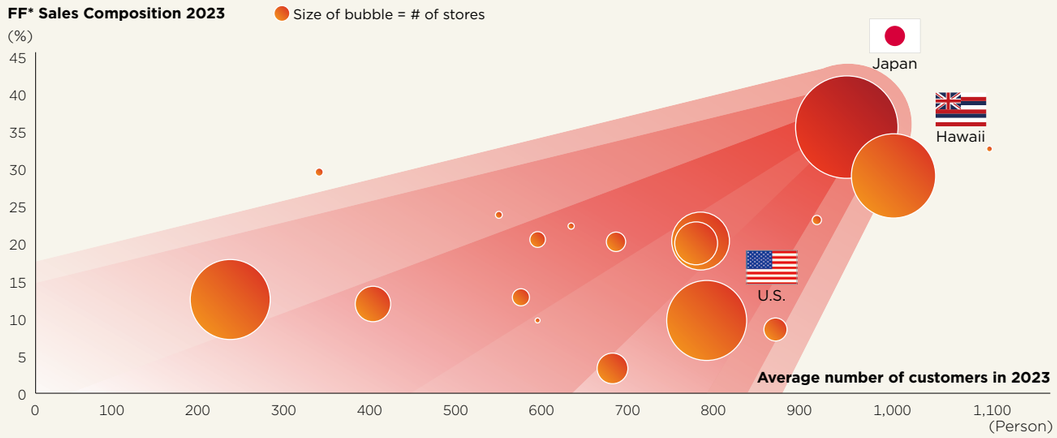
Delivering a global growth framework where an increase in average customer numbers equates to an increased proportion of fresh food sales

SEVEN-ELEVEN JAPAN (SEJ) has gained strong brand loyalty on the back of high praise for its proprietary merchandise centered on *food*.

SEJ has built a Team Merchandising (Team MD) framework, collaborating with the SST business, which handles a wide range of food products from fresh to processed foods, and with suppliers across Japan to develop the Group's shared private brand (PB) products under *Seven Premium*. Additionally, there are 156 food-related commissaries dedicated to producing PB products, fresh foods, beverages, and other SEJ-exclusive items, ensuring a diverse range of delicious tastes and flavors all with exceptional freshness. There is a strong correlation between the proportion of *food* sales and average customer numbers. A similar correlation has been observed in SEVEN-ELEVEN HAWAII, Inc., which, like SEJ, has built a food value chain and increased the proportion of its fresh food offerings.

Our goal is to expand this growth framework, where an increase in average customer numbers equates to an increased proportion of fresh food sales around the world to establish global brand loyalty.

Correlation between composition of fresh food sales and number of customers in global 7-Eleven operations



* FF: Fresh Foods (Fresh foods include ready-to-eat foods only. Proprietary beverages, dairy products, and long shelf-life foods are excluded.)

Private brand *Seven Premium* achieves cumulative sales of ¥15 trillion

The Group's private brand, *Seven Premium*, was developed by leveraging SEJ's expertise in the development of proprietary merchandise, combined with the extensive product variety of superstore (SST) operations, numerous business partners, and the overall sales capabilities of the Group.

Launched in May 2007 with 49 items, cumulative sales of *Seven Premium* surpassed ¥15 trillion in FY2023. While maintaining competitive pricing, *Seven Premium* has pursued its unique, high-quality standards without compromising on taste, safety, or reliability.

As of the end of February 2024, the product lineup has expanded to approximately 3,400 items with over 300 items each achieving annual sales of over ¥1 billion.

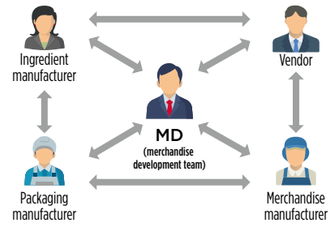


SEVEN-ELEVEN JAPAN's value chain

Merchandise planning and development → Procurement → Production → Logistics → Marketing and sales

Evolving product development capabilities through the Team MD framework

For product planning and development, we have established a Team MD framework in which we develop and produce merchandise in collaboration with business partners who have advanced technologies and know-how in everything from raw material procurement to processing, packaging, and production.



Achieving high product appeal by sharing manufacturing processes

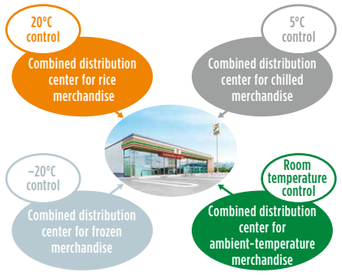
Original fresh food is manufactured in a commissary, operated by an independent partner company, that handles only 7-Eleven products.

Dedicated commissaries that produce only SEJ merchandise **156** (90.7%)

Domestic production commissaries **172**

Establishing a logistics system that delivers safety and great taste

There are 164 temperature separated combined distribution centers nationwide. By sharing order data from stores with manufacturing commissaries and temperature separated combined distribution centers, we are able to achieve efficient delivery in a short amount of time.



Expanding the food-centric 7-Eleven model to North America and the world through strengthening of the supply chain

North America

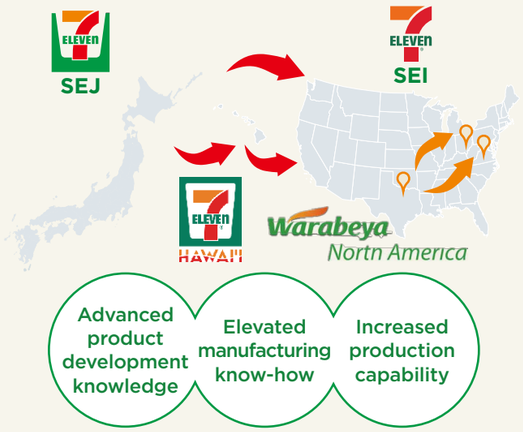
Strengthening our fresh food lineup

7-Eleven, Inc. (SEI), which oversees the North American CVS business, is promoting a growth strategy centered on growing proprietary products, including fresh food, exclusive beverages, and private-brand products.

To achieve this, SEI is advancing plans to build and expand food commissaries across North America in partnership with companies from the Nihon Delica Foods Association (NDF), thereby expanding its value chain.

Through these initiatives, SEI continues to develop signature products in North America, and this is the key reason why customers in the region are fans of the 7-Eleven brand.

Advancement of fresh food infrastructure



Food factory construction and expansion plan in North America

	Stores	FY2023	FY2024	FY2025	FY2026
Virginia Commissary	Approx. 1,350	★2023 Started operations			
Texas Commissary - Store network expansion	Approx. 750		★2024		
Ohio Commissary	Approx. 1,300			★2025	
Los Angeles Commissary	Approx. 1,300	Plan			2026 and beyond

Total: Approx. **4,700** stores (36% of total stores)

Typical products in the Dallas/Fort Worth area



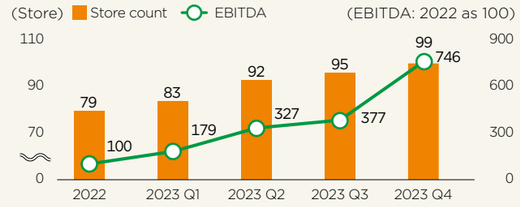
Vietnam

Accelerating growth through strategic investments

In Vietnam, where the first store opened in 2017, challenges included the pace of store openings, differentiated *food* offerings, product development, and the construction of the value chain. To address these challenges, 7-Eleven International LLC (7IN) decided to make strategic investments in Vietnam in 2023. The company strengthened its management structure for business expansion by dispatching key personnel from Japan and the United States, such as the COO and head of store development.

On the product front, 7IN enhanced its fresh food lineup by focusing on local staple dishes and established a test kitchen to strengthen new product development. 7IN also accelerated store openings in urban centers, significantly contributing to sales and profits. As a result of these efforts, both the number of stores and the profitability of each location have steadily increased.

Average EBITDA per store and number of stores



Store opening strategy

Strengthening urban stores for high sales and profit



New store sales improved to almost the same level with existing store's sales

Malaysia

Establishing a new commissary to strengthen daily products

In recent years, 7-Eleven Malaysia, which opened in 1984, has experienced sluggish growth in sales and customer numbers due to accelerated store openings and greater fresh food selections by competitors. To address this, the company shifted its management policy to strengthen store expansion centered around *food*, including offerings such as sandwiches, boxed lunches, rice balls, food counter items, and coffee.

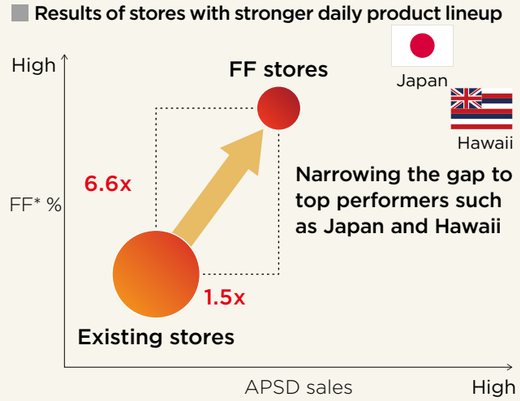
Meanwhile, in 2022, 7IN, the franchisor, began supporting local daily product manufacturers in collaboration with Fuji Foods, a manufacturer from SEJ's NDF network, to build the value chain and improve product development and quality in the country. In 2023, a new commissary began operations, supplying merchandise with updated quality and packaging.

As of 2024, the product supply network from the new commissary continues to expand. Stores selling the new fresh food products, including sandwiches, are leading to a significant improvement in business performance. Compared to existing stores, sales have increased by about 50%, and customer numbers have risen by approximately 20%.

New factory established



Results of stores with stronger daily product lineup



* FF: Fresh foods Note: Size of bubble = # of stores

Start of action plans to maximize corporate and shareholder value

Formulating medium- to long-term strategies in three areas based on Strategy Committee Recommendations

In April 2024, the Board of Directors passed a resolution regarding specific future action plans for the Group, based on the recommendations of the Strategy Committee, which had spent a year analyzing and reviewing the optimal Group business structure and strategic options to maximize medium- to long-term corporate and shareholder value.

The action plans consist of three areas: (1) Formulation of concrete action plans to accelerate growth, (2) Changes to the Group structure that will enhance our long-term growth and corporate value, and (3) Enhancement of investor engagement.

To implement these action plans, we have created a clear timeline and plan to provide progress updates through financial results briefings, IR Days, and other means.

Footprint of our Group strategy evolution



A Formulation of concrete action plans to accelerate growth

To drive the growth strategy of the entire Group, we will implement a more agile and flexible financial discipline—setting a financial leverage target of a Debt/EBITDA ratio between 1.8 and 2.5 times. At the same time, we will pursue proactive strategic investments in the CVS business while also working to improve the Group's capital efficiency.

1. Accelerate growth and improve profitability and capital efficiency in the North American CVS market
2. Develop more aggressive business plans and investments
3. Establish the IT/DX strategy for the foundation of our global growth and the IT/DX governance to improve cost competitiveness
4. Monitor and support the completion of the transformation and growth of Tokyo metropolitan area SST
5. Maximize the synergy between retail and financial

B Changes to the Group structure that will enhance our long-term growth and corporate value

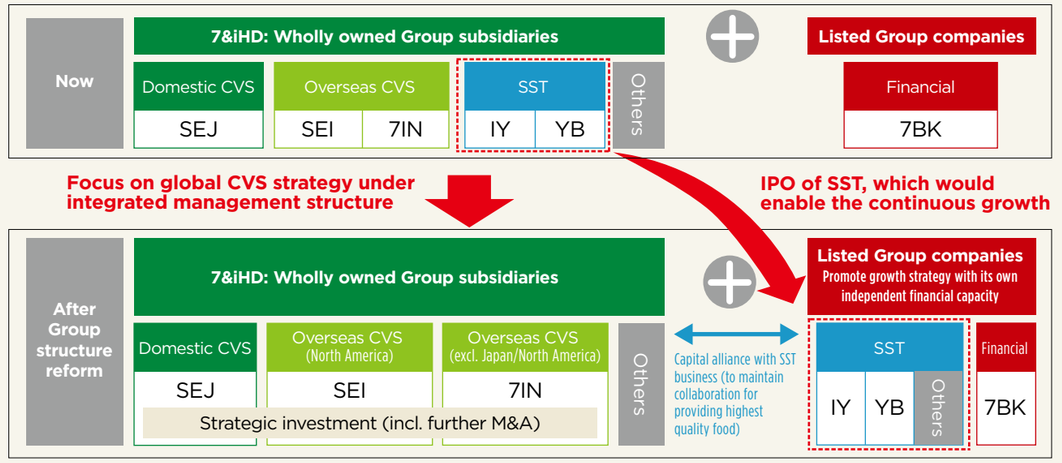
Based on the recommendations from the Strategy Committee, our Board of Directors has engaged in discussions with key operating companies to explore a Group structure that maximizes the business value of each of our operations, including the CVS business, as well as the long-term interests of shareholders and employees involved in these businesses.

For the CVS business, which is central to our growth strategy, we have established the Global CVS Steering Committee to integrate leadership and management structures for the unified operation of the global CVS business, including in Japan and North America.

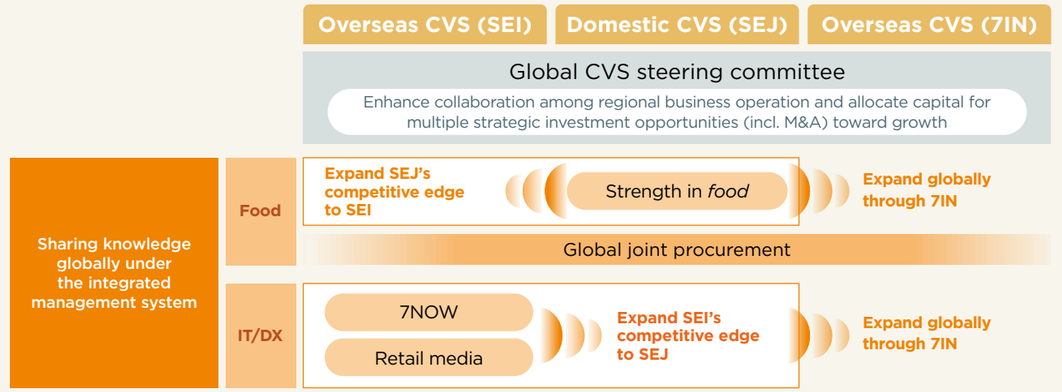
As for the SST business, we aim to establish an autonomous management framework through transformation that can pave the way for a phase of renewed growth. Our goal is to create a Group structure where the business can determine its growth trajectory independently with its own financial discipline, allowing employees to actively engage in the Company's growth as an independent entity. The Company is considering an IPO of SST business targeting to list as soon as reasonably practicable as one workable option.

This initiative is based on the premise that the Company will continue to maintain certain shareholdings of SST business. Furthermore, the maintenance of food-related collaboration between CVS and SST business is also a premise for this initiative.

Transitioning and reorganizing to an optimal Group structure



Global CVS strategy plan



Establish a Global Axis × Local Axis strategy

In May 2024, Seven & i Holdings established the Global CVS Steering Committee, bringing together President Isaka along with top executives from SEJ, SEI, and 7IN to optimize the global CVS strategy. This committee will promote global joint procurement while expanding SEJ's strengths in *food* to SEI and 7IN. It will also share IT/DX measures such as the 7NOW initiative adopted early on by SEI with SEJ and 7IN to promote inter-regional collaboration in business operations. Additionally, the committee will oversee the optimal allocation of strategic investments, including M&A activities aimed at accelerating growth. Conversely, store opening strategies and product strategies within each region will be handled as localized strategies, with the goal of establishing systems that allow each country or region to implement them independently.

C Enhancement of investor engagement

We will prioritize investors and engage with them to ensure that our efforts toward fulfilling our mission and enhancing shareholder value are communicated clearly and transparently. We will work to identify and address challenges, as well as strengthen our communication framework with investors, particularly concerning our specific strategies, growth trajectory, and progress.

Domestic Convenience Store Operations

We will further strengthen *food*, the source of the Group's competitiveness, while re-accelerating store openings in Japan



Fumihiko Nagamatsu
Head of Domestic CVS operations (Japan)
Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD.
Director and Senior Managing Executive Officer of Seven & i Holdings Co., Ltd.

To further grow the operations of our domestic convenience stores, serving as the foundation for the Group's growth, we will enhance our ability to respond to change, the driving force behind this growth.

In the highly regarded *food* sector, we aim to expand our customer base and increase the number of store visits by developing new products and expanding our merchandise assortment, including our private brand *Seven Premium*, which leverages the strengths of the Group.

Under the partnership with Ito-Yokado, the SIP store, which opened in February 2024, is a step towards exploring the future of convenience stores. In addition to expanding the assortment of fresh and frozen foods, which have traditionally been limited in convenience stores, we introduced new initiatives like *Seven Café Bakery* and *Seven Café Tea* to attract new customer segments, which have received more support than expected.

The delivery service 7NOW is also a unique service not found in existing e-commerce, catering to both immediate consumption and stock-up needs. The fact that most of the top-selling products are proprietary items is a point of pride, highlighting a service only 7-Eleven can offer. For this reason, we are working towards nationwide expansion by the end of FY2024.

Regarding our store-opening strategy, we plan to move away from the existing one-format approach and implement a more tailored strategy that takes into account local characteristics, including merchandise assortment, flavor preferences, price ranges, and sales promotion strategies, based on the specific conditions of each area, with plans to re-accelerate store openings from FY2025 onward.

From the perspective of sustainable management, we are actively working on reducing food waste, in addition to improving productivity through the use of information technology and digital transformation (DX).

By promoting these strategies, we aim to maintain our current ROIC while improving EBITDA.

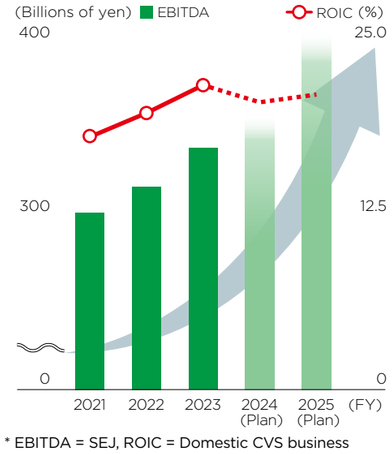
Growth strategy

1 Further strengthening "food"
- Expanding what we learned from SIP Store to existing stores
- Further expansion of 7NOW

2 Strengthening store openings according to the characteristics of each area
- Promoting detailed store opening plans and urban development according to the area

3 Using sustainability management as a driving force
- Improving productivity through pursuing operational efficiency
- Enhancing efforts for measures against food loss/waste

Trend of EBITDA and ROIC



* EBITDA = SEJ, ROIC = Domestic CVS business

1 Further strengthening "food"
- Expanding what we learned from SIP Store to existing stores

Improved sales and gross profit margin through merchandising mix

In February 2024, the 7-Eleven Matsudo Tokiwa-daira Station store reopened as an SIP store.

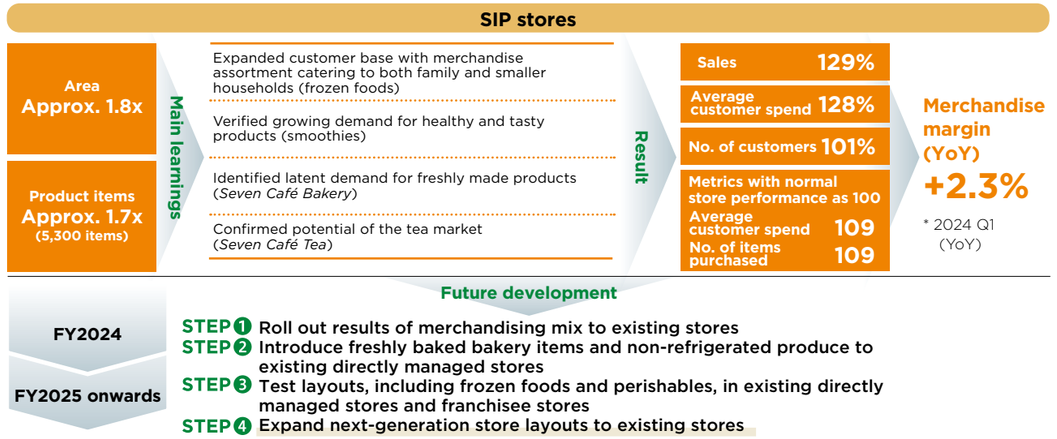
Making use of the Group's procurement capabilities and food processing and manufacturing technologies, the SIP store, which has approximately 1.8 times the sales floor space of a typical store, sells fresh food, prepared meals, and frozen food, and also includes a *Seven Café Bakery* and *Seven Café Tea*. The number of items has been expanded to approximately 1.7 times the usual amount, reaching about 5,300 items.

Additionally, through improvements in the merchandising mix, overall sales and gross profit margins at the SIP store have increased.

Moving forward, SEVEN-ELEVEN JAPAN (SEJ) plans to apply the lessons learned at SIP stores, such as identifying latent customer needs and improving operational methods, to existing stores. This will include rethinking the layout and introducing new equipment at existing stores from FY2025 onward.

* SIP stands for SEJ-IY-Partnership. SIP stores are test stores designed to capture the rapidly changing consumer behavior and values, as well as to respond to a wide range of needs

Existing store growth strategy starting with SIP Store



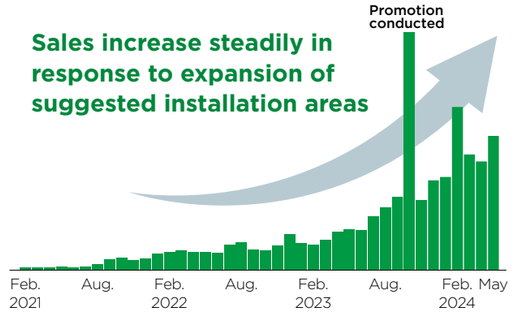
- Further expansion of 7NOW

Nationwide service expansion and strengthening of the 7NOW app

The delivery service 7NOW, which allows customers to order products from 7-Eleven stores via smartphone and have them delivered in as little as 20 minutes, has seen steady sales growth since its launch in 2017. As of the end of February 2024, the service is available in over 12,000 stores, with plans to complete nationwide expansion by the end of FY2024. In FY2023, improvements to the user interface and experience of the 7NOW app, which is integrated with 7iD, along with delivery tracking, earned the app the No. 1 rating in the Food & Drink category on the App Store. (As of February 29, 2024)

Material Issue 1

Initiatives by FY2024 (Area expansion)



Domestic Convenience Store Operations

2 Strengthening store openings according to the characteristics of each area

• Promoting detailed store opening plans and urban development according to the area

Accelerating store openings to meet regional needs with two strategies Material Issue 1

SEJ is accelerating its store opening strategy in the domestic market using two approaches.

The first approach involves moving away from the traditional one-format model and developing store types tailored to local characteristics. By carefully adapting the merchandise assortment, flavor preferences, price ranges, sales promotion strategies, and operational strategies to meet the specific needs of each region, SEJ is expanding its store-opening areas. Existing stores that have transitioned to the most suitable store type, whether urban, residential, or suburban location, based on area characteristics, are in line with more diversified customer needs and the trend toward smaller commercial areas where people want to minimize travel, which in turn has driven sales growth. SEJ plans to further expand its store-opening areas by addressing the distinct needs of each region, incorporating lessons learned from SIP stores.

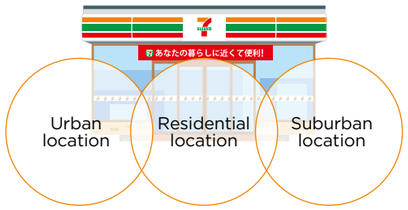
The second approach is based on the correlation between a higher share of stores in a region and increased average daily sales. Regions with a lower store share are designated as store expansion areas, where SEJ will aggressively open new stores by refining recruitment and staffing strategies. In revitalization areas, where the store share is high but daily sales are low, SEJ will maximize sales by adjusting store types, merchandise assortment, and promotional methods based on local characteristics. In addition to these region-specific store opening strategies, SEJ will develop store opening plans by municipality, leveraging its know-how from top share regions, with the goal of achieving the highest share in all areas.

Store opening strategy 1: From one format to stores that meet the different needs of each area

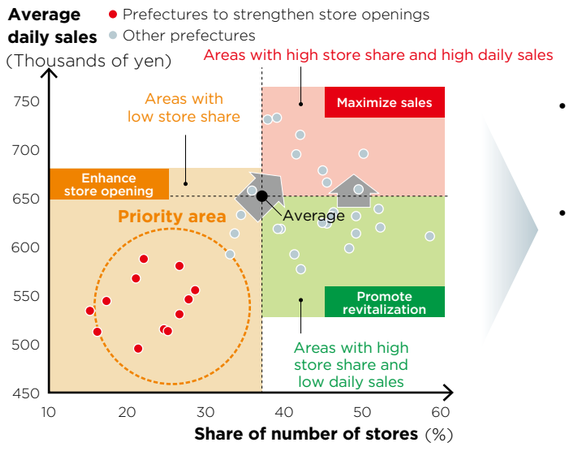
Environmental change

- Total population decrease
- Declining birthrate and aging population
- Grocery stores decrease

- Assortment to meet local needs
- Taste preferences and price range to meet local need
- Store format suited to the region



Store opening strategy 2: Promoting a store opening strategy suited to regional store share





3 Using sustainability management as a driving force

• Enhancing efforts for measures against food loss/waste

Launch of Eco-Price in partnership with franchisee stores Material Issue 3 6

The Group has identified measures against food loss/waste and for organic waste recycling as one of the themes in our environmental declaration, GREEN CHALLENGE 2050. We have been working to reduce food waste through various approaches, such as extending product freshness, engaging customers in the Ethical Project*1, promoting the Temaedori Project*2 with industry associations and government agencies, and supporting food drive*3 initiatives.

As part of a new initiative from 2024 in collaboration with franchisee stores, we are introducing Eco-Price, which offers discounted sales on fresh food items, such as rice balls and boxed lunches, that are nearing their sell-by dates.

In experimental stores where Eco-Price was introduced, food waste was reduced by approximately 10% compared to previous levels. This reduction is believed to be due to the increase in customers who, understanding the nearing expiration, preferred to purchase environmentally-friendly products at a discount. Additionally, franchisee stores have been able to manage these discounted items more proactively, resulting in a reduction not only in food waste but also in missed sales opportunities.

*1 A project that awards nanaco bonus points to customers who purchase items nearing their expiration date with the *nanaco* e-money service
*2 A campaign encouraging customers to select products closest to the front if they intend to consume them right away
*3 An initiative to donate food that households may not be able to use to local food bank organizations

Initiatives for food loss

2009 Started extending the freshness of products
Established sales guidelines on items nearing their sell-by dates

2020 Promoted the Ethical Project

2021 Started industry-wide effort to promote the Temaedori Project

2024 **Price reduction sales**
Eco-Price recommendation







Topics Helping to reduce food waste with smoothies Material Issue 2 3

The in-store smoothies, offering a tasty and convenient way to enjoy fruits and vegetables, have been well-received not only by health-conscious customers but also by those looking for a moment of relaxation or refreshment in their daily routine. Since their launch in select stores in 2017, they've expanded to around 17,000 locations by the end of May 2024.

To help reduce food waste, the smoothies make use of fruits and vegetables that would typically be discarded due to size or appearance, classifying them as non-standard. For instance, the ice cubes in the green smoothie are made from pureed broccoli stems, which would normally go to waste.

SEJ plans to roll out in-store smoothies to all locations where feasible. Looking ahead, SEJ will focus on boosting customer visits while continuing efforts to reduce food waste.



Overseas Convenience Store Operations

North American Convenience Store Operations

We will increase profitability through four growth strategies to drive further growth for the Group



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

7-Eleven, Inc. (SEI), which accounts for approximately 60% of the EBITDA of the Seven & i Group, is implementing four growth strategies to drive further growth for the Group.

The core of these strategies is to grow proprietary products. SEI aims to improve customer traffic and gross profit margins by expanding sales of fresh foods, proprietary beverages, and private brand (PB) products. To achieve this, SEI is currently working with suppliers that produce proprietary products for SEJ to establish a food value chain across North America.

SEI is also promoting digital and delivery initiatives, including the expansion of its top-tier membership program, 7Rewards, and the 7NOW delivery network.

As for synergies created through the integration with Speedway, SEI is achieving synergy effects beyond its targets. Moving forward, SEI will introduce an item-by-item management system to optimize product assortments, further boosting sales, gross profits, and operational efficiency in stores.

Although SEI is the No. 1 convenience store chain in North America, its market share remains around 9%, leaving significant room for growth in this fragmented market. SEI will leverage its expertise, having made over 50 acquisitions since 2005, to expand its market share further.

Along with these initiatives, SEI will strengthen cost management and enhance resilience against an uncertain future business environment, aiming to improve its current ROIC, which is in the 6% range.

Growth strategy

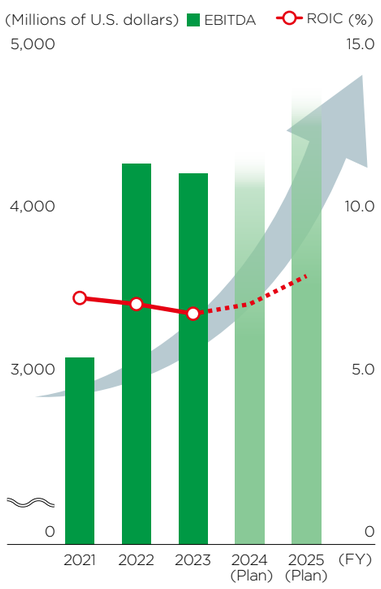
1 Growing proprietary products
- Expansion of product assortments—Wider range of product categories and new product development
- Enhancing *food* value chain

2 Promoting digital and delivery initiatives
- Use of loyalty programs
- Strengthening 7NOW delivery

3 Generating synergies from SEI and Speedway integration
- Creating synergy effects exceeding targets within three years of integration

4 Growing and enhancing store networks
- Expanding market share through M&A
- Strengthening store operations and developing new standard stores

Trend of EBITDA and ROIC



1 Growing proprietary products
- Assortment expansion

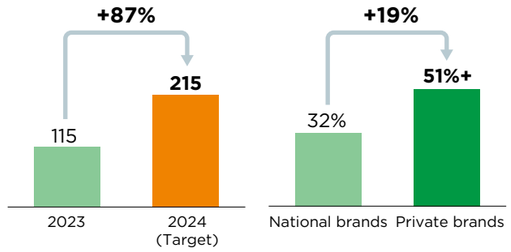
Expanding sales of proprietary products Material Issue 2

SEI is working to strengthen its proprietary products, such as fresh foods, proprietary beverages, and private brand (PB) products. In doing so, SEI is expanding the food value chain across North America (see p. 31), and for PB products, it plans to enter five new product categories and introduce 215 new items in 2024.

From 2024, SEI has also been promoting its Food and Beverage Modernization Program with in-store bakeries, self-service roller grills, Grab & Go cases, and specialty beverages in stores. Stores that have implemented this program have seen fresh food sales exceed the national average, and SEI plans to roll it out in about 2,500 stores in 2024.

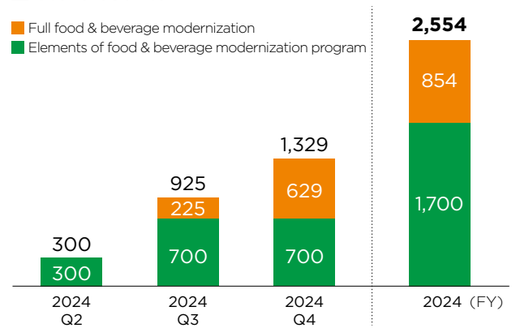
Private brands

Number of new products released / Gross profit margin
- 215 new items
- Entering five new categories



Food and beverage innovation plan

Store counts



* As of 2024 Q1





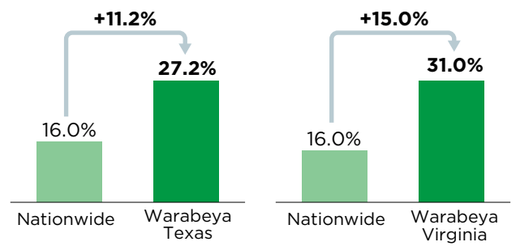


- Enhancing *food* value chain

Expanding fresh food infrastructure Material Issue 2

SEI, together with the Warabeya Nichiyo Group, which develops and supplies many of SEJ's proprietary products, operates and runs food commissaries in two cities (see p. 31). As a result, the product assortment has expanded, not only with the more typical products such as the Slider (mini burger) and potato egg and cheese taco, but also with boxed lunches like chicken curry and hamburger steak bento. In Texas and Virginia, sales of these products in 2023 have significantly outpaced the national average.

Contribution to sales of Warabeya products in the entire fresh food business (2023 results)



Overseas Convenience Store Operations

North American Convenience Store Operations

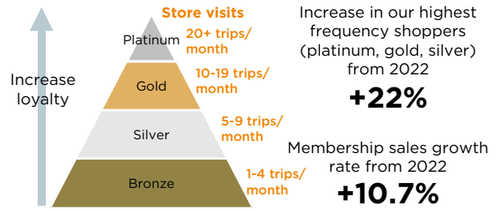
2 Promoting digital and delivery initiatives

- Use of loyalty programs

7Rewards, embraced by one in four Americans

The 7Rewards program not only introduces products and services tailored to each customer using the app but also provides various benefits to encourage store visits. As of the end of December 2023, the program boasts approximately 95 million members, making it one of the most widely used programs in the industry, offering advantages not only to customers but also to stores.

Growth rate in the number of frequent store customers



Increase in our highest frequency shoppers (platinum, gold, silver) from 2022
+22%

Membership sales growth rate from 2022
+10.7%

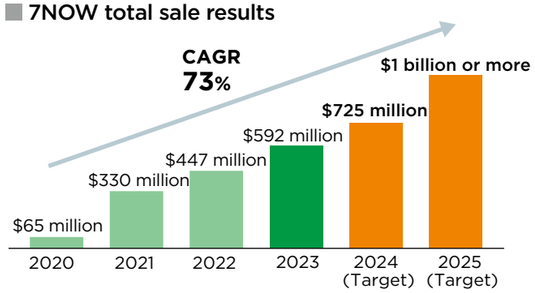
- Strengthening 7NOW delivery

7NOW stores and delivery infrastructure competitive advantage

Material Issue 1

Through its delivery service 7NOW, SEI also offers popular fresh food items. With over 50% of the U.S. population living within a 2-mile radius of a store, and the convenience of an average delivery time of 28 minutes, existing store sales grew by 25% in 2023. Moving forward, SEI aims to expand its Gold Pass membership, which offers a subscription-based delivery service.

7NOW total sale results



3 Generating synergies from SEI and Speedway integration

- Creating synergy effects exceeding targets within three years of integration

Creating synergies in four areas

SEI is implementing four initiatives to generate synergies from its integration with Speedway. In 2023, the third year since the integration, SEI achieved approximately $977 million as a result of the consolidation, exceeding its $800 million target.

To further accelerate these synergies, SEI plans to introduce the 7-Eleven brand's unique item-by-item management POS system RIS 2.0 and the fuel system DEX (Dispenser Experience) in all Speedway stores, aiming to boost both sales and gross profit margins.

Merch sales & margin
×
Scale / Cost leadership
×
Fuel logistics
×
Digital (growth) synergies

Target: $800 million / FY2023 result: Approx. $977 million



Introduction of the RIS 2.0 POS system



DEX

4 Growing and enhancing store networks

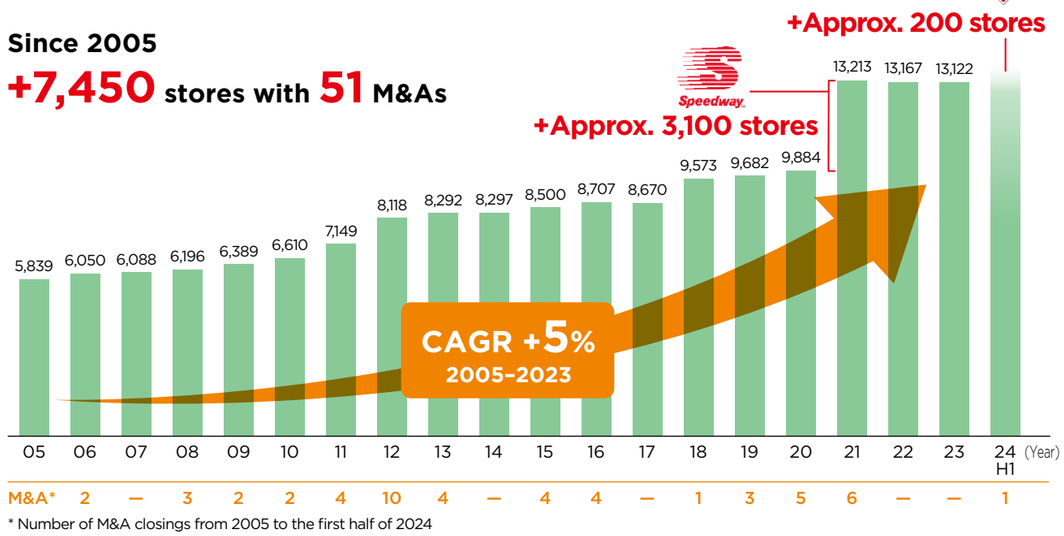
- Expanding market share through M&A

Dedicated team evaluates acquisition opportunities

As of the end of December 2023, small chains with fewer than 10 stores and individually owned stores account for about 65% of the approximately 150,000 convenience stores across the United States, while the top 10 chains, including No. 1-ranked SEI (with 13,122 stores), hold only about 20% of the market share, making it a highly fragmented industry. Since 2005, SEI has conducted more than 51 M&A deals, aiming to further expand its market share.

In April 2024, SEI completed the acquisition of approximately 200 Sunoco Stripes stores. This acquisition complements the store network of Sunoco Stripes, acquired in 2018, and the Speedway network, allowing SEI to fully meet the needs of that region.

Since 2005
+7,450 stores with 51 M&As



* Number of M&A closings from 2005 to the first half of 2024

- Strengthening store operations and developing new standard stores

Rollout of test stores for the new standard format

SEI is developing experimental stores called "Evolution stores," which feature food-focused interior designs, innovative operations, and customized exterior designs that take regional characteristics into account. The lessons learned from these test stores will be incorporated into the format of future new standard stores.

Evolution stores





New standard





Overseas Convenience Store Operations

Global Convenience Store Operations

Establishing a global 7-Eleven brand by aggressively expanding into new countries and regions and strengthening existing stores



Shinji Abe

Head of Overseas CVS operations (International) / 7-Eleven International LLC
Executive Officer / Seven & i Holdings Co., Ltd.

7-Eleven International LLC (7IN) was established in 2021 as a joint venture between SEJ and SEI, with the aim of becoming the third pillar of growth following SEJ and SEI by establishing the global 7-Eleven brand.

A Global CVS Steering Committee was established in April 2024, where top executives from the three companies come together to discuss and formulate CVS strategies. The committee analyzes ways to revise the strategic process to more effectively open stores in new countries and regions, as well as considering sources of growth support, including investments in existing operating countries. Through these initiatives, 7IN aims to enter two new countries or regions annually and is targeting a long-term goal of reaching 100,000 stores in 30 countries and regions around the world by 2030. As part of this plan, 7IN acquired 7-Eleven Australia* in April 2024.

Additionally, as part of the growth strategy for existing licensees, 7IN is promoting transformation into food-focused convenience stores tailored to the characteristics of each market. This is an initiative aimed at narrowing the gaps in daily sales between regions by increasing the proportion of fresh food, thus raising the number of customers and gross profit per store.

7IN is making strategic investments in growth markets with existing licensees, such as in Vietnam. Investments made in 2023 led to higher average daily sales than competitors due the strengthening of proprietary merchandise, despite 7-Eleven being a latecomer to the Vietnamese market. Going forward, we will continue to improve capital efficiency while increasing EBITDA.

* 7IN acquired all shares of Convenience Group Holdings Pty Ltd, the holding company of 7-Eleven Australia

Growth strategy

1 Accelerating new market entry

- 100,000 stores in 30 countries and regions around the world by 2030

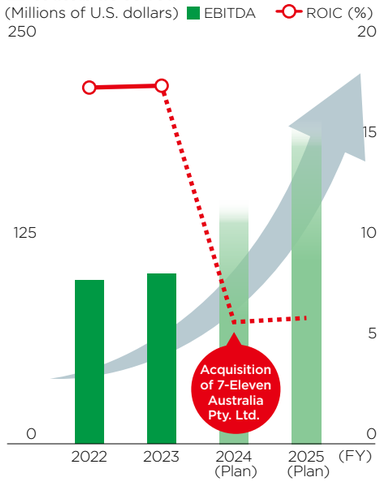
2 Supporting existing market growth

- Improving performance gaps between markets and transforming into a food-focused convenience store

3 Investing in strategic markets

- Accelerating business growth in key markets through strategic investments

Trend of ROIC



Notes: 1. 7IN's EBITDA includes equity method earnings
2. The 2024 and 2025 projections are consolidated figures that include 7-Eleven Australia

1 Accelerating new market entry

- 100,000 stores in 30 countries and regions around the world by 2030

Establishing rules and entry models for key markets and partner selection

To accelerate its entry into new markets, 7IN is implementing a strategic process that spans from market selection to partner selection and determining the entry model.

For market selection, 7IN uses 30 different indicators, including risk and growth potential metrics, to choose several key target markets from regions such as Europe, South America, MENA, and APAC. When selecting partners, the focus is on the capabilities of the partner companies to ensure they can meet 7-Eleven quality standards. As for the entry model, the options are either a master franchisee agreement or establishing a joint venture or consolidation (M&A). Starting in FY2024, in pursuit of higher returns, 7IN also added a future stock acquisition negotiation right to master franchisee agreements.

7-Eleven operation status

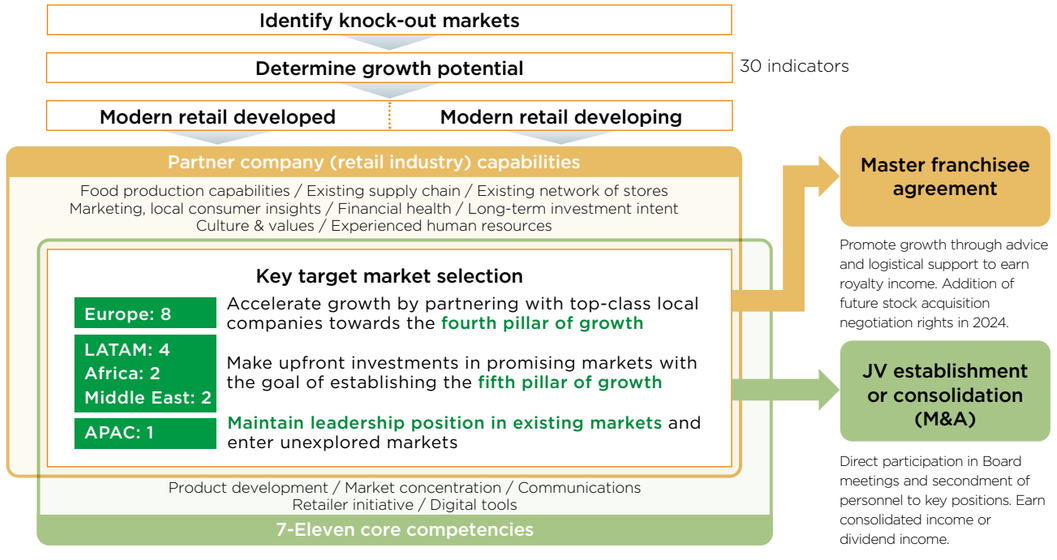
North America	
United States	12,614
Mexico	1,988
Canada	596

Europe / Middle East	
Denmark	173
Norway	115
Sweden	78
Israel	8

Asia-Pacific	
Japan	21,544
Thailand	14,730
South Korea	12,911
Taiwan	6,939
China	5,142
Philippines	3,829
Malaysia	2,581
Australia	775
Singapore	501
Vietnam	99
Cambodia	83
India	52
Laos	4



Aiming to expand into two new markets every year after selecting key candidate markets and conducting detailed research



Overseas Convenience Store Operations

Global Convenience Store Operations

2 Supporting existing market growth

• Improving performance gaps between markets and transforming into a food-focused convenience store

Leveraging the Group's strengths and expertise to drive strategies tailored to the region Material Issue 2

7IN is supporting licensees in existing markets in transitioning to food-focused convenience stores by increasing the proportion of proprietary merchandise, such as fresh food, to address the management challenge of sales disparities between markets.

In providing this support, 7IN enhances the analysis of key markets' customer needs and profiles target demographics, based on 14 indicators, including performance and macro trends. After redefining the value that stores should offer, the company utilizes resources across all areas—such as product development, assortment optimization, store development, value chain construction, and the use of digital tools—by applying the know-how cultivated by SEJ and SEI. Through repeated hypothesis testing and validation, 7IN aims to steadily achieve results.

Basic strategy supporting food-focused convenience stores

Redefining target customer profiles + Value proposition

7-Eleven International LLC

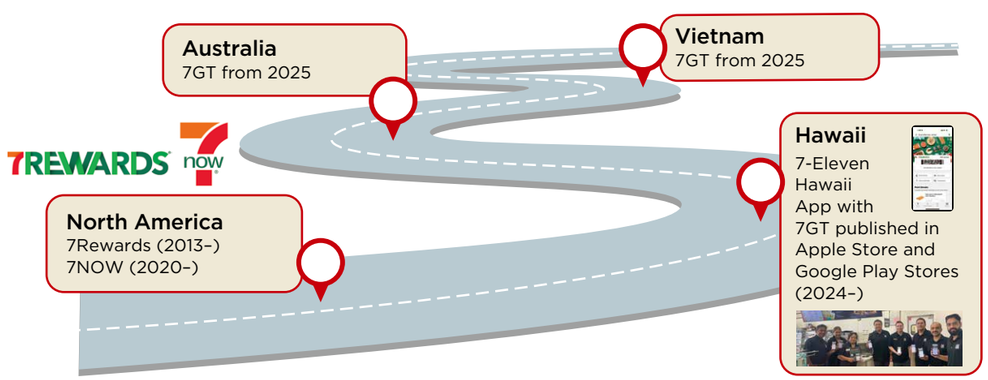
Proprietary merchandise	Value chain development / Global joint procurement	Store development and strategic store openings	Store operations / Use of digital tools

Strategic investment / ESG measures

Fully utilize the strengths and know-how between SEJ and SEI

Rollout of Seven Global Technology (7GT)

In supporting stores, 7IN is developing 7GT, a global market-focused solution utilizing various IT/DX solutions originating from SEI. This initiative aims to deliver high-quality customer experiences and efficient store operations worldwide.



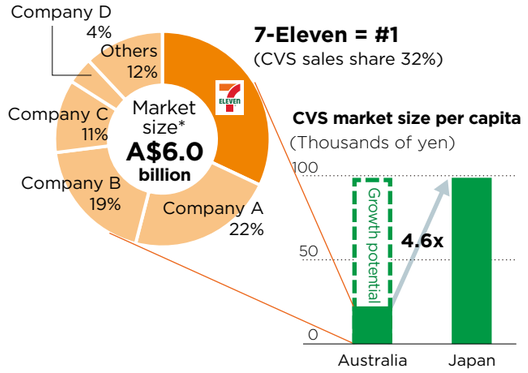
3 Investing in strategic markets

• Accelerating business growth in key markets through strategic investments

Acquisition of Australian operating company

In April 2024, through its subsidiary, 7IN acquired all shares of Convenience Group Holdings Pty Ltd (SEA), which holds shares in multiple companies, including 7-Eleven Stores Pty Ltd, the licensee that operates the 7-Eleven brand convenience store business and fuel retail business in Australia. The country is a growing market with a diverse population of many young people and immigrants, and its population is expected to grow at an average annual rate of 1.4% over the long term until the mid-2060s. As a member of the Seven & i Group, SEA will further strengthen its collaboration with SEJ and SEI in product development and store operations while accelerating store openings in the country.

Growth opportunity for the convenience store sector in Australia



Note: Market size and share for major Australian CVS retailers per Circana (IRI)

Expected growth areas for SEA

Population per store: SEA ~35,000 SEJ ~6,000	Store opening strategy	• Increasing number of store developers to accelerate store expansion • Increasing non-gas stores and improving profitability
Number of SKU's per store: SEA Less than half of SEJ	Merchandising	• Enhancing FF mix around hot drinks • Expanding assortment to fulfill customers' needs
Item-by-item management, SEJ's competitive edge, not implemented yet	Operations	• Improving sales floor efficiency via store systems improvement • Strengthening implementation of item-by-item management
E-commerce ratio: Australia food sector 6% SEA 2.6%	Digital	• 7GT introduction to enhance loyalty program and delivery

Topics Global talent development for global business growth

To further accelerate investments in and acquisitions of 7-Eleven operating companies and CVS chain operating companies worldwide, 7IN, together with SEJ and SEI, is advancing the development of a talent base called the "7Global Talent Pool." The focus is on recruiting and developing talent responsible for executing global strategies, with plans to deploy this talent to key strategic markets in phases.



Superstore Operations

We will carry out fundamental changes to realize a business structure that enables self-sustaining regrowth



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

In the superstore (SST) business, we have been promoting measures for fundamental transformation of SST operations in the Tokyo metropolitan area in line with the Roadmap for Fundamental Transformation announced in March 2023. These measures include exiting private-label apparel, closing unprofitable stores, merging Ito-Yokado and York, and reducing SG&A expenses.

Additionally, in the action plan announced in April 2024, our SST operational structure is committed to establishing a business structure where it can set its own growth direction under unique financial discipline as an independent entity, with employees being strongly involved in business growth. Therefore, FY2024 will be a crucial year for implementing this action plan. Along with improving profitability, we will execute fundamental measures aimed at becoming a competitive business with sales growth, including store renovations and pursuing new opportunities in the food manufacturing and retail business, utilizing the Group-wide infrastructure we have invested in so far.

By FY2025, we aim to achieve an EBITDA of over ¥85 billion* in SST operations, including over ¥55 billion in Tokyo metropolitan SST operations, with a ROIC of more than 4%.

* These figures exclude China's Ito-Yokado and other operating companies from the Superstore segment.

Growth strategy

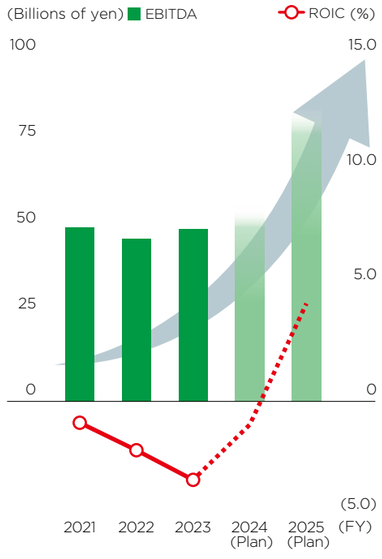
1 Completing fundamental transformation of SST operations in the Tokyo metropolitan area

- Promoting measures centered on structural reforms

2 Strengthening the Group's *food* value chain

- Advancing into the food manufacturing and retail sector

Trend of EBITDA and ROIC



1 Completing fundamental transformation of SST operations in the Tokyo metropolitan area

- Promoting measures centered on structural reforms

We plan to complete these initiatives within FY2024 and implement the plan to maximize their benefits in FY2025.

Initiatives ☐ Status of progress

1 Exit from the apparel business

Optimize directly operated sales floor space	Expand Food & Drug
Renovation for tenant introduction Progress **47**%* (35 stores as of March 2024)	Expansion of introduction Progress **62**%* (42 stores as of March 2024)

2 Accelerate focus on the Tokyo metropolitan area with additional store closures

Store closures & external succession	Optimize organization scale
33 stores* Decision finalized	Organizational restructuring aimed at streamlining headquarters functions and improving management efficiency (Implemented March 2024)

3 Consolidate SST operations in the Tokyo metropolitan area

Execute PMI	Improve productivity
Integration of IY & YO headquarters' organization functions (Executed on March 2024)	Self checkout installation Progress **68**%* (63 stores as of March 2024)

4 Establish the Group's strategic infrastructures

Improve store productivity by process centers	Sales & gross profit growth by central kitchens (enhance delicatessen)
Improve meat dept. productivity in FY2023 Sales per capita **+11**%* (As of March 2024)	Peace Deli Chiba Kitchen started (In February 2024)

* IY results

2 Strengthening the Group's food value chain

- Evolving into a food consumer retail company

Expanding strengths as a food consumer retail company to the Group

The delicatessen division of York-Benimaru (YB) has established a business model in the food manufacturing and retail sector that integrates the entire supply chain, from sourcing raw materials to product production and sales, allowing them to develop, manufacture, and sell differentiated products through a unified production and sales approach.

The advantage of integrating production and sales lies in the ability to swiftly analyze, then reflect, customer feedback and sales data into products and services. This allows for the reliable creation of unique products tailored to customer needs, which cannot be found elsewhere. To achieve this, YB uses carefully selected ingredients, personally sourced from producers. During the product development and manufacturing stages, they create high-quality products, even in small batches, with great attention to detail.

Furthermore, to effectively convey the appeal of their differentiated products, YB operates a store-level management system, where store employees who understand the trends and needs of local customers create sales plans and oversee operations, such as product displays and sales methods.

In order to expand YB's food manufacturing and retail initiatives across the entire SST operations, Seven & i Holdings will leverage shared Group resources, such as central kitchens and processing centers. This will enable the development and production of differentiated products while also helping to reduce in-store workloads and improve productivity.

Financial Services Business

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

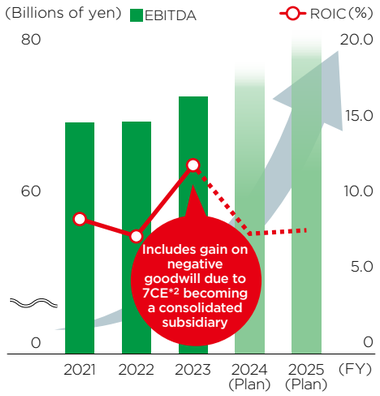


Tsuyoshi Kobayashi
Managing Executive Officer, Head of Financial Services
Seven & i Holdings Co., Ltd.

In the Group's financial services, we will continue to focus on expanding the ATM platform business, as well as the e-money and credit card businesses. As part of these efforts, in July 2023, we restructured our financial services by consolidating Seven Card Service into Seven Bank, with the aim of integrating banking and non-banking operations.

Furthermore, as part of the Group's financial strategy, we will promote the development and deployment of retail-specific financial products and services that enhance customer convenience, centered on 7iD, a unified customer ID that links various services across the Group. One example is the service launched in February 2024, which allows customers to register their 7iD with a Seven Bank account, enabling a smoother account opening process using 7iD information. Moving forward, we will continue to develop financial services unique to the Group using 7iD.

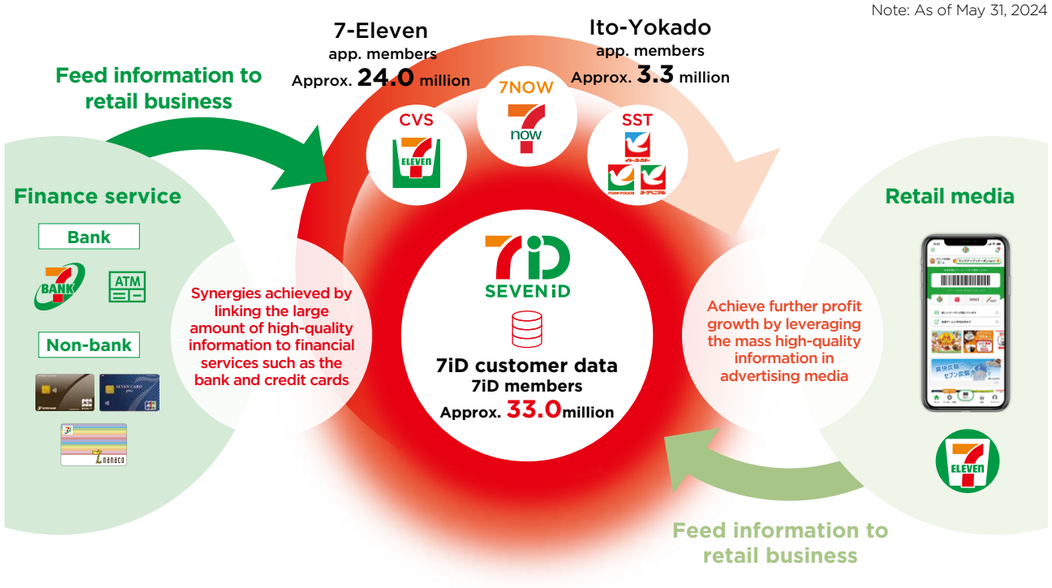
Trend of EBITDA and ROE*1



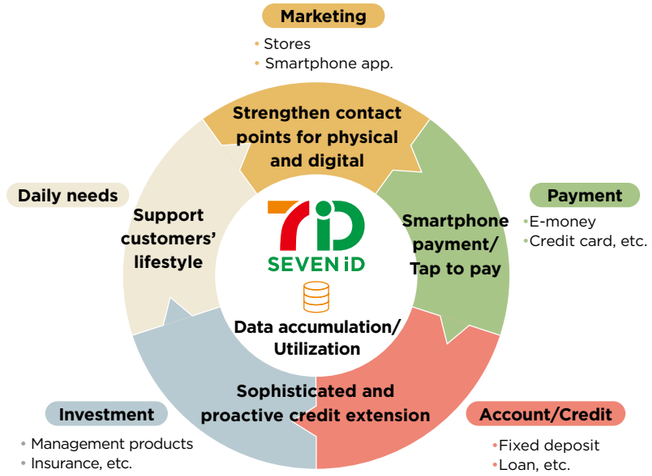
*1 EBITDA = Financial services, ROE = 7BK
*2 7CE = Seven Card Service Co., Ltd.

Integrated retail and finance strategies centered on 7iD

Note: As of May 31, 2024



Aim to achieve in the retail sector



Target for FY2025*
(Compared to the end of FY2023)

Number of bank accounts	5.0 million accounts (+2.0 million accounts)
Loan balance	¥80.0 billion (+¥36.0 billion)
Active card members	7.0 million people (+3.5 million people)

* Figures on change are estimates

Launch of new service linking 7iD with Seven Bank accounts

Starting in February 2024, we introduced a new service allowing customers to register their Seven Bank accounts with 7iD, the membership platform that customers can use across the Group.

With this service, individuals who do not have a Seven Bank account can now open one smoothly using their 7iD information. Additionally, those who already have an account can link it to their 7iD to start earning Seven Miles when using an ATM.

Moving forward, we will continue to develop unique services using 7iD to enhance customers' purchasing and financial experiences.

SEVEN iD × BANK

7iD registered users Over 33 million

Seven Bank accounts Over 3 million

Providing a service where customers can automatically earn Seven Miles

To offer even greater savings on shopping at Seven & i Group stores, Seven Card Service provides a feature where customers can automatically earn Seven Miles when making payments by linking their 7iD with Seven Card Plus/Seven Card or *nanaco*.

Seven Card Service will continue to work in collaboration with the Seven & i Group and Seven Bank to develop more convenient and beneficial services, as well as to improve existing products.



Message from the CSuO



Advancing our sustainability strategy globally through key action plans

Junro Ito
Vice President, Representative Director
Supervising Officer of Superstore Operations
Chief Sustainability Officer (CSuO)
Chief Administrative Officer (CAO)

Boosting the Group's business sustainability while upholding a commitment to principles, social impact, and innovation

The Seven & i Group is dedicated to significantly transforming its business structure, as demonstrated by the action plans announced in April 2024, which emphasize the goal of transitioning to an optimal group structure. Amid these changes, we need to consider how the Group will approach the evolving society, what value we will provide to our customers, and how we will drive positive changes in the environment and society. This involves redefining the core values that underpin our sustainability strategy. To achieve this, I believe it is crucial to focus on three key areas.

The first is the principles that serve as the foundation for our efforts. Our Corporate Creed of being a sincere company that our stakeholders trust is an unwavering core value of the Group. To implement this effectively, it is crucial to engage in ongoing dialogue with diverse stakeholders and to continually refine our approach through trial and error.

The second refers to social impact. The structural reforms we are currently pursuing are driven by the need to address the social impact of SST operations. To transition to a growth strategy, it is essential to thoroughly discuss what value SST operations create.

The third concerns innovation to elevate the presence of our business. Since starting operations in 1974, we have elevated 7-Eleven's adaptability through innovations such as 24-hour service, shared delivery systems, item-by-item management, utility bill payment services, banking services, and the private brand, *Seven Premium*. These advancements have cemented its position as an essential part of daily life.

I believe that businesses prioritizing principles, social impact, and innovation will generate healthy profits and be able to share prosperity with stakeholders through growth investments. Keeping this in mind, we will continue to advance the Group's structural reforms.

Addressing international human rights and environmental issues while expanding the food value chain globally

In addition to pursuing the Group's sustainability, a key part of my role is to enhance the sustainability strategy of our retail operations on a global scale. In this regard, I see the dialogues with diverse stakeholders that emerge during our journey to becoming a world-class retail group as valuable opportunities, and I aim to incorporate these insights into our initiatives.

Two of our most important themes are human rights and the environment. As a retailer, we are closest to consumers, and 7-Eleven has extended its value chain globally through food sourcing, production, and logistics. This expansion can have both positive and negative impacts. To address this, we established the Seven & i Group Business Partner Sustainable Action Guidelines, requesting our business partners to understand, adhere to, and implement principles such as respect for human rights and environmental conservation. Furthermore, we continuously conduct CSR audits for manufacturers of our proprietary merchandise and are strengthening our human rights due diligence system (see p. 75).

In terms of the environment, we disclose information based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations under our environmental declaration, GREEN CHALLENGE 2050, and are progressing in our response to Taskforce on Nature-related Financial Disclosures (TNFD) recommendations (see p. 60). While capital market demands regarding decarbonization have eased somewhat due to international energy supply constraints, we are committed to maintaining a strong focus on this issue. Enhancing the sustainability of our 24-hour convenience store operations, which heavily rely on refrigeration equipment, remains a priority. To tackle environmental and food security issues, we are promoting the use of sustainably sourced raw food ingredients and the sale of certified marine products. However, given the limited variety currently available, it is crucial to persistently encourage our business partners to increase their participation (see p. 59).



Shaping the future with employees who use their creativity to resolve challenges

As we expand our business globally, employees committed to resolving the challenges faced by local customers will be the key drivers of our success. To ensure that our customers have a fulfilling shopping experience, it is essential to provide a workplace environment where employees can work in good health and with a positive mindset, as well as to offer opportunities for skill development. This is one of important roles of our management team.

However, boosting engagement among our approximately 160,000 employees, including those at 7-Eleven franchises worldwide, is a challenging task. As such, our management team is starting by engaging in dialogue with employees to tackle each issue individually, creating various opportunities for discussion through the Engagement Improvement Committees (see p. 71).

The SMiLE business plan contest, focused on resolving social issues and involving Group employees and staff from partner companies, is now in its third year, with a total of approximately 1,500 participants to date. This initiative aims to create businesses that embody our principles and prioritize the social impact and innovation outlined in our seven material issues (see p. 53), while addressing customer challenges. We hope it will not only uncover promising business ideas but also foster an entrepreneurial mindset essential for the Group's growth.

As we complete the Group's structural reforms and move toward realizing the optimal group structure, we are acutely aware that our leadership's resolve and execution will be tested. We are committed to harnessing the energy of this transformation to further advance our sustainability management efforts.

Seven Material Issues (Materiality)

Six steps for revising material issues

Through various opportunities for dialogue with stakeholders, in 2014 the Seven & i Group identified material issues to be addressed by the Group as a whole in order to meet the expectations and demands of our stakeholders as we strive toward the sustainable development of society and sustainable growth of the Company.

We revised these issues through a six-step process that began with selection of social issues in March 2022, to reflect developments such as changes in the Group's business environment and globalization of our CVS operations. We then announced seven material issues internally and externally.

STEP 1 Selection of social issues

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

STEP 2 Survey of more than 5,000 stakeholders

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

STEP 3 Dialogue with experts

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

STEP 4 Identification of material issues reflecting diverse voices

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

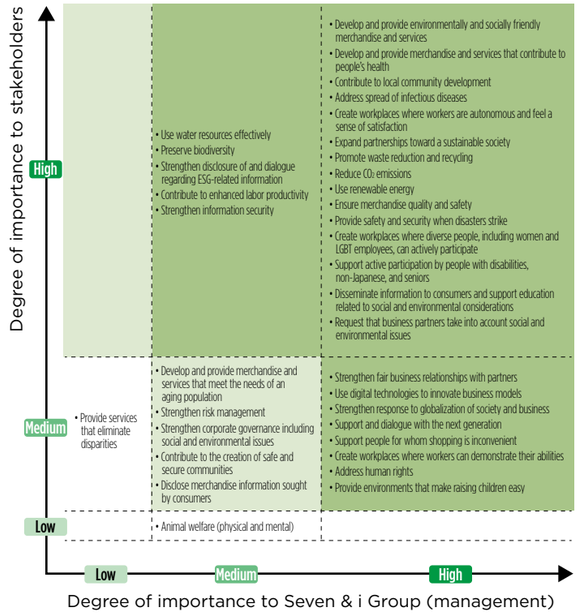
STEP 5 Risks and opportunities related to material issues

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

STEP 6 Formulating action plans

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

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



Seven material issues	Examples of concrete initiatives to address issues	Risks	Opportunities
1 Create a livable society with local communities through various customer touchpoints	**Management that aims to address community issues including an aging and decreasing population** • Expand 7NOW delivery service, online supermarket, and mobile supermarket vehicles • Training of dementia care supporters • Safety Station activities (SS activities) to monitor and ensure community safety and security	• Decline in sales opportunities from decrease in the infrastructure of daily life, leading to population decrease, depopulation, and aging population • Failure to open new stores as planned because of insufficient coordination with local communities resulting in inability to provide new value, etc.	• Gain stakeholder trust through expanded social role as infrastructure for daily life • Increase sales opportunities through community revitalization, etc.
2 Provide safe, reliable, and healthier merchandise and services	**Support for an abundant and safe society** • Expanding development and sales of health-oriented merchandise • Strengthening quality control structure • Sales of merchandise that considers food allergies	• Loss of customers because of merchandise issues or in-store accidents • Decline in trust due to violations of laws such as quality control and labeling • Loss of customers from delayed development of health-related merchandise, etc.	• Increase customer loyalty through rigorous safety and quality control • Expand sales opportunities by offering health-oriented merchandise and other new merchandise that matches customers' needs, etc.
3 Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts	**Environmentally friendly management** • Developing environmentally friendly stores • Recycling plastic bottles, increasing use of environmentally friendly containers • Reducing food loss/waste and recycle organic waste • Expanding the lineup of certified merchandise	• Physical damage to stores/distribution network due to increase in natural disasters caused by climate change • Sharp increases in purchasing prices due to changes in demand and supply or changes in prices of crude oil and other raw materials caused by unusual weather • Loss of customers due to corporate image with a large environmental footprint in areas including food waste and greenhouse gas emissions, etc.	• Cut costs by saving energy, reducing waste, recycling, and changing energy sources • Create brand value as a company at the forefront of environmental measures, etc.
4 Achieve a society in which diverse people can actively participate	**Realizing a society that accepts diverse values and lifestyles** • Hosting childcare support events • Providing educational opportunities for future generations	• Damage to corporate image, loss of customers, decline in employee engagement from tolerance of discrimination and prejudice • Difficulty in retaining human resources, outflow of human resources, etc.	• Acquire future customers and develop new services through dialogue with and development of the next generation, the young generation, and people with various values, etc
5 Improve work engagement and environment for people working in Group businesses	**Becoming a company that provides job satisfaction and sense of accomplishment** • Promoting diversity and inclusion • Increasing engagement through human resource development and dialogue • Supporting employees' autonomous learning and skill development	• Decline in employee engagement from lack of improvement in work environments • Difficulty in retaining human resources, outflow of human resources, etc.	• Promote diversity to enhance competitiveness • Increase productivity by enhancing employees' skills and autonomy • Develop new businesses and acquire talented personnel, etc.
6 Create an ethical society through dialogue and collaboration with customers	**Working with customers to make communities thrive** • Public awareness and cooperation with customers (food drives, turning off lights, etc.) • Improving services using customer opinions	• Inability to offer new value through merchandise and services from delayed response to changes in consumer lifestyles and diversification of values, etc.	• Expand sales opportunities by offering merchandise and services addressing ethical consumption • Work with customers to increase customer loyalty, etc.
7 Achieve a sustainable society through partnerships	**Working with business partners to achieve a thriving society** • CSR audit of business partners (eradication of forced labor and child labor) • Administrative services (issuance of official documents) • Working with local governments to develop local merchandise	• Interruption of merchandise supply, deterioration of merchandise quality, or boycotts associated with labor environment or human rights problems or compliance violations in the supply chain, resulting in loss of social trust, etc.	• Increase resilience through sustainable raw material sourcing • Provide new merchandise and services in cooperation with business partners, other industries, same industry, etc.

Environmental Initiatives

GREEN CHALLENGE 2050: Seven & i Group's environmental declaration

Material Issue 3 6

Overview of GREEN CHALLENGE 2050

In order to respond to various changes in the social environment, the Seven & i Group established GREEN CHALLENGE 2050, its environmental declaration, in May 2019, to promote further reduction of environmental impact and pass on a plentiful earth to future generations. We have been working together with all our stakeholders to realize a rich and sustainable society.

To achieve the goals of the four themes set by the Group, we have formed innovation teams that continue to drive initiatives across the Group, even five years after introducing the declaration.

SEVEN&i HOLDINGS

GREEN CHALLENGE 2050 私たちの挑戦で、未来を変えよう。

Reduction of CO_2 emissions

Emissions from the Group store operations

Target for 2030: (Compared with FY2013) 50% reduction

2050 Vision: Net zero

We aim to reduce emissions across our entire supply chain (Scope 3) in addition to our own emissions (Scope 1 and Scope 2).

Measures against plastic

Containers used for original merchandise (Including *Seven Premium* merchandise)

Target for 2030: Eco-friendly materials (Biomass, biodegradable, and recycled materials, and paper, etc.) 50%

2050 Vision: Eco-friendly materials (Biomass, biodegradable, and recycled materials, and paper, etc.) 100%

Use of plastic shopping bags

Target for 2030: Zero

We aim to use sustainable and natural materials such as paper for the shopping bags we use.

We aspire to reduce overall plastic materials related to sales.

Measures against food loss/waste and for organic waste recycling

Food loss/waste Basic unit of generation (waste generated per million yen in sales)

Target for 2030: (Compared with FY2013) 50% reduction

2050 Vision: (Compared with FY2013) 75% reduction

Organic waste recycling rate

Target for 2030: 70%

2050 Vision: 100%

Sustainable procurement

Raw food ingredients used in original merchandise (Including *Seven Premium* merchandise)

Target for 2030: Raw food ingredients with guaranteed sustainability 50%

2050 Vision: Raw food ingredients with guaranteed sustainability 100%

Note: We will review our targets in response to changes in the social environment.

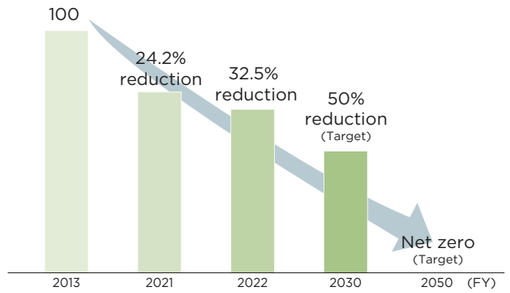
Four innovation teams

Seven & i Holdings Environment Subcommittee

CO_2 Emissions Reduction Team	Plastic Reduction Team	Food Loss/Waste Reduction and Organic Waste Recycling Team	Sustainable Procurement Team
Future vision: Decarbonized society	Future vision: Circular economy	Future vision: Circular economy	Future vision: Society in harmony with nature

Reduction of CO_2 emissions

Percentage of reduction of CO_2 emissions from store operations (Compared with FY2013)

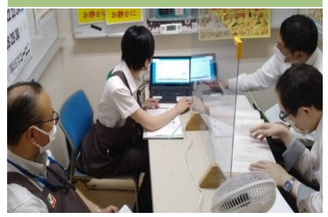


Note: For detailed data ranges, please refer to p. 102.

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

Approximately 95% of the Group's CO_2 emissions are attributed to electricity use. We are therefore prioritizing energy-saving measures at each store in the local communities that form the foundation of our business. This includes reducing electricity usage and focusing on initiatives that allow stores to consume the energy they generate themselves. For the remaining energy needs, we are working to reduce CO_2 emissions from store operations by sourcing long-term, stable renewable energy.

Energy saving



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

Energy creation



Solar panels have been installed in approximately 9,000 stores (as of February 29, 2024) in the Group, including SEVEN-ELEVEN JAPAN, Ito-Yokado, and York-Benimaru.

Renewable energy procurement



In Japan, we are securing long-term, stable renewable energy through off-site Power Purchase Agreements (PPAs). In North America, we have expanded our renewable energy supply agreements, increasing the share of renewable energy to approximately 29%.

Decarbonization of the entire supply chain

To achieve a decarbonized society, the Group has begun efforts to decarbonize the entire supply chain, including manufacturing, distribution, and sales. We launched a project in April 2023 to develop a circular model for decarbonizing the retail industry supply chain through renewable energy. This project has been selected for support by the Tokyo Metropolitan Government, and we have commenced the pilot phase. Currently, we are practicing energy management by installing solar panels and visualizing electricity usage at our Group stores in Tokyo, as well as at partner food factories and logistics centers.



Chilled and Frozen Hino Center (logistics center for 7-Eleven stores)

Installation of EV chargers in North America



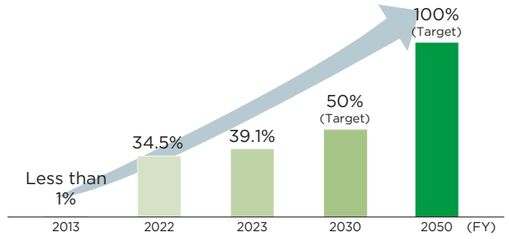
In North America, we are expanding access to alternative fuels by pushing ahead with the installation of EV chargers.

Environmental Initiatives

GREEN CHALLENGE 2050: Seven & i Group's environmental declaration

Measures against plastic

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



* For detailed data ranges, please refer to p. 102.

Utilization of eco-friendly materials and in-store plastic resource recovery

The Group is committed to realizing a circular economy by transitioning the packaging of our original merchandise to eco-friendly materials, such as recycled plastics and paper. We are also working with customers, business partners, and local authorities to promote in-store resource recovery and recycling. Other efforts focus on reducing all types of plastics generated through our business activities.

Reduce: Minimizing packaging volume



Under our private brand, *Seven Premium*, we are striving to reduce the use of plastic in packaging materials. For example, with our Gold Bread, we have removed the bread clips used for sealing the bags to reduce plastic usage. We are also reviewing product specifications across the board to eliminate unnecessary plastic, such as discontinuing the use of plastic trays for delicacies and other items.

Replace: Substituting containers



At SEVEN-ELEVEN JAPAN, we have transitioned the containers for our chilled lunch boxes from plastic to paper. We are also advancing the use of eco-friendly materials by switching to recycled polyethylene terephthalate (PET) for the containers of our cold noodle series, such as *zaru soba*.

Recycling: PET bottle resource circulation



The Group has been installing plastic bottle collection machines at stores since 2012. In FY2023, we installed a total of 4,187 collection machines at 7-Eleven, Ito-Yokado, York-Benimaru, and Denny's, collecting and recycling approximately 500 million PET bottles. These recycled plastic bottles are turned back into plastic bottles or items such as clothing or merchandise packaging.

Operation of Circular Pet's Tsuyama plant

In 2020, we established Circular Pet Co., Ltd. as a joint venture with Veolia Japan GK and Mitsui & Co., Ltd., and the Tsuyama plant was completed in March 2024. This plant produces and sells recycled PET resin, with the ability to accommodate low-grade materials, such as those not pre-washed. This contributes to bottle-to-bottle recycling in Japan and promotes environmental impact reduction together with local communities.



Collaborative resource recovery initiatives

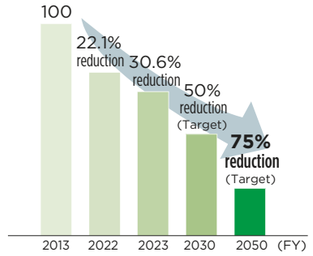
SEVEN-ELEVEN JAPAN and Ito-Yokado are conducting a pilot project that started in June 2024 to collect used transparent plastic trays in stores for horizontal recycling*. At the Ito-Yokado Mizonokuchi store, we have been collecting used mayonnaise bottles since July 2024 in collaboration with Kewpie Corporation, Ajinomoto Co., Inc., Amita Holdings Co., Ltd., and the city of Kawasaki.



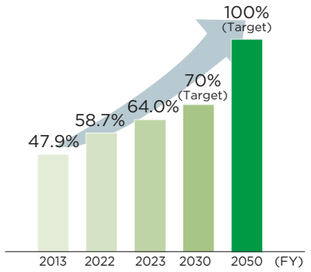
* Horizontal recycling refers to a method of resource circulation where the use of the material remains the same before and after recycling.

Measures against food loss/waste and for organic waste recycling

Amount of food waste generated*1, *2 (Compared with FY2013)



Food recycling rate*2



*1 Amount of food waste generated per million yen in sales
*2 For detailed data ranges, see p. 102.

Reducing food waste generated in stores

In the Seven & i Group, where a significant portion of sales comes from food, we prioritize efforts to minimize food waste generation. This initiative extends beyond our own activities, involving coordination and participation from relevant government agencies, business partners, and customers, with the goal of minimizing waste generation across the supply chain.

We are committed to promoting food recycling initiatives for any food waste that inevitably occurs despite our efforts.

Waste generation prevention: *Temaedori* Project



Together with the Consumer Affairs Agency, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of the Environment, we have been rolling out the *Temaedori* Project. This project aims to reduce food waste by displaying awareness-raising materials in-store, encouraging customers who intend to consume food immediately to select items from the front of the display.

Waste generation prevention: mottECO



Seven & i Food Systems Co., Ltd., which operates the family restaurant Denny's, has been selected for the Ministry of the Environment's FY2023 Model Project for Promoting Creation of Zero Food Loss and Waste Areas, recognizing its initiative to encourage customers to take home uneaten food. This campaign aims to reduce food waste by promoting a culture of taking home leftovers as one's own responsibility.

Food donations: Food drives



Some of the Group's stores have set up dedicated boxes for food drives, allowing customers to donate unused food items they cannot consume at home. The collected food is then given free of charge to social welfare councils and food bank organizations. By serving as collection points for donated food, our stores contribute to resolving social issues alongside local customers.

SEVEN-ELEVEN JAPAN efforts to reduce food waste: Eco-Price

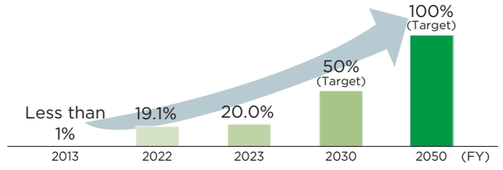
SEVEN-ELEVEN JAPAN has been striving to reduce food waste by promoting long shelf life while maintaining great flavor, and by advancing the *Temaedori* Project, which encourages customers to select food they intend to eat immediately from the front of the display. In FY2024, we introduced a new initiative called "Eco-Price," which offers discounted sales. Eco-Price is a new discount style that involves customers in the effort to reduce food waste. We will continue to push this campaign to further reduce food waste and address this pressing social issue.



GREEN CHALLENGE 2050: Seven & i Group's environmental declaration

Sustainable procurement

Raw food ingredients with guaranteed sustainability used in original merchandise



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

Initiatives focused on environmental, human rights, and traceability considerations

We are increasingly facing environmental challenges in raw material procurement, such as climate change, depletion of finite natural resources, and loss of biodiversity, as well as human rights and social issues, including child labor and forced labor. The Group sources a wide range of raw materials from around the world and is committed to sustainable procurement across the supply chain, working closely with stakeholders.

Agricultural products: Handling of JGAP-certified merchandise



We are expanding the handling of Good Agricultural Practices (GAP)-certified agricultural products, which are produced through sustainable farming practices that prioritize food safety, labor safety, and environmental considerations. To support our expansion efforts, we are encouraging product development personnel in the Group to obtain the Japan GAP (JGAP) instructor qualification and collaborate with our business partners and producers. As of the end of FY2023, a total of 250 individuals had obtained this certification.

Marine products: Handling of MSC- and ASC-certified merchandise



In October 2022, we obtained Chain of Custody (CoC) certification, a standard for the distribution and management of certified environmentally sustainable marine products, accredited by the international NPOs, Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC). With this certification, we now offer MSC- and ASC-certified merchandise, including sashimi and fillets processed in the Group's supermarkets, in addition to those available under the *Seven Premium Fresh* brand.

Livestock products: Sales of cage-free eggs



An increasing number of customers are concerned about the environments in which animals are raised. Under the *Seven Premium Fresh* brand, we offer traditional cage-free eggs sourced from hens raised in a free-range environment where they can move around freely, reflecting our commitment to the conditions in which the animals are raised. As of the February 29, 2024, these eggs became available at all of our supermarkets.

Customer communication

Communication with customers is essential to promote sustainable sourcing. In FY2023, we designated September and October as Autumn Environmental Months, during which we intensified our efforts to promote products that consider environmental and human rights issues through in-store displays, our website, and social media channels. In addition, with support from seven certification bodies and associations related to sustainable sourcing*, we enhanced understanding of various domestic and international certification systems by setting up reciprocal links on our website. We also participated in the Ministry of Agriculture, Forestry and Fisheries' greenhouse gas (GHG) reduction visualization pilot project to help customers make informed choices. Starting January 2024, we displayed labels that clearly show GHG reduction effects on spinach produced by Mr. Kentaro Hirano of Seven Farm Tokyo, and sold this spinach at Ito-Yokado stores. As of February 29, 2024, six items from six producers have obtained the labels. We will continue to work with producers to reduce environmental impact.





Label visualizing GHG reduction from March 2024

* Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Marine Eco Label Japan (MEL) Council, Japan GAP Foundation, Fairtrade International, Alaska Seafood Marketing Institute, Organic JAS Mark

Disclosure of information based on the TCFD and TNFD frameworks

Approach to environmental management information disclosure

To strengthen our approach to climate change, which has become a particularly pressing issue in recent years, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in August 2019. Since then, we have commenced analyzing business risks and opportunities and investigating countermeasures based on these recommendations. First, from FY2019 to FY2021, we conducted a scenario analysis targeting domestic convenience store (CVS) operations (SEVEN-ELEVEN JAPAN). We disclosed the results of this analysis, which provided us with certain suggestions regarding valuable insights into the specific risks associated with CVS operations. In FY2022, we conducted a scenario analysis for our domestic superstore (SST) operations (Ito-Yokado, York-Benimaru, and York), which operate under similar geographical conditions, and disclosed the results. In FY2023, 7-Eleven, Inc. conducted a scenario analysis for overseas CVS operations.

Through these analyses, we confirmed three key risks with significant financial impacts: imposition of carbon tax, damage from natural disasters, and increased raw material costs. We recognize that these climate change risks are interconnected with nature. We believe that climate change will lead to the degradation of nature, which, in turn, could result in more severe natural disasters and increased difficulty in procuring raw materials. In addition, conserving nature, including forests, can serve as a climate change mitigation measure by preserving CO_2 sinks.

Based on this understanding and in light of the release of the Taskforce on Nature-related Financial Disclosures (TNFD) Framework V1.0 in September 2023, we will conduct analyses and develop measures from both climate change and nature perspectives to implement integrated solutions addressing both areas.

We have endorsed the principles of the TNFD and participated in the TNFD Forum in January 2023. Following this, we joined the Science Based Targets Network (SBTN) Corporate Engagement Program in February 2023. In March 2024, we registered as a TNFD Adopter and have begun analysis and disclosure based on the TNFD framework.

Progress of TCFD and TNFD responses and future plans

	TCFD		TNFD
	Seven & i Group	Financial services	
FY2019 to FY2021	• Endorsed the TCFD recommendations • Conducted scenario analysis (Domestic CVS operations) ⇒ Deepened analysis in FY2021 • Made first disclosure	• Endorsed the TCFD recommendations	
FY2022	• Updated disclosure content for domestic CVS operations (website, Management Report) • Conducted scenario analysis for SST operations	• Conducted scenario analysis • Made first disclosure (Seven Bank website)	• Participated in TNFD Forum • Participated in SBTN Corporate Engagement Program • Started collecting data and taking necessary actions for disclosure in accordance with the TNFD
FY2023	• Disclosed transition plans (website) • Disclosed results of SST operations analysis (website, Management Report) • Updated scenario analysis and checked progress on countermeasures • Conducted scenario analysis for overseas CVS operations	• Disclose results of analysis (Integrated Report/Annual Report, Securities Report, website)	• Continued collecting data and taking necessary actions for disclosure in accordance with the TNFD
FY2024	• Disclose results of overseas CVS operations analysis (website, Management Report, Securities Report) • Update scenario analysis and check progress on countermeasures	• Update scenario analysis and check progress on countermeasures	• Registered as a TNFD adopter • Analyzed the Group's dependencies and impacts on nature • Consider approach to nature policy • Disclose results of analysis (website, Management Report)

Examination of analyses and countermeasures integrating both climate change and nature perspectives

Environmental Initiatives

Disclosure of information based on the TCFD and TNFD frameworks

Governance

The Group considers sustainability issues, including climate change and nature, as matters to be addressed across all Group companies. To this end, we have established a governance structure centered on the CSR Management Committee, under the supervision of the Board of Directors.

The Board receives reports at least once a year from the Sustainability Development Department, which serves as the secretariat for the CSR Management Committee, on our sustainability efforts. It supervises progress and goal achievement and reviews policies and initiatives as necessary.

The CSR Management Committee is chaired by the president and representative director of the Company, with CSR officers from Group companies, including the CEO of 7-Eleven, Inc., and managers of CSR-related departments in the Company serving as members. The Committee meets twice a year. Under the CSR Management Committee, the Environment Subcommittee has been established to address issues such as climate change and nature.

Governance structure for sustainability



Risk management

The Group has established a risk management system with the Risk Management Committee at its core, based on the basic rules for risk management. Each Group company identifies its own risks based on the Group's common risk classification and evaluates them from quantitative and qualitative perspectives, taking into account their degree of impact and likelihood of occurrence. The risks and mitigation measures are compiled into risk assessment sheets and submitted to the Risk Management Committee Secretariat. The risk assessment sheets include risks related to climate change such as CO_2 emission regulations.

In FY2023, 7-Eleven, Inc., which conducted new TCFD analysis, expanded the scope of the Enterprise Risk Management (ERM) Committee to include oversight of significant sustainability risks for the Company. The enterprise risk management team creates a risk catalog to determine critical risks based on analyses of likelihood of occurrence and impact. The catalog is updated in March and September and is distributed and disclosed to the Group's Risk Management Committee.

Targets and metrics

The Group has set goals for reducing CO_2 emissions, improving food recycling rates, and sourcing sustainable materials in its GREEN CHALLENGE 2050 environmental declaration. Progress toward these targets is publicly disclosed.

WEB For details, please refer to following.
https://www.7andi.com/en/sustainability/policy/environment_03.html

Strategy

(1) Response to climate change (Disclosure based on TCFD)

In alignment with the 1.5°C target, which represents the vision the world aims for according to the Paris Agreement, we have set specific numerical targets for reducing CO_2 emissions. We aim to reduce CO_2 emissions from the Group's store operations by 50% by 2030 compared to FY2013 and to achieve net-zero emissions by 2050. We have also set detailed numerical targets for other themes, and we are monitoring their progress.

Our scenario analyses conducted across various business units highlighted the severity of damages that can be caused by natural disasters. Abnormal weather events, such as localized heavy rainfall and intensified typhoon damage, are already occurring in Japan. Many municipalities have issued climate emergency declarations. To mitigate the risks of natural disasters caused by climate change, we have renewed our commitment to limiting the temperature increase to 1.5°C by achieving the goals of GREEN CHALLENGE 2050 in collaboration with our stakeholders, including local communities.

(1)-1 Scenario analysis assumptions

In our scenario analyses for each business unit, we have conducted analyses aligned with the 1.5°C target, considering that this target has become globally mainstream. Specifically, we have set two scenarios: the decarbonization scenario (1.5°C–2°C) and the warming scenario (2.7°C–4°C). These scenarios were established by referencing forecasts from the IEA's World Energy Outlook, including the Stated Policies Scenario (STEPS), Announced Pledge Scenario (APS), and net-zero emissions by 2050 (NZE2050), as well as reports and future projections published by governments and international organizations. We are also analyzing the impact of climate change by considering the business growth rate projected for 2030.

Assumptions for the analysis

Scenario	Decarbonization scenario (1.5°C–2°C) and warming progression scenario (2.7°C–4°C) * Two scenarios were established with reference to the STEPS, APS, NZE2050 in the IEA (International Energy Agency) World Energy Outlook and other reports on future projections issued by governments and international organizations.
Method	In addition to the physical impact on stores, the analysis covers costs in store operations and merchandise supply chain issues (raw materials, factories manufacturing merchandise, merchandise shipping) that significantly affect store operations, and customer behavior.
Target year	Domestic CVS and SST operations: Impact in 2030 Overseas CVS operations: Short-term (0-5 years), medium-term (5-10 years), and long-term (10-30 years)

Target businesses
- Domestic CVS operations: SEVEN-ELEVEN JAPAN CO., LTD.
- SST operations: Ito-Yokado Co., York-Benimaru Co.
- Overseas CVS operations: 7-Eleven, Inc.

Decarbonization scenario

We envision a world in which various laws and regulations will be introduced to achieve the 1.5°C target. As a result, the cost of store operations may rise due to the need for compliance, and portfolio diversification will be required. In this scenario, we also expect that consumers' interest in sustainable merchandise and services, as well as in EVs, will increase. This growing interest is expected to drive sales of related merchandise, contributing to business growth.

Warming scenario

This scenario assumes an increase in the frequency and severity of natural disasters, significant changes in weather patterns, damage to stores and other facilities, impacts on raw material procurement, and higher air conditioning costs at stores due to rising temperatures.

Environmental Initiatives

Disclosure of information based on the TCFD and TNFD frameworks

(1)-2 Climate change-related risks and opportunities identified

The Company has identified climate change-related risks and opportunities, along with the measures to address them. Some of these are common across the Group, while others are specific to certain operations or entities.

For detailed analysis results by entity, please refer to the Response to TCFD Recommendations section in the Sustainability Data Book 2023.

WEB Sustainability Data Book 2023
https://www.7andi.com/library/dbps_data/_template_/_res/en/sustainability/sustainabilityreport/2023/pdf/2023_10_01.pdf

	Significant risks and opportunities identified	Measures
Decarbonization scenario	Risks • The global introduction of emissions regulations and carbon pricing, such as carbon taxes, resulting in a cost burden for CO_2 emissions from store operations and increased costs in the supply chain that will affect products and other items • Increased electricity payments due to higher electricity retail prices • Overseas CVS operations: Especially in the decarbonization scenario, lower demand for petroleum-based fuels owing to changing consumer preferences, adoption of new technologies, and improved fuel efficiency, resulting in a decrease in revenues from petroleum-based fuels (long-term) • Overseas CVS operations: Increase in costs related to Extended Producer Responsibility (EPR) due to product waste regulations (medium-term)	• Promote measures to reduce CO_2 emissions in accordance with the GREEN CHALLENGE 2050 environmental declaration (aiming for a 50% reduction in 2030 from the FY2013 level and net-zero emissions in 2050) • Promote initiatives and investments to save energy and improve energy efficiency in stores • Aggressively increase the percentage of renewable energy use in stores • Increase sustainable products and services (low-carbon products, environmentally friendly containers and packaging, PET bottle collection and recycling, certified products, etc.) • Promote measures to reduce the amount of food waste generated (reduce the amount of food to be incinerated) in accordance with measures against food loss and for food recycling set in the GREEN CHALLENGE 2050 environmental declaration • Promote various measures against product packaging in accordance with measures against plastic set in the GREEN CHALLENGE 2050 environmental declaration • Expand EV charging services at stores (Overseas CVS operations: Plan to increase EV fast-charging ports for the 7Charge EV fast-charging network throughout the United States and Canada in the future)
	Opportunities • Increased consumer interest in sustainable products and services • Increased demand for EV charging due to tighter regulations and changing consumer preferences • Overseas CVS operations: Reduction in overall energy use by investing in measures to improve energy efficiency (medium-term)	
Warming scenario	Risks • Increased frequency and intensity of severe natural disasters, resulting in store damage, merchandise damage, supply chain disruptions, blocked store access, lost in sales due to store closures, and increased losses due to restoration costs and others • Changes in precipitation and weather patterns, resulting in higher merchandise costs due to reduced harvest of merchandise raw materials, water stress, and supply chain disruptions • Rising air conditioning operating costs due to soaring global temperatures	• Develop a contingency plan to be followed during severe weather events such as floods and storms • Establish a system for information gathering and early recovery in the event of a disaster (such as 7VIEW) • Ensure stable procurement by expanding procurement sources, such as vegetable plants and land-based fish farms • Promote energy saving and install energy-saving equipment in stores • Expand delivery and e-commerce services
	Opportunities • Customers seldom going out during summer season due to high temperatures, which will boost demand for delivery and e-commerce services	

Impact of carbon tax (2030)

Item	Business impact
Domestic CVS	¥12.6 billion
Overseas CVS	¥13.3 billion
SST	¥7.4 billion
Total business impact	¥33.3 billion

Assumption
- Carbon tax: $135/ton-$CO_2$ (Maximum amount from International Energy Agency (IEA)'s World Energy Outlook 2022)
- Exchange rate: ¥131.62/$ (the rate used at the time of closing of accounts for the fiscal year ended February 28, 2023)

For our estimate, we calculated the impact of carbon tax using the assumed tax amount as of 2030 at $135/ton-$CO_2$, which is the maximum amount with reference to the IEA's World Energy Outlook 2022. By advancing initiatives based on the targets outlined in the GREEN CHALLENGE 2050 environmental declaration, we expect to significantly reduce the carbon tax amount in 2030. Additionally, by achieving our 2050 target of net-zero CO_2 emissions, we anticipate that the impact of the carbon tax will be eliminated.

(2) Response to nature (Disclosure based on TNFD)

The Group utilizes and impacts nature both directly and indirectly throughout its entire supply chain. For example, the retail food industry relies on various benefits from nature, such as abundant water resources for cultivation and pollinators, which are crucial for the procurement of raw materials in upstream supply chains. Additionally, excessive resource extraction and over-application of agricultural chemicals and fertilizers can have detrimental effects on nature. Concerns are growing that changes in nature may impact business, including difficulties in procuring and using raw materials. To maintain business operations over the medium to long term, it is crucial to understand and manage the interactions between business and nature. This involves minimizing the negative impacts of business activities on nature and promoting nature-positive initiatives to halt and reverse nature loss.

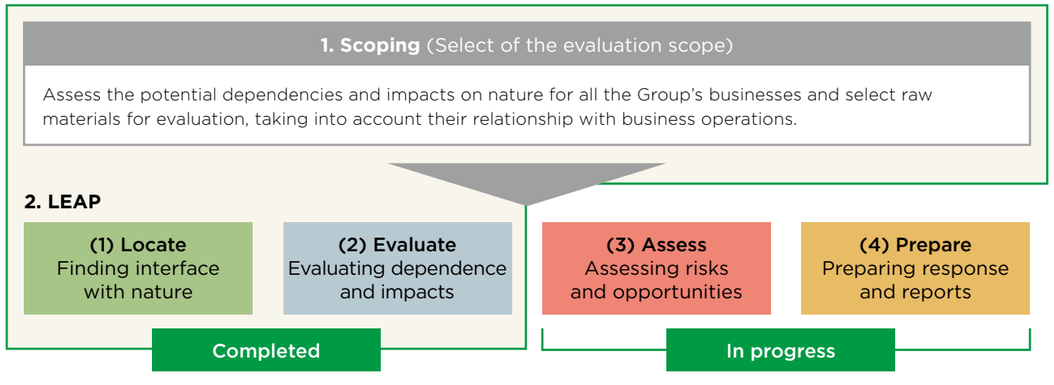
The Group recognizes its dependencies and impacts on nature, along with the associated risks and opportunities. By promoting sustainable procurement and utilization across the Group, we aim to contribute to achieving nature-positive outcomes. To understand the impact of the Group's business activities on biodiversity, we have conducted an assessment of nature-related dependencies, impacts, risks, and opportunities.

Implementation of LEAP evaluation based on TNFD

We conduct evaluations of the Group's nature-related dependencies and impacts*1, as well as nature-related risks and opportunities*2, in accordance with the LEAP (Locate, Evaluate, Assess, Prepare) approach*3 developed by the TNFD. In the first half of FY2024, our analysis focused on this approach: "Scope" for setting the evaluation boundaries and identifying key raw materials, "Locate" for discovering our interface with nature, and "Evaluate" for assessing our dependencies and impacts.

*1 Dependencies refer to the benefits (ecosystem services) that an organization receives from nature as part of its business activities. Impacts refer to the changes that an organization causes to nature through its business activities.
*2 Nature-related risks refer to potential financial threats to organizations based on their dependencies and impacts on nature. Nature-related opportunities refer to financial benefits that organizations can gain by avoiding and mitigating nature-related risks or by having a positive impact on nature.
*3 The LEAP approach is an integrated method developed by the TNFD for evaluating and managing nature-related issues, including interactions with nature, dependencies and impacts on nature, and associated risks and opportunities.

Progress of LEAP approach



Environmental Initiatives

Disclosure of information based on the TCFD and TNFD frameworks

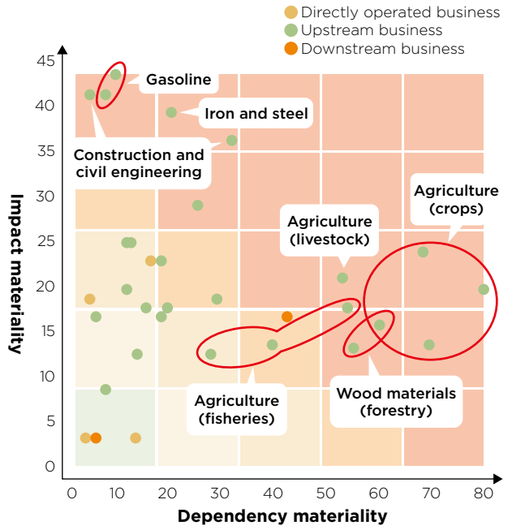
1. Scoping (Selection of the evaluation scope)

We started by surveying all Group operating companies and their related supply chains, from upstream to downstream, to understand how their businesses are related to nature. For the evaluation, we used ENCORE*1, a tool recommended by the TNFD, to identify general dependencies and impacts within those companies' industries. We then scored*2 the results and mapped them along two axes: dependencies and impacts.

The mapping results revealed that upstream activities in gasoline retail and real estate development, specifically gasoline extraction and construction and civil engineering, have significant impacts on nature. Additionally, it was found that upstream activities in agricultural, forestry, and fishery production—particularly agricultural production—have a high dependency on nature.

Even among businesses with high dependencies and impacts on nature, the Group has set a target in its Medium-Term Management Plan to become a world-class retail group centered around its *food* by 2030. Consequently, for our FY2024 evaluation, we concentrated on agricultural products.

Main Group businesses and their dependencies and impacts on nature



Main Group businesses and their supply chains

	Upstream (procured materials, etc.)	Direct operation	Downstream (disposal)
Food retail	• Production of raw materials (including agricultural, forestry, and fishery products) • Merchandise production and distribution • Packaging	• Sale of merchandise	• Waste processing • Management of food waste and food recycling • Processing and recycling of containers and packaging • Wastewater treatment
Specialty retail			
Food processing		• Processing and manufacturing of foods	
Restaurants		• Operation of restaurants, etc.	
Gasoline retail	• Gasoline extraction an distribution	• Sale of merchandise	
Financial services		• Financial services	
Real estate	• Production of raw materials (wood materials, iron and steel, etc.) • Construction and civil engineering	• Real estate operation and management	
e-commerce and digital		• Digital and internet businesses	
License management		• Consulting	

In particular, we selected coffee beans, soybeans, and rice as key raw materials, as these are handled in large volumes by the Group and have been identified as having significant impacts on nature*3. We then evaluated the dependencies and impacts on nature for each of these raw materials. As a result, we decided to conduct more detailed evaluations of coffee beans, which have been identified as having a particularly high impact, in accordance with the LEAP approach recommended by the TNFD. Since coffee beans are one of the forest-risk commodities*4, we deemed it necessary to conduct further analysis.

In addition to coffee beans, we have also selected soybeans and rice as important raw materials and will implement measures to reduce their impact on nature. Furthermore, as a Group focused on the *food* sector, we plan to expand our evaluations to include livestock products and marine products.

*1 A tool developed by UNEP-WCSC and others to assess the scale of a company's impacts and dependencies on nature
*2 For the ENCORE output results, we calculated the totals for dependencies and impacts for each process using the following scale: Very High = 5, High = 4, Medium = 3, Low = 2, and Very Low = 1
*3 Included in the High Impact Commodity List issued by SBTs for Nature, which identifies raw materials with high impacts on nature
*4 Commodities identified by the World Resources Institute (WRI) as significant factors in deforestation. They are also subject to the EU Deforestation Regulation (EUDR)

Evaluation of dependencies and impacts on nature of three raw materials selected as key*

Very High / High / Medium / Low, Very Low, No Data

| | Impact | | | | | | | | | | | | | | | | Dependence | | | | | | | | | | | | | | | |

Environmental Initiatives

Disclosure of information based on the TCFD and TNFD frameworks

Evaluation of the relevance of nature in primary procurement countries

Procurement region	Main procurement countries	Importance of conservation*1	Ecosystem intactness*2	Rapid degradation of ecosystem intactness*3	Importance of ecosystem services*4	Water stress*5
South America	Brazil					
South America	Colombia					
Central America	Guatemala					
Africa	Tanzania					

Note: Darker colors indicate a higher level of priority.

*1 Evaluated whether the region is adjacent to areas of high conservation importance, such as protected areas and key biodiversity areas (KBAs) using IBAT.
*2 Assessed the intactness of ecosystem composition, structure, and functions using the Biodiversity Intactness Index.
*3 Evaluated the rapid loss or degree of degradation of ecosystem composition, structure, and functions based on a measure of pressure on biodiversity provided by the WWF Biodiversity Risk Filter.
*4 Assessed proximity to Indigenous Peoples and Local Communities (IPLCs) using LandMark, confirmed with data from Global Forest Watch.
*5 Surveyed the percentage of extraction relative to available surface and groundwater supplies (water stress) using Aqueduct based on Baseline Water Stress.

2. LEAP (2) Evaluate (Evaluate dependence and impacts)

In the Evaluate phase, we further examined the results from the Scoping phase and identified general dependence and impact factors related to coffee bean production. As a result, concerns were raised about impacts such as deforestation due to the conversion to farmland, the decline in water resources from the use of groundwater and surface water, and soil contamination and water pollution caused by agricultural chemicals and fertilizers. At the same time, there is a high level of dependence on functions of nature, such as the abundant supply of water and the control of flooding, inundation, and landslides through the covering and stabilization of soil by vegetation. Looking at specific regions, South America, which has high procurement volumes, is recognized as a region where the risks related to these dependencies and impacts are significant, and therefore, a priority for response measures.

Evaluation of dependencies and impacts on nature relating to coffee beans

Item		Degree*	Details
Impact	Land use	High	• Deforestation due to expansion of production regions
	Direct extraction	High	• Reduction or depletion of water resources from use of ground and surface water
	Climate change	High	• GHG emissions from use of fuel, fertilizer, etc. in land development, cultivation, and use, etc.
	Pollution	High	• Water pollution and soil contamination from use of agricultural chemicals and fertilizers, etc.

Item		Degree*	Details
Dependence	Provisioning services	High	• Ground and surface water
	Regulating services	High	• All forms of protection from flooding, inundation, and storms • Erosion control using vegetation and surrounding ecosystems
		Medium	• Pollinators that support coffee pollination • Fertile soil needed for crop growth • Water volume adjustment • Treatment of contaminated water generated during production using plants, microorganisms, etc. • Climate control and maintenance of humidity • Control of natural disease such as infectious diseases • Insect control using insects, birds, small mammals, etc.

* Items rated High or above in the Scoping analysis are extracted and reassessed for their impact and dependency.

Additionally, coffee beans have a high dependency on water, and there are concerns about their impact on surface and groundwater pollution. In Central America, where water scarcity is more pronounced, addressing water-related issues is considered a high priority.

Moving forward, based on the results from the (1) Locate and (2) Evaluate phases, we will identify risks and opportunities associated with coffee beans, assess their scale (the (3) Assess phase of the LEAP analysis), and subsequently consider countermeasures (the (4) Prepare phase of the LEAP analysis).

Topics Examples of support for coffee bean-producing regions

* Extracted from various support projects

SEVEN-ELEVEN JAPAN is engaged in supporting coffee bean-producing regions to address the various challenges faced in these areas.

Support for school operations and learning tools in Guatemala

In Guatemala, where there is a need to support the families of those working on coffee farms, efforts are focused on enhancing children's learning environments. By assisting with the establishment of schools and providing learning tools to students, we support a brighter future for these children.



Provision of water-saving production equipment in Colombia

In Colombia, where there are challenges related to equipment shortages and improving bean yields, we have provided water-saving wet mills. These machines significantly reduce water usage in the processing of coffee cherries, from removing the fruit pulp to drying the seeds.



Provision of bean drying equipment for quality improvement in Tanzania

In Tanzania, where support is needed for stabilizing quality and improving bean yields, we have provided African beds, which are wooden shelves covered with mesh for drying coffee beans, and shade tree seedlings to protect coffee trees from direct sunlight.



Future initiatives on climate change and nature

In addressing climate change, we will review and update scenarios in response to evolving global conditions and work on formulating and implementing effective measures to tackle risks and opportunities throughout the supply chain. For nature, we will continue to evaluate the risks and opportunities related to coffee beans, devise and implement countermeasures, and gradually expand our efforts to mitigate the environmental impact of other key raw materials, such as soybeans and rice.

Moreover, recognizing the close interrelationship between climate change and nature issues, we will adopt an integrated approach to address both areas. Our aim is to advance environmental measures that contribute to building a sustainable society.

Social Initiatives

Enhancement of human capital Material Issue 4 5



Message from the CHRO

We will promote human resource measures with the aim of further global growth

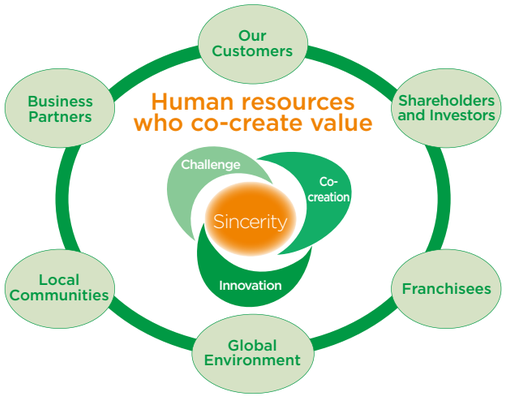
Takuya Enomoto
Executive Officer, CHRO and General Manager of Human Resources Division

The Seven & i Group, guided by the spirit of trust and sincerity as stated in our corporate creed, has consistently viewed the ever-changing needs of society and our customers as new opportunities for growth. By continuously taking on challenges together with our stakeholders, including business partners and franchise owners, we have fostered innovation. Whether it is in store development, merchandise development, new service provision, or the logistics and systems that support these efforts, we have embraced numerous transformations. The key to this has been our talent—individuals who confront change head-on and are committed to exceeding customer expectations. The belief that such driven talent is the source of the Group's growth remains steadfast. As we move forward in a highly uncertain world, it is vital that we further focus on the growth of our talent, which will be essential for the Group's evolution into a world-class retail group.

In the Group, talent development has fundamentally centered around acquiring the basics of business through practical experience in stores, including sales and manufacturing. We believe that by encouraging each employee to independently form a hypothesis and verify the results in stores, they gain invaluable learning experiences, which in turn foster a sense of fulfillment in their work. This approach also helps in providing new, value-added experiences that exceed customer expectations. Additionally, we have made significant efforts to enhance various systems and training programs that foster the growth of employees and franchisees, along with supporting self-development initiatives.

Moving forward, it is crucial to further promote initiatives that help employees feel a sense of personal growth and accelerate the creation of a work environment where every employee, regardless of age, gender, gender identity, or nationality, can feel secure and comfortable working. We have been focused on fostering a workplace culture where diverse employees can experience both job satisfaction and ease of working, while also improving employee engagement and promoting diversity, equity, and inclusion (DEI). Aligned with the Group's growth strategy, we will further accelerate the development of systems that cultivate talent capable of thriving on a global scale.

Within the Group, we define our talent as individuals who embody the spirit of our corporate creed while working together with stakeholders to provide new experience and value from the customer's point of view, thereby contributing to local communities both in Japan and overseas. In other words, they are human resources who co-create value. As a Group, we will actively promote human resource measures to develop these individuals so they can excel in all workplaces, including at stores in Japan and overseas.



Human resource measures linked to the business strategy

Direction of human resource measures

In line with our future growth strategy, we have organized the key priorities for our human resource measures and decided to focus on three main areas: fostering a culture of continuous challenge and innovation, enhancing job satisfaction and ease of work, and developing and recruiting talent to realize our strategic goals. In particular, when it comes to developing and recruiting talent to realize our strategic goals, we will work with a sense of urgency to leverage the strengths of the Group for global business growth.

Basic approach to human resource measures

Since our founding, the Group has nurtured talent that co-creates new value through continuous challenge and innovation, rooted in the spirit of trust and sincerity. We believe this approach to talent development remains fundamental.

In addition, in an era of rapid and unpredictable change, it is more important than ever for each employee to take initiative and continue challenging themselves to meet customer needs. At the same time, companies must create an organizational structure that supports this effort. Therefore, while maintaining the founding spirit, we will foster a culture of boldly embracing change in order to strengthen and develop the core talent that drives the Group's growth (Human Resource Measure 1).

Next, we aim to create an environment where employees can fully exercise their autonomy and feel a sense of fulfillment and ease in their work. Achieving our growth strategy requires the active participation of diverse employees, which in turn necessitates tailored support and the expansion of systems that accommodate individual values and work-life balance (Human Resource Measure 2).

Furthermore, the growth of our Group has been supported by numerous employees who co-create value with our stakeholders. To become a world-class retail group, it is essential to foster a shift in employee mindset and promote the integration of talent with specialized knowledge and experience. As we expand globally, we will strengthen the development and recruitment of the talent that will lead the Group forward (Human Resource Measure 3).

Basic policy
Developing human resources who co-create value

2030
A world-class retail group focused on *food*

Up to Now		Going Forward	Human resource measures	Management strategy
Develop and recruit human resources to support the Group's existing businesses	+	Develop and recruit human resources to drive growth strategies (food, globalization, technology use, etc.)	Human Resource Measure 3 **Developing and recruiting talent to realize our strategic goals**	**Medium-Term Management Plan**
Create an environment that improves job satisfaction and ease of work	+	Continue and deepen initiatives tailored to the diverse values of each individual	Human Resource Measure 2 **Enhancing job satisfaction and ease of work**	**Seven material issues**
Develop human resources who can respond to change based on a spirit of trust and sincerity	+	Create an organization where employees can take initiative and leverage diversity	Human Resource Measure 1 **Fostering a culture of continuous challenge and innovation**	**Responding to change while strengthening fundamentals**

Basic Stance **We aim to contribute to the local community both in Japan and overseas by providing new experiences and values from the customer's perspective.**

Corporate Creed
We aim to be a sincere company that our customers trust.
We aim to be a sincere company that our business partners, shareholders and local communities trust.
We aim to be a sincere company that our employees trust.

Social Initiatives

Enhancement of human capital

Effect measurement mechanism

Key metrics and major initiatives for measuring progress in human resource measures

To continuously promote human resource measures and make the outcomes visible, we have established indicators to measure the degree of progress for each measure. Additionally, we have broken down the key elements necessary for advancing each measure into achievement factors and organized the major initiatives for each factor while formulating plans for 2030.

Moving forward, we will set specific goals for each initiative and regularly monitor progress to ensure these measures are carried out effectively.

Human resource measures	KGI	Achievement factors	Initiatives
Human Resource Measure 1 **Fostering a culture of continuous challenge and innovation**	Culture score from the Culture & Engagement Survey	• Instilling and implementing a culture of continuous challenge and innovation • Strengthening a culture of challenge through the active participation of diverse human resources	• Instilling values through philosophy training, on-site practice, and follow-up • Expanding opportunities for diverse human resources
Human Resource Measure 2 **Enhancing job satisfaction and ease of work**	Engagement score from the Culture & Engagement Survey	• Understanding and penetration of management strategy • Supporting self-growth and contributing to stakeholders • Supporting employees' independent career development • Creating an environment that allows for diverse work styles • Improving employee health	• Dialogue with management • Establishing a training system • Career development support • Health management • Personnel system and support to increase options
Human Resource Measure 3 **Developing and recruiting talent to realize our strategic goals**	Fulfillment of talent portfolio in key areas	• Formation and management of talent portfolio • Recruitment and training to fulfill talent portfolio	• Defining human resource requirements and skills • Follow-up after external recruitment to ensure diversity of knowledge and experience • Developing global human resources

Implementation of the Culture & Engagement Survey

As a key indicator for measuring the achievement of fostering a culture of continuous challenge and innovation and enhancing job satisfaction and ease of work, we use the scores from the Culture & Engagement Survey.

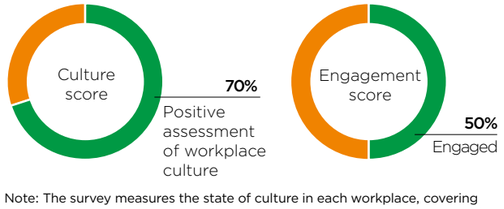
The Group conducts the Culture & Engagement Survey once a year to objectively and quantitatively assess the culture and engagement within each organization and use this information to build a better organizational environment. This survey calculates scores based on unique items related to culture (such as integrity, respect for autonomy, encouragement to take on challenges, openness) and engagement, making the state of these aspects visible.

In FY2023, the survey was conducted with 67,000 employees across 26 domestic companies. The percentage of positive responses to culture-related questions averaged 70%, while the engagement score was 50%.

To improve organizational culture and employee engagement based on the survey results, the Group established the Engagement Improvement Committees in 2021. This Committee analyzes the survey results and identifies issues. It also formulates measures to foster culture and enhance engagement while regularly monitoring the implementation of these measures. The survey results and the progress of these measures are reported to the Board of Directors and Group company management meetings, etc.

To further improve engagement, we will continue implementing initiatives based on employee feedback, such as facilitating dialogue between employees and management across Group companies, renovating the employee cafeteria at Seven & i Holdings headquarters, and introducing systems that support work-life balance.

Results of the FY2023 Culture & Engagement Survey



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

Human Resource Measure 1: Fostering a culture of continuous challenge and innovation

Group philosophy training

The Group is engaged in various initiatives within each Group company to deepen understanding of the spirit of trust and sincerity as stated in our corporate creed and to instill and carry forward a culture of continuous challenge and innovation.

At the Company, we conduct Group philosophy training at the Ito Training Center, which was established in 2012 as a hub for talent development within the Group. The training center also includes a historical archive where participants can learn about the Group's philosophy and history of challenges and innovation. In 2023, approximately 300 participants, including Company employees, employees from some Group companies, and new hires, took part in the Group philosophy training. Going forward, we will set targets for the participation rate of Company employees and the number of Group companies involved, strengthening our efforts to embed this culture.

In addition, Group companies conduct a variety of training programs tailored to their business characteristics and job roles. For example, at SEJ, after joining the company, employees spend time managing a store (as a store manager or assistant manager) at a training store (company-operated store), and this helps employees apply core principles in their everyday work.



Taking part in Group philosophy training

Fostering a DEI culture and promoting women's empowerment

The Group is committed to promoting DEI to build an organization where each individual from diverse backgrounds can thrive and take on challenges.

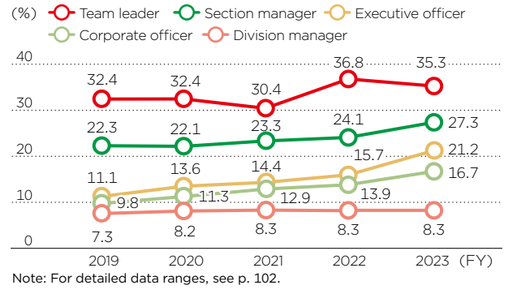
In 2012, we established the Diversity Promotion Project (now the DEI Promotion Project), which provides Group-wide strategic guidance and supports the activities of each company. We regularly convene DEI promotion meetings and DEI information sharing meetings comprising major Group companies to share DEI policies, progress on initiatives, and challenges of each company. This facilitates the swift horizontal expansion of successful practices. The details of these activities are regularly reported to the CSR Management Committee, chaired by the president and representative director, as well as to the Corporate Ethics and Culture Subcommittee, where personnel managers from Group companies convene.

The Group is involved in various activities aimed at bridging generational gaps, addressing unconscious bias, and promoting understanding of LGBTQ+ issues. However, our current focus is on promoting women's empowerment. We have set a Group-wide target to achieve a female executive officer ratio and a female manager ratio (at both section manager and team leader levels) of 30% by the end of February 2026. To achieve this, each Group company has established numerical targets and action plans related to the ratio of female managers, as well as the recruitment, attrition, and promotion of female employees.

Diversity promotion targets

1. Ratio of female executive officers: Raise to 30%
   Ratio of female managers: Raise to 30%
   (both by the end of February 2026)
2. Encourage male employees to participate in housework and childcare
3. Eliminate retirements resulting from need to provide family care
4. Promote normalization
5. Encourage understanding of LGBTQ+

Trends in the ratio of female executive officers and managers



Note: For detailed data ranges, see p. 102.

Social Initiatives

Enhancement of human capital

As part of our efforts to develop female managerial candidates, we hold a Group-wide training program called the "Women Encouragement Seminar," where participants learn about management policies and philosophies directly from the management team and engage in discussions with one another. Hearing motivational messages from executives has also been shown to increase participants' willingness to take on management roles. Additionally, since 2022, we have initiated a program empowering women leaders in order to further encourage the appointment of female executive officers.



Remote Women Encouragement Seminar

At 7-Eleven, Inc., as part of efforts to support women's career advancement, we launched the Activate HER initiative in 2023 to foster the next generation of female leaders. This initiative provides programs that include discussions with internal leaders and external experts as guest speakers, as well as workshops designed to support the growth of female employees. In terms of DEI promotion, the Company has strengthened the activities of its employee-led voluntary organization, the ABRG, and in October 2023, 7-Eleven, Inc. also participated in the National Association of Convenience Stores (NACS) Show, where discussions were held on the impacts and challenges of DEI in the industry.



DEI/ABRG (Associate Business Resource Group)

Human Resource Measure 2: Enhancing job satisfaction and ease of work

Promoting communication with leadership

To help employees understand the Company's future direction and clarify their own aspirations, each Group company places great importance on creating direct communication opportunities between employees and leadership.

At the Company, we have actively provided opportunities for employees and executives to engage in direct dialogue, holding 65 such sessions in 2023.



A direct communication session with executives

Supporting employees' independent career development

Within the Group, to support the diverse career development of each employee, we have implemented the Career Challenge Program (a Group-wide open recruitment system) that allows employees to take on new challenges across Group companies. Group companies have also introduced internal recruitment systems. In FY2023, 712 employees participated in these programs, with 206 successfully transferring to their desired positions.

Additionally, we regularly provide opportunities for employees to reflect on their careers and work towards achieving their personal goals. Through systems like self-assessment and interviews with supervisors, we actively support employees in taking the initiative to shape their own careers.

Improving employee health

In the Group, we regularly hold walking events in collaboration with the health insurance union and online health seminars led by external experts to promote maintaining good health, disease prevention, and wellness. Additionally, we offer a program that provides employees who reach a certain age with access to comprehensive medical check-ups, essentially free of charge. These activities have contributed to a growing health awareness among employees. However, in FY2023, the percentage of employees with a BMI of 25 or higher was 39.7% for men and 28.7% for women, indicating the need for continued improvement.

As a Group, we are united in our efforts to support health promotion and encourage healthy and active lifestyles.

Enhancing systems to support work-life balance

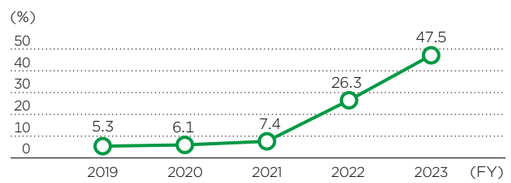
The Group has established various systems to ensure that employees can continue working with peace of mind, even as they experience life events such as childbirth, child-rearing, or caregiving.

One of the Group's unique childcare leave policies is a special leave system that allows employees with preschool-aged children to take up to five days of paid leave per year, on a day-by-day basis. This leave can be used for general childcare purposes, such as attending entrance or graduation ceremonies, or sports days, and it has been widely utilized by many employees since its introduction.

Additionally, Group companies have been implementing various initiatives, such as holding online seminars, to encourage male employees to participate more in household chores and childcare.

Moving forward, we will continue to expand systems that allow every employee to feel both job satisfaction and ease in their work.

Male employee paternity childcare leave utilization rate



Note: For detailed data ranges, see p. 102.

Human Resource Measure 3: Developing and recruiting talent to realize our strategic goals

Developing global human resources

The Group has set forth a vision, or Ideal Group Image for 2030, aiming to pursue a global growth strategies centered on the 7-Eleven business, in an effort to enhance the value of our brand on a global scale.

To achieve this, we are strengthening and accelerating various initiatives focused on the development of global talent, as well as the formulation and implementation of a talent portfolio.

As part of these development initiatives, we launched the Seven English Training program in 2021, as well as a short-term overseas study program. Each Group company also provides growth support measures, such as in-house training and self-development support systems, to further promote the development of global talent.

Hiring experienced professionals

The Group actively recruits external talent with specialized knowledge and experience (experienced hires). As the labor market continues to change rapidly along with the world, Group companies are reviewing their human resource systems to ensure that diverse talent can fully utilize their accumulated knowledge and experience in various settings. We aim to evaluate abilities and performance fairly, regardless of factors such as the category of hire (new graduates, experienced hires, or full-time conversions within Group companies), nationality, or gender, and to promote them to management positions.

By utilizing various recruitment methods to hire a wide range of talent, we aim to foster human resources that can co-create value and who understand the strengths of the Group. These individuals will contribute to further growth of the Group by excelling in North America and various Asian countries and promoting the development of the *food* value chain and the globalization of our business.

Social Initiatives

Human rights initiatives Material Issue 7

Seven & i Group Human Rights Policy and promotion system for human rights initiatives

As corporate activities continue to globalize and society's interest in corporate approaches to human rights increases, we believe it is critically important to comply with international standards and respect the human rights of stakeholders. With this in mind, in 2021 the Group established the Seven & i Group Human Rights Policy, based on the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the United Nations (UN) Global Compact, the UN Guiding Principles on Business and Human Rights, and other principles and standards. Under the commitment of the executive management, including the representative directors, we are working on respecting human rights.

The Human Rights Promotion Project has also been established as a cross-Group organization to promote the Human Rights Policy in the Group, and ongoing efforts are being made to implement it. These include identifying human rights issues, preventive and corrective measures, regular monitoring, and information disclosure, all aimed at advancing human rights due diligence. The planning and progress of these initiatives are confirmed at regular meetings.

WEB Seven & i Group Human Rights Policy
https://www.7andi.com/en/sustainability/policy/human_rights.html

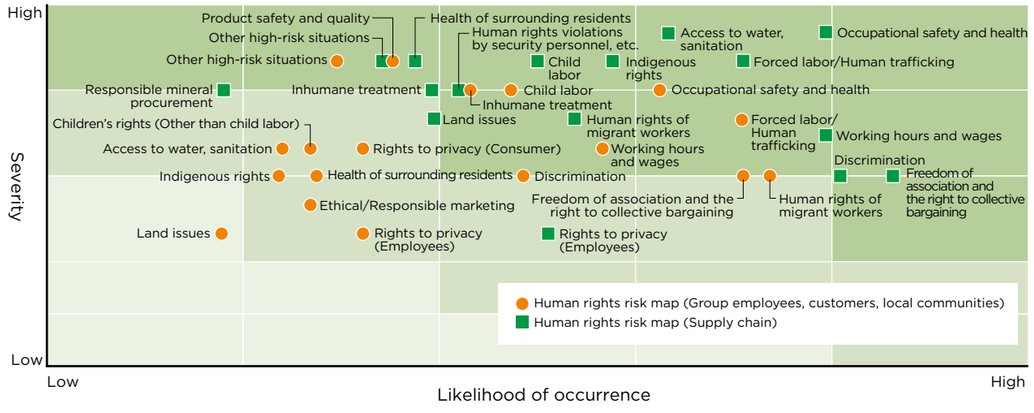
Conducting human rights due diligence

We have a human rights due diligence mechanism in accordance with procedures set forth in the UN Guiding Principles on Business and Human Rights and Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct, and we strive to prevent any negative impact on human rights and take corrective action as necessary.

Human rights impact assessment

We recognize that the Group's business activities may have an impact on human rights. We are committed to identifying the causes of negative impacts on people and society, and to preventing and remedying those we find. In FY2022, we conducted an assessment to understand the potential negative human rights impacts of our operations and those of our business partners. We calculated their severity and likelihood of occurrence, and we created a mapping of these risks. The identification of such issues is conducted with the support and advice of external experts.

WEB Details on evaluation of human rights risks
https://www.7andi.com/en/sustainability/human_rights/risks.html



Implementation of preventive and corrective measures

The Group identifies human rights risks (and countries/regions) that we focus on preventing and responding to. For high-priority human rights risks, we implement corrective measures within the Group as well as conduct education, training, and other activities aimed at prevention. In FY2023, we conducted Human Rights e-Learning for Group employees, with approximately 40,000 participants completing the course.

For human rights risks in the supply chain, we are continuously working to raise awareness of the Group's guidelines among relevant stakeholders, striving to improve and enhance our efforts to respect human rights.

Monitoring

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

For our business partners, we conduct an anonymous Business Partner Survey. In FY2023, we received a total of 12,022 responses from Group companies.

We conduct CSR audits of end manufacturing facilities to which the Group outsources the manufacture of our Group-wide *Seven Premium* private-brand merchandise as well as of overseas manufacturing partners for private-brand products. The audits ascertain their level of compliance with the Seven & i Group Business Partner Sustainability Action Guidelines. In FY2023, CSR audits were conducted at 254 production facilities in 13 countries overseas and 527 production facilities in Japan.

Disclosure of information to stakeholders

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

Internal whistleblowing system as a grievance mechanism

The Group has established a Groupwide Employee Helpline and a Business Partner Helpline to prevent, and quickly detect and correct, any actions that could lead to a loss of social trust, and to prevent recurrence. These helplines can also be used in the event of human rights issues. The Groupwide Employee Helpline is available in Japanese, English, Chinese, and Vietnamese. The Business Partner Helpline is available both in Japan and overseas, and it supports four languages: Japanese, English, Thai, and Portuguese.

Additionally, for actions that could lead to a loss of social trust, where the involvement of senior management such as directors, Audit & Supervisory Board members, or executive officers of domestic Group companies is suspected, we operate an Audit & Supervisory Board Hotline. This hotline functions independently from the management and is designed to receive reports and investigate such matters.

The reporting contact point is managed by a third party with whom we have signed a service contract and a confidentiality agreement, ensuring strict protection of the privacy of the whistleblowers and consultees. The most common type of report is related to suspected power harassment, which often includes human rights issues. When violations are confirmed, we work together with the relevant departments and companies to discuss appropriate responses, implement remedial measures, and take corrective action.

The operational status of the internal whistleblowing system is regularly reported and reviewed by the executive officer in charge of the secretariat of the CSR Management Committee during board meetings.

Social Initiatives

Supply chain management Material Issue 7

Building a sustainable supply chain with our business partners

Since our establishment, the Group has been committed to being a sincere company that our stakeholders trust, as stated in our Corporate Creed.

Various human rights issues have come up in the world today. Expectations are high for companies to fulfill their social responsibilities throughout their supply chains for the merchandise and services they provide. That means respecting and protecting human rights, complying with laws and regulations, environmental conservation, and giving consideration to working conditions. The Group places the highest priority on respecting and protecting human rights, and we ask our business partners to understand and implement the Seven & i Group Business Partner Sustainable Action Guidelines (Action Guidelines). Together with our business partners, we apply the Action Guidelines in building a sustainable supply chain. In this way, we not only provide our customers with merchandise and services whose safety and quality are ensured, but we also promote the protection and respect of human rights, compliance with laws and regulations, global environmental conservation, and consideration for working environments throughout our supply chain.

Implementing CSR audits of business partners

The Group conducts CSR audits of our business partners to ensure the safety and reliability of the merchandise we offer to our customers, as well as to collaboratively achieve a sustainably developing society with our partners. Of the factories to which the Group outsources the manufacture of our private-brand merchandise, *Seven Premium*, and the private-brand merchandise of Group companies, we request cooperation in our CSR audits from those located in regions (mainly in China and Southeast Asia) that are deemed particularly important from a risk management perspective. We also share updates with our business partners on the status of implementing the Action Guidelines and support corrective actions to address any problems.

When we request a new business relationship with a Group company, we ask the partner company to understand and comply with the Action Guidelines and undergo a CSR audit. If the business partner is found to comply with the CSR audit or to take any required corrective action, we issue a Certificate of Conformity and start business with the partner. Renewal of the Certificate of Conformity is a prerequisite for continuing business with overseas factories.

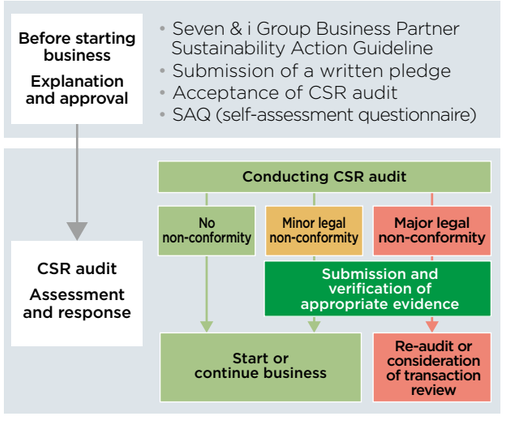
CSR audits are conducted by third-party organizations. The audit items are based on international conventions such as the International Labour Organization (ILO) conventions and ISO 26000, with 16 categories and 117 check items established independently. The categories are classified according to their importance, with the highest priority given to the following four categories: forced labor, child labor and underage workers, living wage (minimum wage), and disciplinary action. If any non-conformity related to these categories is discovered, we will urge the relevant Group companies that contract with the factory to review their business relationship and take appropriate actions. The next priority categories are health and safety, working hours, subcontracting agreements, global environmental conservation, and ensuring merchandise safety. If non-conformity issues, such as legal violations, are identified, we monitor the correction and remediation of these issues at the relevant factory. If a large number of non-conformity issues are identified, we conduct follow-up audits as necessary and continue business with the factory based on the results.

The 16 categories of CSR audits

The four top-priority categories

No.	Category
1	Implementation of management system and rules
2	Forced labor
3	Freedom of association
4	Health and safety
5	Child labor and underage workers
6	Living wage (minimum wage)
7	Working hours
8	Discrimination and harassment
9	Regular employment
10	Subcontracting agreements, domestic industry, outsourced processing
11	Disciplinary action
12	Global environmental conservation
13	Anti-corruption and fair business practices
14	Ensuring merchandise safety
15	Security management
16	Interests of local communities and disaster response

CSR audit process



Results of CSR audits

The Company conducts annual CSR audits to verify compliance with the Seven & i Group Business Partner Sustainable Action Guidelines.

CSR audits are conducted on factories in Japan and overseas that manufacture the Group's private-brand merchandise, *Seven Premium*, as well as on factories in China and Southeast Asia (13 countries) that produce private-brand merchandise for Group companies. The audits focus on factories deemed significant due to large volume, high importance, and difficulty in finding alternatives. These factories are defined as critical suppliers and are subject to audits.

To ensure fairness, we outsource CSR audits to the external auditing agency, TÜV Rheinland Japan Ltd. In principle, auditors are registered with Association of Professional Social Compliance Auditors (APSCA), which is a specialized standards body for independent social compliance auditors. We hold regular meetings with auditors each year to standardize audit criteria.

Numbers of CSR audits (Overseas factories)

FY	2017	2018	2019	2020	2021	2022	2023	2024 Plan
Number of factories audited	215	274	304	413	357	322	254	292
Implementation rate (%)*1	100.0	100.0	100.0	89.8*2	79.9*2	74.2*2	77.7	—

*1 Proportion of the number of factories audited to the number of factories where audits were planned (excluding factories that no longer need to be audited due to termination of production or suspension of business relationship)
*2 Audits were suspended at some factories due to the COVID-19 pandemic.

Response to non-conformities

In the CSR audits conducted abroad in FY2023, significant non-conformities were confirmed at two factories. In both cases, the wages paid did not meet the local minimum wage standards.

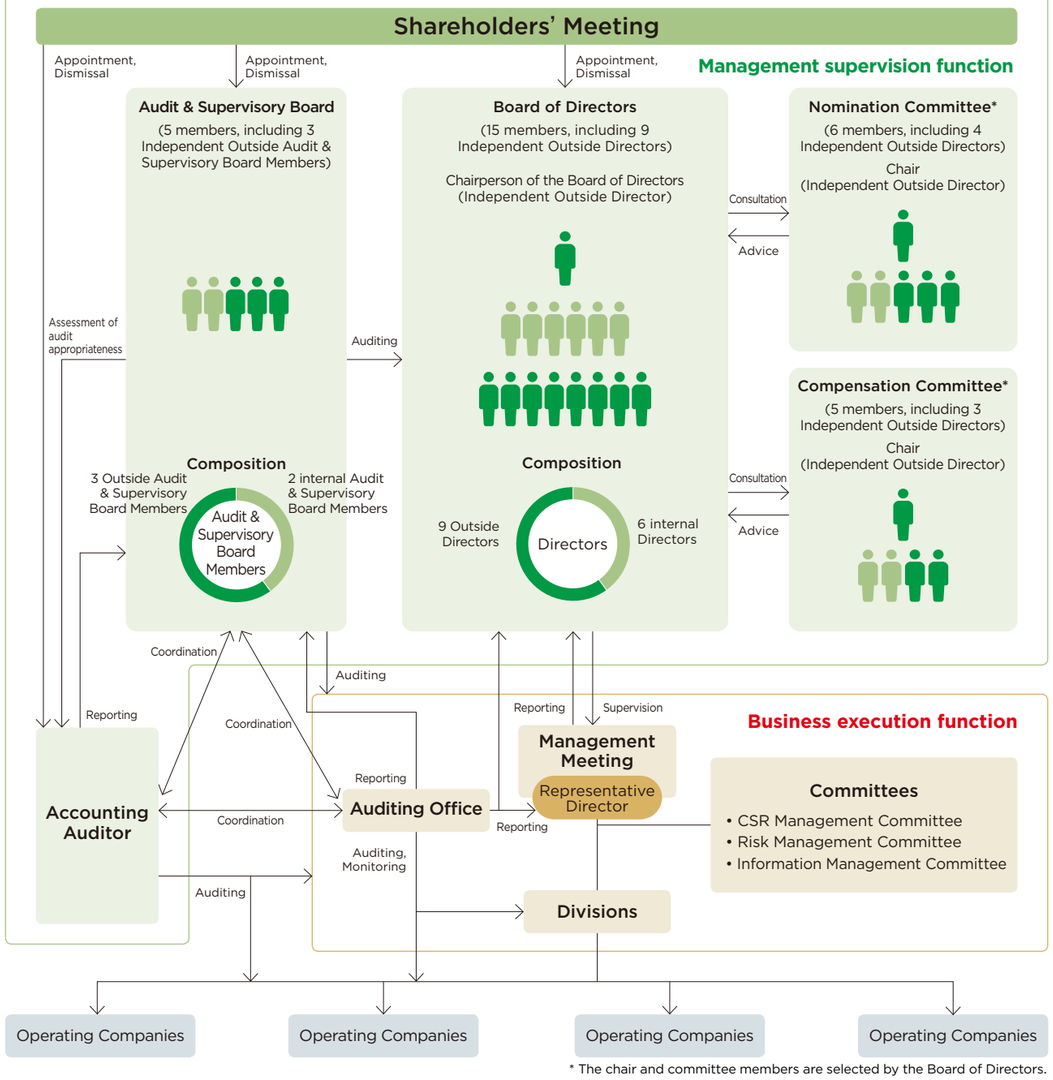
For the wage shortfall, we recalculated the amounts retroactively and confirmed that the correct payments were made to the employees. We also implemented measures to prevent recurrence, including systematizing employment management and ensuring accurate record-keeping. For other non-conformities as well, we have verified that all corrective actions have been implemented. The CSR audit results did not identify any non-compliance in terms of forced labor, child labor under the age of 15, or disciplinary action.

No major nonconformity was identified in the CSR audits for FY2023 conducted at the 527 factories in Japan to which we outsource the manufacture of our private-brand merchandise, *Seven Premium*.

Corporate Governance

Please visit the Corporate Governance section of our corporate website.
https://www.7andi.com/en/ir/management/governance/structure.html

Corporate governance system (As of August 31, 2024)



* The chair and committee members are selected by the Board of Directors.

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

The Company ensures the effectiveness of its corporate governance by coordinating "audits" conducted by Audit & Supervisory Board members (Audit & Supervisory Board). This includes multiple outside Audit & Supervisory Board members who maintain their independence and have specialized knowledge in such areas as legal affairs and financial accounting, through their actively cooperating with the accounting auditor and the internal audit division, and "formulation of management strategies" and "supervision of business execution" conducted by the Board of Directors, including outside directors who have management knowledge and experience.

The Company has adopted this corporate governance structure because it judges the structure to be workable for realizing and ensuring the Company's corporate governance and for conducting appropriate and efficient corporate management.

Utilization of a company with an Audit & Supervisory Board Member system

The Company considers the following characteristics and advantages of an Audit & Supervisory Board Member system to be effective for ensuring the appropriateness of the Company's Group governance and has therefore adopted it as the corporate governance system:

1. Each Audit & Supervisory Board Member independently has its own auditing authority (individual independence system), which allows audits to be conducted from the perspectives of each Audit & Supervisory Board Member.
2. The independence of the Audit & Supervisory Board Members is clearly specified by law, which enables independent and objective audits.
3. The Audit & Supervisory Board Members have legally specified authority to investigate subsidiaries, which is effective also from a Group audit perspective.

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

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

In FY2023, in addition to the statutory items prescribed by Japan's Companies Act and other laws and regulations and the items specified in the Corporate Governance Code, the following matters shown on the right were discussed with particular emphasis.

Important topics for FY2023	Main content of discussion
I. Evaluation of the progress and verification of the Group's growth strategies	• Report on North America, Japan, and global CVS business strategies • Report on food, DX, and financial strategies, etc.
II. Monitoring of superstore (SST) operations business turnaround	• Corporate merger of Ito-Yokado and York • Growth strategy of SST operations
III. Ongoing review of business portfolio	• Transformation of 7-Eleven Australia into a wholly owned subsidiary • Acquisition of Sunoco LP's Stripes convenience stores (West Texas)
IV. Strengthening the Group's governance structure	• Establishment of Group management regulations • Establishment of policy for separating the positions of chairperson of the Board of Directors and CEO • Review of Group risk management
V. Confirmation of initiatives relating to human capital management, etc.	• Report on employee engagement as well as diversity and inclusion (D&I) initiatives • Report by the Nomination Committee

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

Outline of basic policy and system

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

The Company has been utilizing the more diverse range of knowledge and advice of outside directors and outside Audit & Supervisory Board members to ensure further objectivity and transparency in procedures for deciding on the nomination of and compensation for representative directors, directors, Audit & Supervisory Board members, and executive officers ("Officers, etc."), thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions.

Proper Group management and utilization of the Nomination Committee and Compensation Committee

The Committees deliberate on the nomination and compensation of not only the Company's Officers, etc., but also representative directors of the core domestic operating companies and presidents and CEOs of the core overseas operating companies ("Representative Directors, etc.").

The Representative Directors, etc., of the core operating companies occupy important positions for the Group's management and are included within the purview of deliberations by the Committees from the perspective of emphasizing the objectivity and transparency of the principal nomination and compensation procedures for the management of not only the Company but also the Group.

The number of members of the Nomination Committee is six (of which four are independent outside directors), and the number of members of the Compensation Committee is five (of which three are independent outside directors).

Corporate Governance

Please visit the Corporate Governance section of our corporate website.
https://www.7andi.com/en/ir/management/governance/structure.html
https://www.7andi.com/en/ir/management/governance/board.html

Composition of directors and Audit & Supervisory Board Members at each meeting body (As of August 31, 2024)

(◎: Board or committee chair)

Name	Position in the Company	Board of Directors	Audit & Supervisory Board	Nomination Committee	Compensation Committee	Management Meeting	CSR Management Committee	Risk Management Committee	Information Management Committee
Ryuichi Isaka	President, Representative Director and CEO Executive Officer and President	○		○		◎	◎		
Junro Ito	Vice President, Representative Director Supervising Officer of Superstore Operations Chief Sustainability Officer (CSuO) Chief Administrative Officer (CAO) Information Management Supervisor	○			○	○	○	○	◎
Fumihiko Nagamatsu	Director and Senior Managing Executive Officer Head of Domestic CVS Operations (Japan)	○					○		
Joseph M. DePinto	Director and Senior Managing Executive Officer Head of Overseas CVS Operations (North America)	○					○		
Yoshimichi Maruyama	Director, Managing Executive Officer and CFO General Manager of Corporate Finance & Accounting Division	○		○		○	○	○	○
Tamaki Wakita	Director and Executive Officer Chief Strategy Officer (CSO) General Manager of Corporate Planning Division	○			○	○	○	○	○
Stephen Hayes Dacus	Lead Independent Outside Director	◎		○					
Toshiro Yonemura	Independent Outside Director	○			◎				
Yoshiyuki Izawa	Independent Outside Director	○		○					
Meyumi Yamada	Independent Outside Director	○		◎					
Jenifer Simms Rogers	Independent Outside Director	○			○				
Shinji Wada	Independent Outside Director	○							
Fuminao Hachiuma	Independent Outside Director	○		○					
Paul Yonamine	Independent Outside Director	○			○				
Elizabeth Miin Meyerdirk	Independent Outside Director	○							
Noriyuki Habano	Standing Audit & Supervisory Board Member		◎			○	○	○	○
Nobutomo Teshima	Standing Audit & Supervisory Board Member		○			○	○	○	○
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member		○						
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member		○						
Kaori Matsuhashi	Independent Outside Audit & Supervisory Board Member		○						
Masaki Saito	Managing Executive Officer Chief Information Officer (CIO) General Manager of Group DX Division					○	○	○	○
Masato Otake	Executive Officer Chief Merchandise Officer (CMDO) General Manager of Group Merchandise Strategy & Planning Division					○	○	○	○
Seiji Oku	Executive Officer General Manager of Corporate General Affairs & Legal Division					○	○	○	○
Nobuyuki Miyaji	Executive Officer General Manager of ESG Development Division					○	○	◎	○
Takuya Enomoto	Executive Officer Chief Human Resources Officer (CHRO) General Manager of Human Resources Division					○	○	○	○
Hirotake Henmi	Executive Officer General Manager of the Corporate Communication Division					○	○	○	○

Composition of the Board of Directors and use of outside directors

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

The Company emphasizes the composition of directors and Audit & Supervisory Board members for the Board of Directors having a good overall balance of knowledge, experience, and skills to effectively perform the role and responsibilities of the Board and ensuring both diversity and an appropriate size.

In particular, as a holding company, the Company needs to conduct comprehensive and multifaceted management for diverse business domains. Therefore, the Company examines the Board composition, considering diversity (including career and age) in terms of female and non-Japanese directors and Audit & Supervisory Board members as well as the balance among their knowledge, experience, and skills. For the Company's Audit & Supervisory Board Members, the Company takes care to appoint such persons with appropriate knowledge of finance and accounting.

The Company stipulates the aforementioned policies in the "Guidelines for Directors and Audit & Supervisory Board Members."

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

Chairperson of the Board of Directors

The Board of Directors resolved at its meeting on April 18, 2024 that the Company will separate the positions of chairperson of the Board of Directors and chief executive officer (CEO) for the purposes outlined below. Based on this policy, Stephen Hayes Dacus, the Lead Independent Outside Director, assumed the position of chairperson of the Board of Directors at its meeting held on May 28, 2024.

Purposes

(1) Strengthened corporate governance system
(2) Improved transparency and objectivity in decision-making
(3) Improved effectiveness of corporate strategies and efficiency of corporate operations

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

In addition to participating in meetings of the Board of Directors, outside directors and outside Audit & Supervisory Board members meet with the representative directors, directors, standing Audit & Supervisory Board members, and others. These meetings, including Management Opinion Exchange Meetings, are held on a regular and as-needed basis. The themes are set for each of the meetings, centered on various management issues and matters of high social concern. Reports are provided by directors, the internal control divisions, and so forth regarding the status of business execution and internal control, and explanations are given in response to questions from outside directors and outside Audit & Supervisory Board members, who also express their opinions regarding the Company's management, corporate governance, and other topics based on their respective expert knowledge, experience, and insights. In these and other ways, outside directors and outside Audit & Supervisory Board members exchange frank and lively opinions. Outside directors and outside Audit & Supervisory Board members also exchange opinions with directors and Audit & Supervisory Board members, etc., of operating companies.

Through these activities, outside directors supervise operational execution, and outside Audit & Supervisory Board members perform audits of operational execution and accounting practices.

Strategy Committee composed solely of independent outside directors

The Company has established the Strategy Committee composed solely of independent outside directors. The Strategy Committee will monitor the progress of the Group's strategic priorities and continue to analyze and review the optimal Group business structure and strategic alternatives (IPO, spin-off, etc.) comprehensively and objectively to achieve the Group's strategic goals. Based on the results of this review, the Strategy Committee will provide advice to the Board of Directors on strategies to increase the Group's medium- to long-term corporate value. On April 10, 2024, the Company announced action plans summarizing the deliberations conducted by the Board of Directors, following recommendations from the Strategy Committee.

For further details, please refer to the press release.
https://www.7andi.com/library/dbps_data/_material_/localhost/en/release_pdf/2024_0410_ir01en.pdf

Corporate Governance

WEB Please visit the Corporate Governance section of our corporate website.
https://www.7andi.com/en/ir/management/governance/board.html
https://www.7andi.com/en/ir/management/governance/nomination.html

Directors and Audit & Supervisory Board members skill matrix

Name	Title	Management and Industry Experience				Management Skills, Knowledge, etc.					
		CEO Experience	Retail Experience	International Business Experience	Financial Business Experience	Organizational Management	Marketing/Branding	DX/IT/Security	Finance and Accounting	Risk Management/ Crisis Response/Legal	Sustainability
Ryuichi Isaka	Representative Director and President	○	○	○		○	○				○
Junro Ito	Representative Director and Vice President		○			○				○	○
Fumihiko Nagamatsu	Director	○	○			○	○				
Joseph M. DePinto	Director	○	○	○		○	○	○			
Yoshimichi Maruyama	Director				○				○	○	
Tamaki Wakita	Director	○	○	○		○	○				
Stephen Hayes Dacus	Lead Independent Outside Director	○	○	○		○	○		○		
Toshiro Yonemura	Independent Outside Director					○		○		○	
Yoshiyuki Izawa	Independent Outside Director	○		○	○	○			○		○
Meyumi Yamada	Independent Outside Director	○	○			○	○	○			○
Jenifer Simms Rogers	Independent Outside Director			○	○				○	○	○
Shinji Wada	Independent Outside Director	○	○			○		○			○
Fuminao Hachiuma	Independent Outside Director	○		○		○	○				○
Paul Yonamine	Independent Outside Director	○		○	○	○		○	○		
Elizabeth Miin Meyerdirk	Independent Outside Director	○	○	○			○	○	○		
Noriyuki Habano	Standing Audit & Supervisory Board Member		○				○			○	
Nobutomo Teshima	Standing Audit & Supervisory Board Member		○					○	○	○	
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member								○	○	
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member							○		○	
Kaori Matsuhashi	Independent Outside Audit & Supervisory Board Member					○			○	○	

Notes: 1. The above table is not an exhaustive list of the knowledge and experience each person can offer.
2. The ratio of foreign national Directors is 33.3% (5/15), and the ratio of female directors is 20.0% (3/15). (Rounded to one decimal place)

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

The Company has established the Nomination Committee (see p. 80) as an advisory committee to the Board of Directors that deliberates on appointment of Officers, etc.

The "Guidelines for Directors and Audit & Supervisory Board Members," which describe the requirements and qualities expected of Officers, are used in these deliberations. Thus, the Company has clarified "conditions that must be satisfied by directors and Audit & Supervisory Board members" as universal "requirements." Meanwhile, the "strengths" of each individual can vary; thus, the Company has treated these "personnel selection analysis and perspective that allows for individual strengths and weaknesses" as "qualities" separately from the requirements.

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

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

1. **Candidate selection** — Select candidates such as officers
2. **Preparation of candidate materials (including resume and reason for recommendation/ appointment)** — The secretariat prepares the interviews and Committee materials
3. **Interview with candidates** — Conduct an interview between Committee members and the candidate
4. **Nomination Committee (deliberation and decision to report)** — Based on the materials of the candidate and the content of the interview, the Committee deliberates and decides to report
5. **Report to the Board of Directors** — The results of the deliberation of the Committee, including the above process, are reported to the Board of Directors

Succession plan: Making desired qualities clear in the "Guidelines for Directors and Audit & Supervisory Board Members"

The Company has stipulated the following qualities desired for the Group representative (Company president) in the "Guidelines for Directors and Audit & Supervisory Board Members."

Appropriate qualities and viewpoints for Group representative	
Qualities	**Viewpoints**
Business management capability	• Have problem-solving capabilities • Have outstanding judgment, etc.
Leadership ability	• Set constructive targets and lead the Company to achieve beyond them • Strong ability to communicate with other directors, Audit & Supervisory Board members, and employees • Ability to drive change, etc.
Personal qualities	• Understand own strengths and weaknesses, able to collaborate with persons who possess qualities to compensate for qualities they lack • Always prepared to learn

The basic policy regarding appointment/dismissal of Group representative is as follows.

- Evaluate the candidate through a sincere process using multifaceted and objective materials
- Examine in detail whether the candidate has the management capabilities required for solving management issues facing the Group companies
- Specifically check and evaluate the leadership style and ability of the candidate

Corporate Governance

As of August 31, 2024

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

Directors (internal)

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
 **Ryuichi Isaka** (October 4, 1957) Member of the Nomination Committee ■ 19/19 ■ 10/10	President, Representative Director and CEO Director of 7-Eleven, Inc.	He has overseas business experience and broad knowledge of the retailing industry cultivated as a president of a Group company and a director of the Company as well as broad knowledge and experience in company management including the franchise business, marketing, and management administration, as well as sustainability (addressing environmental and social issues and so forth). The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to maximize the Group's corporate value through the generation of new business and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories.
 **Junro Ito** (June 14, 1958) Member of the Compensation Committee ■ 19/19 ■ 4/4	Vice President, Representative Director Supervising Officer of Superstore Operations Chief Sustainability Officer (CSuO) Chief Administrative Officer (CAO) Information Management Supervisor	He has overseas business experience and broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience in ESG (Environment, Social, Governance), risk management, accounting and finance, social marketing, and so forth. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to enhance its corporate value including non-financial aspects, and to smoothly execute group management.
 **Fumihiko Nagamatsu** (January 3, 1957) ■ 19/19	Director and Senior Managing Executive Officer Head of Domestic CVS Operations (Japan) Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. Director of 7-Eleven, Inc.	He has broad knowledge of the retailing industry cultivated as a president of a Group company and a director of the Company as well as broad knowledge and experience relating to company management including the franchise business, management administration, personnel management, and so forth. The Company would like him to utilize this knowledge and experience to realize its management plans, to advance Group functions, and to pursue Group synergies.
 **Joseph M. DePinto** (November 3, 1962) ■ 17/19	Director and Senior Managing Executive Officer Head of Overseas CVS Operations (North America) Director and Chief Executive Officer (CEO) of 7-Eleven, Inc. Chairman of the Board of Brinker International, Inc. (Non-Executive) Director of DHC Acquisition Corp. (Non-Executive)	He has broad knowledge of the international retailing business cultivated as a president of our U.S. Group company and as a director of the Company, as well as broad knowledge and experience relating to company management, the franchise business, management administration, marketing, and so forth. The Company would like him to utilize this knowledge and experience to realize its management plans, to provide advice to the Company's Board of Directors from an international perspective, and to promote global management of the Company.
 **Yoshimichi Maruyama** (November 2, 1959) Member of the Nomination Committee ■ 19/19 ■ 4/4	Director, Managing Executive Officer and CFO General Manager of Corporate Finance & Accounting Division Representative Director and President of Seven & i Financial Center Co., Ltd. Director of 7-Eleven, Inc.	He has business experience in a financial institution and broad knowledge relating to the Group's overall operations cultivated as a senior officer in the risk management division and finance division of the Company as well as broad knowledge and experience relating to risk management, finance, accounting, and so forth. The Company would like him to utilize this knowledge and experience to realize its management plans, stabilize the Group's financial base, and strengthen financial discipline, among other matters.
 **Tamaki Wakita** (May 12, 1972) Member of the Compensation Committee	Director and Executive Officer Chief Strategy Officer (CSO) General Manager of Corporate Planning Division Director of 7-Eleven, Inc.	He has business experience overseas and broad knowledge of the retail industry cultivated as a president and director of a Group company as well as a wide range of advanced knowledge and experience relating to company management, management strategy, marketing, and so forth. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.

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

Directors (outside)

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
 **Stephen Hayes Dacus** (November 7, 1960) Chair of the Strategy Committee Member of the Nomination Committee ■ 19/19 ■ 9/10	Lead Independent Outside Director Hana Group SAS Non-Executive Director Daiso USA LLC Chairman	He has served as a corporate executive officer in the retail industry and other industries both in the United States and Japan and has a broad range of high level knowledge and experience in corporate management, marketing, finance and accounting, etc., cultivated through abundant global business experience. The Company would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors.
 **Toshiro Yonemura** (April 26, 1951) Chair of the Compensation Committee Member of the Strategy Committee ■ 19/19 ■ 9/10 ■ 4/4	Independent Outside Director Outside Director of Kansaidengyosha Co., Ltd.	He has held such important positions as Superintendent General of the Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management, has held positions such as Chief Security Officer (CSO) of the Tokyo Organising Committee of the Olympic and Paralympic Games, and has broad high-level knowledge and experience regarding organizational management, risk management, etc. The Company would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve risk management and the effectiveness of the Company's management and the Board of Directors.
 **Yoshiyuki Izawa** (February 10, 1948) Member of the Nomination Committee Member of the Strategy Committee ■ 19/19 ■ 10/10	Independent Outside Director Outside Director, Member of the Audit and Supervisory Committee of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.	He has broad knowledge and experience in international corporate management, business administration, finance, accounting, sustainability, and capital markets, as well as his experience served as a Representative Director of a trading company and a financial institution, and Chairman & CEO, Representative Director of BlackRock Japan Co., Ltd. The Company would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors.
 **Meyumi Yamada** (August 30, 1972) Chair of the Nomination Committee Member of the Strategy Committee ■ 19/19 ■ 10/10	Independent Outside Director Director of istyle Inc. Outside Director of SEINO HOLDINGS CO., LTD. Outside Director of Sompo Holdings, Inc.	She has a broad range of high-level knowledge and experience in EC (e-commerce), DX (digital transformation), organizational management, marketing, and sustainability, among others, which she has cultivated through the operation of "@cosme," one of Japan's largest cosmetics and beauty portal sites, and through starting up a women's skill development and job hunting support business. The Company would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors.
 **Jenifer Simms Rogers** (June 22, 1963) Member of the Compensation Committee Member of the Strategy Committee ■ 18/19 ■ 4/4	Independent Outside Director General Counsel Asia of Asurion Japan Holdings G.K. Outside Director of Kawasaki Heavy Industries, Ltd. Outside Director of Sumitomo Mitsui Financial Group, Inc.	She has experience working for international financial institutions as an In-House Counsel, as well as extensive experience as President of the American Chamber of Commerce in Japan and as an Outside Director at other companies, and through said experience she has cultivated a high level of insight into global legal and risk management, finance and accounting, and sustainability, etc. The Company would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors.

*1 Attendance at meetings of the Board of Directors held in the 19th fiscal year (from March 1, 2023 to February 29, 2024)
*2 Attendance at meetings of the Nomination Committee held in the 19th fiscal year
*3 Attendance at meetings of the Compensation Committee held in the 19th fiscal year

Corporate Governance

As of August 31, 2024

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

Directors (outside)

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
 **Shinji Wada** (April 3, 1952) Member of the Strategy Committee ■ 14/15	Independent Outside Director Chairman, Director, Executive Officer of Nippon Gas Co., Ltd.	He has held important positions such as the representative director of a comprehensive energy company. He has a wide range of advanced knowledge and experience relating to retail business management, digital transformation (DX), organizational management, and corporate governance. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
 **Fuminao Hachiuma** (December 8, 1959) Member of the Nomination Committee Member of the Strategy Committee ■ 14/15 ■ 5/5	Independent Outside Director Outside Audit & Supervisory Board Member of YKK AP Inc. Outside Director of Subaru Corporation	He has a wide range of knowledge relating to international food cultivated through important positions such as the representative director of food companies in Japan and overseas. At the same time, he has a wide range of advanced knowledge and experience relating to corporate management, organizational management, marketing, and sustainability. The Company would like him to utilize this knowledge and experience to realize its management plans and to further improve the effectiveness of its management and the Board of Directors.
 **Paul Yonamine** (August 20, 1957) Member of the Strategy Committee Member of the Compensation Committee ■ 17/19 ■ 2/2	Independent Outside Director Central Pacific Financial Corp. Chairman Emeritus & Director (Non-Executive Director) Central Pacific Bank Chairman Emeritus & Director (Non-Executive Director) Outside Director of Sumitomo Mitsui Banking Corporation Outside Director (Audit & Supervisory Committee Member) of PayPay Corporation	He has a broad range of high-level knowledge and experience in DX (digital transformation), organizational management, and finance and accounting, etc., cultivated through his extensive management experience at consulting firms, as President of IBM Japan, Ltd. and as CEO of overseas financial institutions, among others. The Company would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors.
 **Elizabeth Miin Meyerdirk** (December 1, 1981) Member of the Strategy Committee ■ 18/19	Independent Outside Director	She has a broad range of high-level knowledge and experience in DX (digital transformation), marketing, finance and accounting, and other fields, cultivated through her experience as a co-founder of Uber Eats, a division of Uber Technologies, Inc. in the United States and her management of e-commerce companies and other positions, globally. The Company would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors.

■ Board of Directors' meetings attended*1 ■ Audit & Supervisory Board meetings attended*4

Audit & Supervisory Board members (internal/outside)

Name/Date of birth/Attendance at meetings	Area of responsibility in the Company and important concurrent positions	Reasons for selection (experience and knowledge)
 **Noriyuki Habano** (February 10, 1958) ■ 19/19 ■ 28/28	Standing Audit & Supervisory Board Member Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.	He has broad knowledge related to the overall operations of the Group cultivated as a Senior Officer of the Auditing Office of the Company, as well as broad knowledge and experience in marketing, branding, risk management, etc. The Company would like him to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing his knowledge and experience.
 **Nobutomo Teshima** (June 15, 1962) ■ 19/19 ■ 28/28	Standing Audit & Supervisory Board Member Audit & Supervisory Board Member of SEVEN-ELEVEN JAPAN CO., LTD.	He has extensive knowledge and experience in finance and accounting, risk management, and information technology, etc., as well as a broad range of knowledge of the Group's overall operations, which he cultivated as a senior officer in the Accounting Management Department and Auditing Office. The Company would like him to contribute this knowledge and experience to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, create medium- to long- term corporate value, and respond to social trust.
 **Kazuhiro Hara** (February 25, 1954) ■ 19/19 ■ 28/28	Independent Outside Audit & Supervisory Board Member Certified Public Accountant Certified Tax Accountant	He has abundant experience and technical knowledge related to finance, accounting, tax, and risk management cultivated as a certified public accountant and tax accountant. The Company would like him to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing his knowledge and experience.
 **Mitsuko Inamasu** (March 15, 1976) ■ 18/19 ■ 28/28	Independent Outside Audit & Supervisory Board Member Attorney at Law Outside Director, Member of the Audit and Supervisory Committee of NTT DATA Corporation	She has abundant experience and technical knowledge related to overall corporate legal affairs, including legal affairs pertaining to the digital field, and risk management cultivated as an attorney at law. The Company would like her to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing her knowledge and experience.
 **Kaori Matsuhashi** (June 7, 1969) ■ 18/19 ■ 28/28	Independent Outside Audit & Supervisory Board Member Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd. Outside Director, Member of the Audit and Supervisory Committee of YASKAWA Electric Corporation	She has abundant experience and technical knowledge related to finance, accounting, business management, and risk management cultivated through her experience in a business company and as a consultant and certified public accountant. The Company would like her to contribute to the establishment of a good corporate governance structure that can realize the robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust by utilizing her knowledge and experience.

*1 Attendance at meetings of the Board of Directors held in the 19th fiscal year
*2 Attendance at meetings of the Nomination Committee held in the 19th fiscal year
*3 Attendance at meetings of the Compensation Committee held in the 19th fiscal year
*4 Attendance at meetings of the Audit & Supervisory Board held in the 19th fiscal year

Corporate Governance

WEB Please visit the Corporate Governance section of our corporate website.
https://www.7andi.com/en/ir/management/governance/board.html
https://www.7andi.com/en/ir/management/governance/compensation.html

Evaluation of the Board of Directors' effectiveness

The Company evaluates the effectiveness of the Board of Directors ("Board of Directors' evaluation") by confirming, through objective analysis and thorough discussions, "whether the Board of Directors is effectively functioning to realize corporate value and improve corporate governance as the Company aims." This evaluation is positioned as an important factor in the PDCA cycle leading to specific actions for further improvements in the Board's effectiveness.

FY2023 Board of Directors' evaluation process

Evaluators	All directors (15) and Audit & Supervisory Board members (5)
Third-party organization	Sumitomo Mitsui Trust Bank, Limited ("the third party")
Scope of evaluation	Board of Directors, Nomination Committee, Compensation Committee, Strategy Committee, Audit & Supervisory Board, and individual directors
Evaluation process	1. Surveys for all evaluators (conducted by the third party) 2. Individual interviews with all evaluators (conducted by the third party) Note: Performance reviews (360-degree feedback) of directors also conducted during individual interviews 3. Compilation and analysis of surveys and individual interviews (conducted by the third party) 4. Report of evaluation results to the Board of Directors (conducted by the third party) Note: Feedback on the results of the performance reviews (360-degree feedback) of directors is provided by the third party based on report submissions. 5. Discussions by all evaluators at the Board of Directors' meeting
Outline of survey	I. Evaluation of important topics for FY2023 II. Evaluation of Board of Directors' composition and member contributions III. Evaluation of Board of Directors' operation IV. Periodic evaluation of the Audit & Supervisory Board, etc. V. Periodic evaluation of the Nomination Committee VI. Periodic evaluation of the Compensation Committee VII. Periodic evaluation of the Strategy Committee VIII. Summary

FY2023 summary of evaluation

1. The Board of Directors conducted a reevaluation of Group strategy in light of feedback from the capital market, and on March 9, 2023, announced the results of the reevaluation along with an update to the Medium-Term Management Plan.
   Additionally, the Strategy Committee comprised solely of independent outside directors was established to maximize the medium- to long-term corporate value and shareholder value of the Company.
2. Each director and Audit & Supervisory Board member conducted discussions from a more diverse perspective through open and frank discussions based on their respective knowledge, experience, and abilities. While challenges remain, the Board of Directors has fulfilled its role and responsibilities, including monitoring functions, making appropriate use of voluntary committees.
3. In particular, the Strategy Committee has convened 13 times since its inception with a great deal of analytical work and informal discussions conducted prior to each meeting, requiring significant time and effort. Through this process, the committee compiled recommendations for the Board of Directors for its deliberation. The resulting action plans were announced on April 10, 2024.
4. Issues identified as priorities in the FY2023 Board of Directors' evaluation will be incorporated into the annual agenda of the Board of Directors as important topics to be addressed in FY2024 in light of the action plans.
5. In FY2024, the Company will strive to further enhance the Board's effectiveness, centered around its important topics for the year, with the aim of achieving the goals of the Medium-Term Management Plan.

FY2024 important topics

Important topics	Measures
1. Monitoring of the action plans	Accelerating the capture of growth opportunities in the North American market, promoting investment and accelerating growth in global CVS operations, maximizing ROI through IT/DX strategy and governance development, closely monitoring the transformation of superstore operations in the Tokyo metropolitan area, maximizing synergies between retail and finance, and achieving the Medium-Term Management Plan
2. Consideration of optimal Group structure	Monitor progress of efforts aimed at optimizing Group structure
3. Strengthening of investor engagement	Monitoring progress on efforts to enhance the detail, specificity, and frequency of investor communications
4. Governance and human capital management, etc.	Review of human resource strategy, consideration of the role of the Board of Directors and governance structure, and review of sustainability strategy

Thinking on and composition of executive (executive director) compensation

	Fixed compensation	Performance-based bonuses	
		Bonuses	Stock-based compensation
Representative director and president	30%	30%	40%
Other representative directors	35%	30%	35%
Directors	50%	25%	25%

Monetary compensation ← → Stock-based compensation

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

Composition

Fixed compensation

- A fixed compensation commensurate with the responsibilities for each position will be paid.
- Compensation will be paid monthly during the term of office.

Performance-based bonuses

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

KPIs for performance-based bonuses

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

Calculation formula for coefficient pertaining to performance-based bonuses
Coefficient pertaining to performance-based bonuses = {(a) + (b)} × (c)
(a) "Consolidated operating CF (excluding financial services)*" related coefficient × 60%
(b) "Consolidated net income" related coefficient × 40%
(c) "Individual evaluations" related coefficient

- When evaluating KPI, the range of compensation of representative directors is set wider by using different coefficients pertaining to performance-based bonuses from other directors, so that the compensation of representative directors will be more affected by the link to performance.
- The coefficient pertaining to performance-based bonuses will vary depending on not only an evaluation of KPI but also individual evaluations.

* Managerial accounting figures based on net operating profit after tax excluding financial services.

Performance-based and stock-based compensation

- Medium- and long-term incentive compensation is a performance-based and stock-based compensation that varies based on the Company's business performance, management indicators and non-financial indicators, etc., (the introduction of the BIP Trust system*1 as the stock-based compensation system was resolved at the Annual Shareholders' Meetings held in May 2019).
- Performance-based and stock-based compensation will enhance sharing profits and risks with our shareholders who have medium- and long-term perspectives by providing points during the term of office based on which shares will be delivered.
- The initial covered period shall be four fiscal years starting from FY2019, and the subsequent covered periods shall be per three fiscal years.
- Shares will be delivered to directors upon their retirement.
- Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a coefficient pertaining to performance-based and stock-based compensation and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPI for performance-based and stock-based compensation is per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators, and the degree of achievement will be evaluated.
- The Company, aiming for a balance of corporate value and social value, added a target to reduce the amount of CO_2 emissions under the environmental declaration called GREEN CHALLENGE 2050 made in May 2019, as the KPI for performance-based and stock-based compensation from FY2020.
- The degree of improvement in employee engagement was added as a KPI for performance-based, and stock-based compensation from FY2022 to further promote the creation of an environment that allows various human resources to exercise their abilities.

*1 A BIP (Board Incentive Plan) trust is an incentive plan for officers established with reference to a performance share plan and a restricted share compensation plan in the United States.

KPIs for performance-based and stock-based compensation

KPI	Ratio	Purpose of evaluation
(a) Consolidated ROE	60%	Evaluation of profitability against equity
(b) Consolidated EPS	40%	Evaluation of net income from shareholder perspectives
(c) CO_2 emissions	See the formula below	Evaluation of the degree of promoting a reduction in the environmental burden
(d) Employee engagement		Evaluation of the degree of improvement in employee engagement*2

*2 Comprehensive evaluation by the Compensation Committee
Coefficient pertaining to performance-based and stock-based compensation = {(a)+(b)} × {(c)+(d)}
(a) "Consolidated ROE" related coefficient × 60% (b) "Consolidated EPS" related coefficient × 40%
(c) "CO_2 emissions" related coefficient (d) "Employee engagement" related coefficient

- When evaluating KPI, the range of compensation of representative directors is set wider by using different performance-based coefficients from other directors, so that the compensation of representative directors will be more affected by the link to performance.
- If an eligible director commits a material illegal or unlawful act, no shares under this system will be delivered to such director (malus) or the Company may request that such director refund money corresponding to the shares delivered to them (clawback).

Risk Management

WEB For details, please refer to our Risk Factors.
https://www.7andi.com/en/ir/management/risks.html

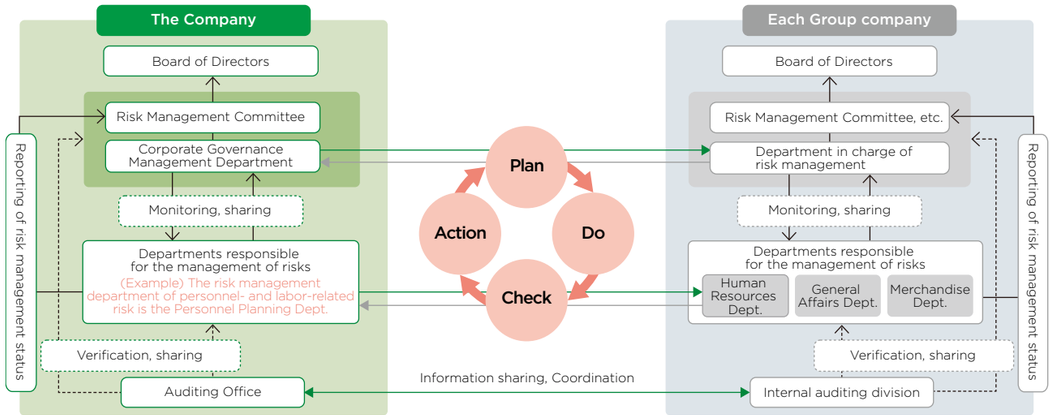
Group risk management system

The Company and Group companies have established a Risk Management Committee. As a general rule, the Risk Management Committee meets once every six months to receive reports on the risk management status of the respective companies from the departments responsible for the management of risks, to comprehensively identify, assess, and analyze risks and discuss measures, and to determine the future direction going forward.

Meanwhile, with regard to various risks, Group policies related to such risks, initiatives to mitigate risks undertaken by each company, and various internal and external examples illustrating signs of materializing risks, etc., are shared through a Group-wide meeting body, etc., headed by the Company's departments responsible for the management of risks.

As PDCA for risk management, the Group conducts risk management based on information from inside and outside the Group, through "the comprehensive identification of risks," "risk assessment and proposal of improvement measures," "prioritization of risks," and "improvement activities and monitoring."

In addition, the Auditing Office of each company verifies whether risk management is being conducted effectively, from an independent perspective, through periodic internal audits, and provides each department with advice for improving risk management, as required.



Risk assessment process

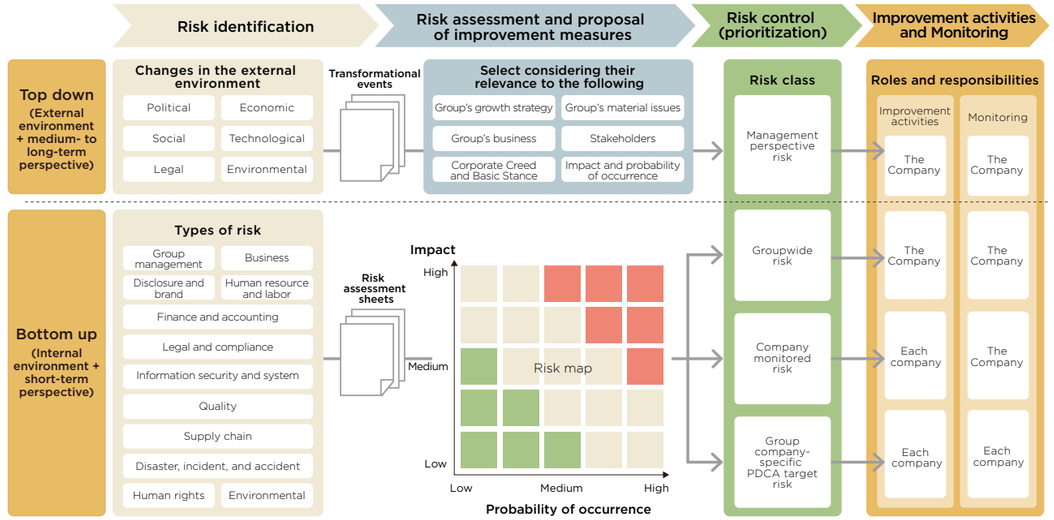
In addition to changes in the internal environment of the Group, there is a need to recognize global shifts in trends such as heightened geopolitical and ESG-related risks and various alterations in the business environment including changes in consumer values and the growth of online shopping. In recent years in particular, there has been a rise in factors that heighten the uncertainty of the environments in which corporate activities take place, such as the unpredictable international situation.

In response to these conditions, we have added external environment risks and medium- to long-term risks, alongside the internal environment and short-term risks that had previously been the focus of our risk management efforts, as well as maintaining and expanding risk categories to enable us to address changes in the internal and external environments.

Moreover, in terms of the assessment perspective of the degree of impact on performance arising from the emergence of risk, by adding the qualitative factors such as business continuity, damage to the Group's brand image, and other factors to the quantitative factors previously considered, we seek to take a more multifaceted and sophisticated approach to assessment and analysis of all risks.

In addition, having formed a comprehensive judgment of each risk mainly from the perspectives of significance, commonality, the degree of emergence, and efficiency, we divide them into four classes of risk. The roles and responsibilities of the Company and each company in the Group are clarified for each risk class, and improvement activities for various risks are carried out by the entities responsible for them, thereby enhancing the effectiveness of risk management for the Group as a whole.

Major risks to the Group



Major risks to the Group

Based on assessment and analysis of various risks, significant risk events that would be expected to have an impact on the growth strategy, performance, or financial standing of the Group are as follows.

Medium- to long-term perspective risk (Management perspective risk)

We identify events that could potentially occur in the future and have a medium- to long-term impact on the Group's growth strategy and sustainability as management perspective risks.

For each type of risk, the risk owners (responsible departments) within the Company consider expected scenarios and measures, conduct regular monitoring, and revise and update the measures as needed. In terms of measures, management decisions (risk-taking/risk-hedging) will be made with consideration of the Group's growth strategy and material issues.

Politics	Political change, disruption, dysfunction
	Collapse of security due to conflict, etc.
Economy	Decline of demand for gasoline
Society	Food crises
	Human resources / manpower shortage
	Growing demands for respect for human rights
Technology	Acceleration of technological innovation (including AI) to improve productivity in logistics and store operations
Environment	Acceleration of decarbonization
	Growing demand for mitigation of environmental impact of food supply chain
	Growing demands for reductions in food waste

Short-term perspective risk

After coming to a decision based on a comprehensive consideration of the degree of impact, likelihood of occurrence, and other aspects of the various risks identified by the Company and Group companies, we select risk events that should be managed by the Company and monitor the status of various risks and execution of risk measures periodically.

From among these significant risk events, we selected the "Groupwide risks" in the table below, which have a significant impact on the Group growth strategies and, by their nature, should be addressed across the Group from the perspectives of commonality, the degree of emergence, and efficiency.

- Risks related to food quality labeling and sanitation
- Risks related to blowing up on social media or crisis management public relations
- Risks related to earthquakes, tsunami, and volcanic eruptions
- Risks related to cybersecurity
- Risks related to response to antisocial forces

Communication (Dialogue) with Shareholders and Investors

WEB Please visit the Corporate Governance section of our corporate website.
https://www.7andi.com/en/ir/management/governance/shareholder.html

IR/SR activity policy

We actively engage in investor relations (IR) and shareholder relations (SR) to explain our management strategy aimed at realizing the Group's vision to stakeholders, including shareholders and investors.

In FY2023, in addition to holding IR Day for the first time, the Company made various efforts to promote understanding of the convenience store operations, such as having the management of 7-Eleven, Inc. which has a high level of interest from investors attend the Financial Results Presentation, IR Day, Overseas Roadshow and small meetings. In response to requests from shareholders and investors, we have also facilitated dialogues between our inside and outside directors and our shareholders and investors.

Dialogue with Shareholders and Investors: Track record (FY2023)

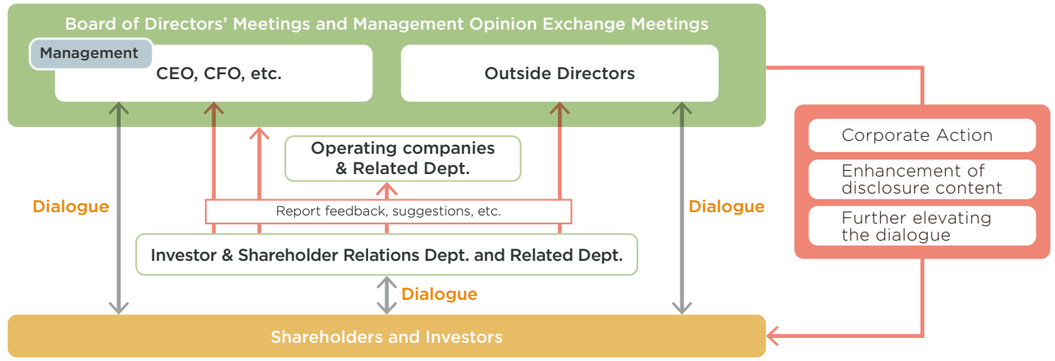
Occasions	Results	Activities
Financial Results Presentation	4 times	• Results for Q2 and Q4 presented by the CEO, CFO, and the persons responsible for overseeing individual businesses • Results for Q1 and Q3 presented by the CFO and the persons responsible for overseeing individual businesses
Small/Group Meetings	16 times	• Small meetings attended by the CEO, CFO, and the persons responsible for overseeing individual businesses held approximately four times each quarter • Analysts and institutional investors attended, engaging in dialogues with a total of 273 companies
Conference Organized by Security Companies	6 times	• CFO and members of the Investor & Shareholder Relations department attended, engaging in dialogues with a total of 49 institutional investors
IR Day	1 time	• In October 2023, the Company held its first IR Day • The CEO, CFO, and the persons responsible for overseeing individual businesses attended, introducing the direction and approach of the Group's medium- to long-term strategy and measures in line with it • Scheduled to be held twice a year from FY2024 on various themes including ESG
Overseas Roadshow	2 times	• The CEO, CFO, and Head of Overseas CVS operations (North America) visited institutional investors in North America, Europe, and elsewhere to explain the Group's strategy and gain feedback. • Dialogue with a total of 31 institutional investors
Interviews	540 companies	• In addition to the Investor & Shareholder Relations department, the CEO, CFO, outside directors, and persons in charge of other relevant departments attended when required, conducting dialogue on business performance and ESG
Domestic institutional investors, etc.	297 companies	
Overseas institutional investors, etc.	243 companies	
Business Presentations	3 times	• Explanations on merchandise policies and initiatives provided twice a year by the General Manager of the Merchandising Department, SEVEN-ELEVEN JAPAN CO., LTD. • Presentation on Group strategy implementation (acquisition of 7-Eleven Australia, share buyback, stock split)

Major Themes of Dialogue (FY2023)

Themes		Specifics
Medium- to Long-term Management Strategy		• CVS operational strategy to grow into a world-class retail group focused on food • Future initiatives for optimizing group structure • Progress of fundamental reform initiatives in SST operations • Capital Allocation Plan
Business Performance		• Japan and US economic environment and the changes in consumer behavior, and those impacts on business performance • Measures for proprietary products growth in Domestic and North America CVS operations, and its effects • Future development of Global CVS operations
Share Price Valuation and Shareholder Returns		• Perceptions of stock valuation • Background of updating shareholder return policy
ESG-Related Issues	Environment	• Status of implementing measures to address climate change (reduction of CO_2 emissions and response to TCFD recommendations) • Sustainable sourcing (e.g., palm oil) and status of responding to human rights problems in the supply chain
	Social	• Initiatives on human capital management (Employee engagement, promoting DEI (diversity, equity, and inclusion), etc.)
	Governance	• Feedback and summary of recommendation from the Strategy Committee • Effectiveness of the Nomination Committee and the Compensation Committee with respect to succession plans, executive compensation system, etc.

Engagement cycle for enhancing corporate value

The Company's CEO, CFO, and the persons responsible for overseeing individual businesses create opportunities for dialogue with shareholders and investors in Japan and overseas through individual interviews, overseas roadshows, small meetings, and IR Day events. Feedback from shareholders and investors is regularly reported to the management team and the Board of Directors, where discussions are held, and this feedback is reflected in corporate actions and decisions.



Feedback to Management

Major Report Content	Results	Topics
Regular Quarterly Report	4 times	Analyst earnings forecasts, stock price trends
Status of Financial Results Presentation	4 times	Analyst reports, participant interests
Status of Overseas Roadshow	2 times	Interests and opinions of shareholders and investors
Status of IR Day	1 time	Analyst reports, participant interests
Others	Timely basis	Interests and opinions of shareholders and investors

Feedback to the Board of Directors

Main Report Content	Results	Topics
Regular Quarterly Report	4 times	Analyst earnings forecasts, stock price trends
Investor Engagement	2 times	Status and details of engagement with investors

Tripartite Discussion Between Independent Outside Directors

Providing objective and constructive advice and suggestions from an external perspective to drive Group reforms and global growth

The Seven & i Group has aimed for further growth through not only business structure reforms but also strengthening its governance framework.

In a discussion held in July 2024, three outside directors reviewed recent governance efforts and exchanged views on the Group's future direction and the challenges to be addressed.



Toshiro Yonemura
Independent Outside Director
Chair of the Compensation Committee

Stephen Hayes Dacus
Lead Independent Outside Director
Chairperson of the Board of Directors

Meyumi Yamada
Independent Outside Director
Chair of the Nomination Committee

Discussions at Board of Directors' and Strategy Committee meetings

——Please share details about the discussions at, and the management of, the Board of Directors' and Strategy Committee meetings.

Yonemura I have served as an outside director since 2014. Compared to when I first joined, the nature of discussions at the Board of Directors has significantly changed in recent years. Previously, talks primarily focused on how to meet customer needs, dedicating much time to addressing this central issue. While the core of SEVEN-ELEVEN JAPAN's growth has indeed been its customer-centric approach, in recent years, directors have increasingly expressed diverse and free-ranging concerns, leading to active discussions aimed at meeting the expectations of stakeholders, including the capital markets.

Yamada In a society changing at an unprecedented pace, many companies in Japan, including ours, are required to ensure diversity. I understand that the intent behind appointing individuals such as Mr. Dacus and myself to the management oversight team is precisely to address this need. What has surprised me since I began attending the Board of Directors' meetings is that each company in the Group, with its long history of supporting the Japanese food market, continues to genuinely pursue challenges to this day. This approach extends to stakeholders, including the capital markets, with the same level of seriousness and commitment. As a member of the management team, I am honored to be on this journey together.

Dacus Mr. Yonemura mentioned that there have been significant changes, and I fully agree. Of the 15 current directors, nine are outside directors, three are women, and five are foreign nationals. In addition, we have advanced governance strengthening measures such as establishing a Strategy Committee composed solely of outside directors, appointing a lead independent outside director, and separating the roles of chairperson of the Board and CEO. I believe these changes were significantly driven by the current management team under President Isaka, and I think we have approached a best-practice model for Japanese companies.

——Action plans have been developed based on the recommendations of the Strategy Committee. Could you provide details about the discussion process within the committee that led to this plan?

Dacus The main purpose of establishing the Strategy Committee was to evaluate and monitor growth strategies with objectivity from the perspective of outside directors. Our initial focus was on clarifying the agenda for the Committee. After extensive discussions with the Committee members, we established an annual activity agenda. The recommendations presented to the Board of Directors were based on these discussions, and the feedback from the Board members was positive. This was because the discussions within the Strategy Committee were regularly shared with directors who are not committee members, and the recommendations aligned with existing policies. As a result, the subsequent Board meetings proceeded smoothly, and the action plan was formulated quickly.

Yamada We also discussed issues that the executive team recognized as challenges. Outside directors, with their diverse skills and backgrounds, provided objective feedback from an impartial standpoint, which was then communicated to the executive team. We made our recommendations with the hope that they would serve as a catalyst for further growth of the Group. As a result, there were no conflicts of opinion.

Yonemura Mr. Dacus excels in strategic thinking and demonstrates strong execution skills when deciding to implement changes. In this regard, I believe it was groundbreaking for the Strategy Committee, under his chairmanship, to thoroughly review the past, evaluate the present and future, and engage in in-depth

Tripartite Discussion Between Independent Outside Directors

discussions about new strategies.

Dacus I would like to add that, as mentioned earlier, the diversity within the Committee contributed to meaningful discussions. Members with diverse backgrounds shared their opinions with an open mind. I also believe that while the Group has potential for further growth in the global market, achieving this growth with the same methods as before will be challenging. I hope that the discussions held within the diverse team will benefit the Group's future growth.

Separation of the roles of chairperson of the Board of Directors and CEO

——One of the major recent changes is the separation of the roles of chairperson of the Board and CEO. Could you explain the aim and effects of this change?

Yamada One thing to note is that this is indeed a significant challenge. In Japan, separating the roles of chairperson of the Board and CEO is uncommon, and there are few precedents or models to follow. We have just begun the process of finding what works best for us. However, we view this transformation as an essential step for the Company. When President Isaka served as Chairperson, questions during Q&A sessions tended to be directed primarily at him, resulting in him providing the majority of the answers. With Mr. Dacus, the lead independent outside director, now serving as Chairperson, the discussions have become more balanced and comprehensive, allowing for a broader range of perspectives and avoiding a focus on responses from just one person.

Yonemura Considering the significance of having Mr. Dacus as Chairperson, I believe it is crucial for maintaining the ability for introspection and upholding ethical standards. If the ability for introspection and ethical standards are lost, an organization will inevitably collapse. A CEO with significant power, if left to make all decisions alone, cannot adequately maintain these qualities. Similar principles apply to the separation of power and authority in national governance. Given the prospects for future growth, I believe this decision was essential.

Yamada Another key point is Mr. Dacus's extensive expertise in retail and consumer businesses. His views and insights, grounded in substantial experience, facilitate constructive discussions with the executive team. Moreover, his broad background in global business adds considerable value.

Yonemura In addition to his extensive experience, Mr. Dacus is exceptionally diligent and has thoroughly studied the Japanese market and the Group's operations. He also brings a balanced perspective.

Dacus I served as the Chairperson of the Strategy Committee and as the lead independent outside director before assuming the role of chairperson of the Board. And, as both of you have noted, I also have experience in global retail management. However, there is still much for me to learn. In this context, I see my mission as accelerating the evolution of the Board of Directors and further enhancing its efficiency. Another a key mission is to contribute to the growth of the Group. Our future depends on the global expansion of the CVS business. If we steadily implement our action plans, I believe we can grow into a top-tier global corporate group within the next three to four years.





Discussions in the Nomination Committee and Compensation Committee

——Directors Yamada and Yonemura, as Chairpersons of the Nomination Committee and Compensation Committee, respectively, could you share insights into the discussions and key themes addressed in these committees?

Yonemura The current main focus of the Compensation Committee is the structure of medium- to long-term incentives for directors, particularly the implementation of stock-based compensation. In some overseas companies, approximately 90% of long-term incentives are in the form of stock-based compensation. However, such a high proportion can spark debates about whether the company exists solely for the benefit of its shareholders. It goes without saying that shareholders are important stakeholders, but it is also essential to consider relationships with customers and other stakeholders when discussing the criteria and structure of executive compensation.

Yamada To drive transformation quickly, we need to assemble a top-tier management team, as relying on a single charismatic leader is insufficient. It's crucial to thoroughly discuss the skills and roles needed for the future, along with the timing for their implementation. Therefore, I believe it is necessary to closely examine succession planning, including for top positions, and the process of its development and execution. As can be seen from the skill matrix, the Company's Board members have a diverse composition and extensive experience in their respective fields. I view my role as facilitating the committee by collecting input from its members, engaging in discussions with the executive team, and sharing insights from these discussions with both the executive team and the Board of Directors, ensuring effective and collaborative management of the committee.

Toward further growth

——You mentioned earlier that the Seven & i Group has the potential to grow into a top-level global retailer. What do you think are the necessary steps to achieve this?

Dacus Globally, the retail industry in Japan faces intense competition and has evolved uniquely within this competitive landscape. When international tourists or businesspeople visit a 7-Eleven store, they are consistently amazed by how such delicious products can be sold at such low prices. I believe that the strengths of Japan's retail industry and 7-Eleven's business model will undoubtedly be well-received by global customers.



Tripartite Discussion Between Independent Outside Directors

Yonemura In this regard, 7-Eleven, which opened its first store in 1974, has now become a part of Japanese culture. When considering what has made it so widely accepted, it is clear that the richness of its food offerings is a key factor. Perhaps no other people appreciate the diversity of food as much as the Japanese do or have such a high receptiveness to it. Continuing to operate within this context has laid the foundation for the convenience store culture. I believe that providing food tailored to each country or region will be the key to growth worldwide.

Yamada In my case, convenience stores have been a part of my life since childhood. However, their format and the products and services they offer have changed significantly over time. With services like paying utility bills, printing photos, and obtaining concert tickets, convenience stores have become a part of daily life for Japanese people. 7-Eleven has been at the forefront of this evolution. Such a business model is likely unique to Japan. Given the Group's ability to adapt flexibly to customer needs and continuously evolve, it is well-positioned to deliver new value on a global scale.

——Conversely, are there any challenges or issues that you recognize as areas to address in the future?

Dacus The greatest challenge for the Group in achieving future growth is human resource development, which involves nurturing leaders on the ground and caring for each individual employee. Without strengthening our most important asset in retail—human resources—we cannot offer new value to our customers.

Yamada With Japanese society facing various difficulties, steering Japanese companies has undoubtedly become more complex. Given the current challenges such as declining birthrates, an aging population, and regional depopulation, the pressing issue is how to strengthen our human resources, which are the Company's greatest asset. To adapt to changing customer needs and evolving social environments, it is essential to enhance systems and policies that support diverse working styles for employees. In particular, Japanese companies have created environments where women, despite their efforts, are unable to thrive equally alongside men. In this context, I believe that "equity" within diversity, equity, and inclusion (DEI) is crucial. Establishing a fair environment is essential, and ongoing efforts by the Company are indispensable.

Yonemura In addition to addressing human resource issues, it is also necessary to continuously review the business portfolio. While the Group's portfolio has steadily evolved, companies, like living organisms, must constantly adapt to their ideal form. Additionally, considering changes in the social environment, it is necessary to discuss the strategies and operational structure of the CVS business moving forward.

Further strengthening of governance and stakeholder engagement

——Could you also share your thoughts on governance and stakeholder engagement?

Yonemura I have spent many years handling crisis management in government agencies, and I have encountered numerous instances where I felt my efforts fell short. Even in cases where no actual incidents or accidents occurred, I often found that the problem was a lack of imagination and preparation. The essence of risk management lies in imagining and anticipating potential scenarios and then preparing thoroughly for them.

This principle applies to business operations as well. However, from listening to various discussions at the Board meetings, I sometimes feel that the executive side may lack adequate imagination and preparation. I believe this is an important perspective to address going forward.

Yamada I think it's essential to further enhance the diversity within the management team. Many of the Group's customers are women, and many talented female employees are actively contributing on the frontline of business. In contrast, the proportion of women among directors and executive officers remains relatively low. This raises concerns that the Company is not fully leveraging the potential of talented employees who are passionate about serving its customers.

Yonemura Another point I'd like to highlight is communication with shareholders and investors. While I believe that the expectations of shareholders and investors align with our goals, there can be differences in the timeline for achieving them. That's why it's important to communicate our perspectives clearly and engage in open, honest discussions.

Yamada The Company's aim is to be cherished by customers, to become increasingly indispensable to society, and to continuously enhance corporate value. I believe this vision aligns with the expectations of shareholders and investors. To achieve this, it is essential to listen to the voices of a wide range of stakeholders. I aim to work with them as partners in enhancing the future corporate value of the Group and to progress together toward growth.

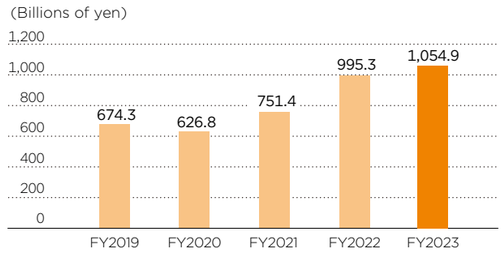
Dacus We have made efforts to communicate with shareholders and investors, but in my view, there is still room for improvement. We need to enhance both the frequency and the content of our communications. We must actively communicate what we aim to achieve, by when, and how we plan to do it. At the same time, we have received valuable input from many shareholders and investors, which has played a key role in advancing the Group's business. The Group is committed to driving even greater progress, and we hope our stakeholders will be excited about what's coming next.



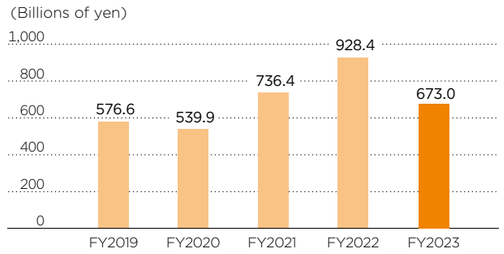
Key Indicators

Financial indicators

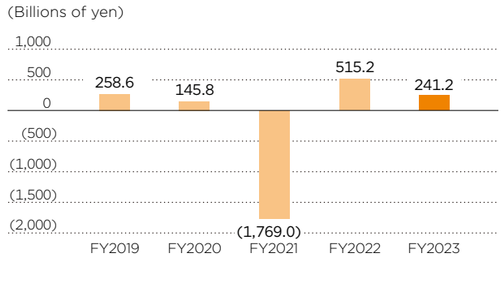
EBITDA*1



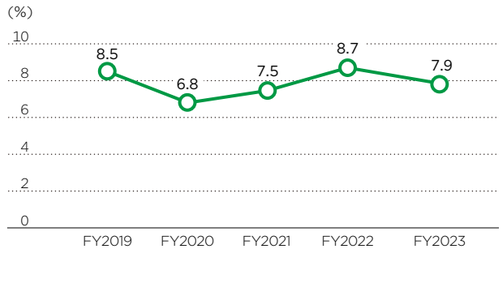
Cash flows from operating activities



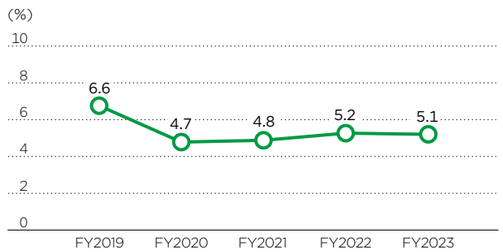
Free cash flows*2



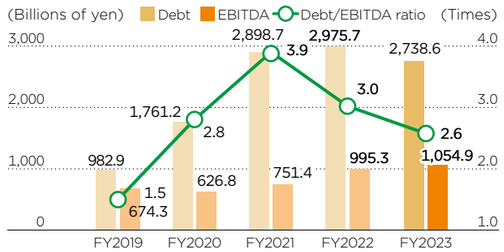
ROE*3,*5



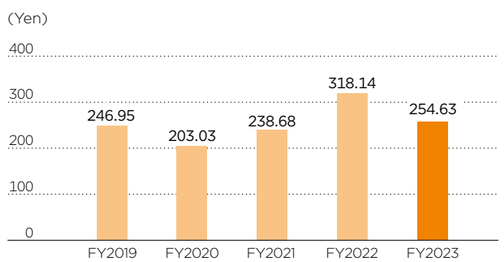
ROIC (excl. financial services)*4,*5



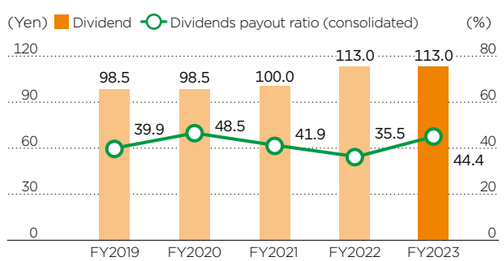
Debt/EBITDA ratio



EPS



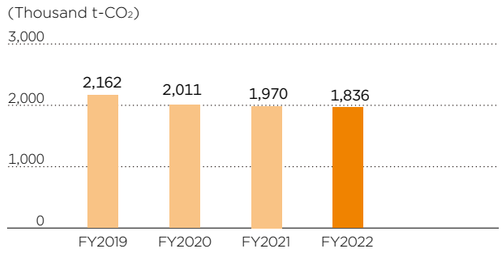
Dividends per share*6



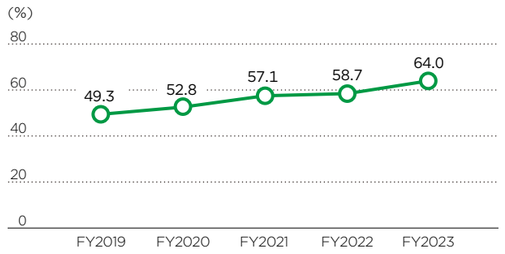
*1 EBITDA = Operating income + Depreciation and amortization + Goodwill amortization
*2 Free cash flows = Cash flows from operating activities + Cash flows from investing activities
*3 ROE is calculated from the average owner's equity at the beginning and end of each fiscal year
*4 ROIC (excluding. financial services): (Net income + Interest expense x [1 - Effective tax rate]) / (Owner's equity + Interest-bearing debt [both the averages of the figures at the beginning and the end of each fiscal year])
*5 FY2023 results: Adjusted figures for the effects of the transfer of the shares of SS and BNJ
*6 The Company conducted a 3-for-1 common share split on March 1, 2024. The above figures are before the stock split.

Non-financial indicators

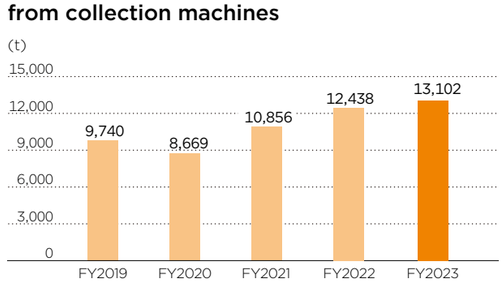
CO_2 emissions from store operations*7



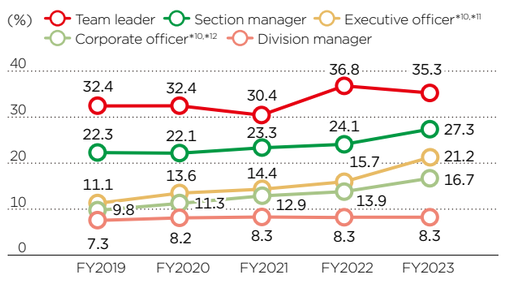
Organic waste recycling rate*8



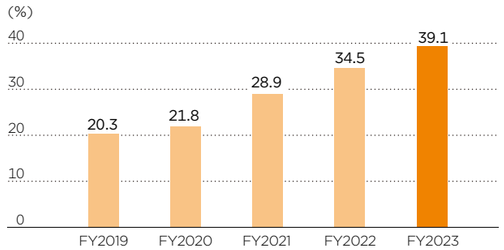
Volume of plastic (PET) bottles collected from collection machines



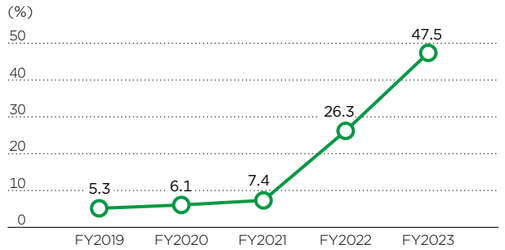
Percentage of female managers*9



Ratio of eco-friendly materials*13, 14 in containers for original merchandise



Male employee paternity childcare leave utilization rate*9



*7 The period of the calculations was from April to March. The period of the calculations from April of the previous year to March of the current year is presented as the current fiscal year. Total figures for 12 companies: SEJ, IY, YB, LF, YO, SG, IYF, SS, AH, BNJ, 7FS, and LO. For FY2022, total figures are for 10 of the 12 companies with SS and BNJ excluded. For the calculation methods, please refer to the environmental data of each operating company described in Data Section of the Sustainability Data Book. https://www.7andi.com/en/sustainability/report.html
*8 The period of the calculations was from April to March. The period of the calculations from April of the previous year to March of the current year is presented as the current fiscal year. Five food-related operating companies (SEJ, IY, YB, SG, and 7FS)
*9 Total of 8 Group companies (HD, SEJ, IY, YB, LO, AH, 7FS, and 7BK). Total for FY2022 and earlier includes SS but not LO.
*10 Figures as of the end of May each year, total for 4 Group companies (HD, SEJ, IY, and YB). Figures for FY2022 and earlier include SS and YO.
*11 Excluding executive officers who are directors
*12 Officers represent the total of directors, Audit & Supervisory Board members, and executive officers (excluding executive officers who are directors).
*13 Biomass, biodegradable, and recycled materials, and paper, etc.
*14 Figures for FY2021 and earlier are for operating companies in Japan. From FY2022 onwards, the figures include operating companies in Japan and SEI.

Abbreviations and official names

HD : Seven & i Holdings Co., Ltd.
SEJ : SEVEN-ELEVEN JAPAN CO., LTD.
SEI : 7-Eleven, Inc.
IY : Ito-Yokado Co., Ltd.
YB : York-Benimaru Co., Ltd.
YO : York Co., Ltd.
SG : SHELL GARDEN CO., LTD.
LF : Life Foods Co., Ltd.
IYF : IY Foods K.K.
SS : Sogo & Seibu Co., Ltd.
AH : Akachan Honpo Co., Ltd.
BNJ : Barneys Japan Co., Ltd.
7FS: Seven & i Food Systems Co., Ltd.
LO : THE LOFT CO., LTD.
7BK : Seven Bank, Ltd.

Financial Highlights

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

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
For the fiscal year:											Millions of yen
Revenues from operations	5,631,820	6,038,948	6,045,704	5,835,689	6,037,815	6,791,215	6,644,359	5,766,718	8,749,752	11,811,303	11,471,753
Operating income	339,659	343,331	352,320	364,573	391,657	411,596	424,266	366,329	387,653	506,521	534,248
Net income attributable to owners of parent	175,691	172,979	160,930	96,750	181,150	203,004	218,185	179,262	210,774	280,976	224,623
EBITDA*1	505,662	534,464	569,064	588,214	621,445	655,915	674,317	626,874	751,491	995,319	1,054,951
Capital expenditures*2	336,758	341,075	399,204	384,119	347,374	539,328	360,909	377,299	439,630	431,961	473,770
Depreciation and amortization	147,379	172,237	195,511	207,483	213,167	221,133	226,475	235,504	292,561	376,097	400,789
Cash flows from operating activities	454,335	416,690	488,973	512,523	498,306	577,878	576,670	539,995	736,476	928,476	673,015
Cash flows from investing activities	(286,686)	(270,235)	(335,949)	(371,602)	(240,418)	(557,497)	(318,047)	(394,127)	(2,505,566)	(413,229)	(431,809)
Cash flows from financing activities	(55,227)	(79,482)	(2,312)	(78,190)	(168,510)	(5,324)	(213,204)	690,542	937,077	(270,373)	(377,065)
Free cash flows*3	167,648	146,454	153,023	140,921	257,887	20,380	258,623	145,868	(1,769,089)	515,246	241,205
At fiscal year-end:											
Total assets	4,811,380	5,234,705	5,441,691	5,508,888	5,494,630	5,795,065	5,996,887	6,946,832	8,739,279	10,550,956	10,592,117
Owners' equity*4	2,095,746	2,299,662	2,372,274	2,336,057	2,427,264	2,521,395	2,601,594	2,668,925	2,980,956	3,474,547	3,716,523
Per share data:											Yen
Net income (EPS)	198.84	195.66	182.02	109.42	204.80	229.50	246.95	203.03	238.68	318.14	254.63
Net assets	2,371.92	2,601.23	2,683.11	2,641.40	2,744.08	2,850.42	2,946.83	3,022.68	3,375.50	3,933.93	4,250.83
Cash dividends	68.00	73.00	85.00	90.00	90.00	95.00	98.50	98.50	100.00	113.00	113.00
Financial ratios:											
Owners' equity ratio*4	43.6%	43.9%	43.6%	42.4%	44.2%	43.5%	43.4%	38.4%	34.1%	32.9%	35.1%
Return on equity (ROE)*4	8.8%	7.9%	6.9%	4.1%	7.6%	8.2%	8.5%	6.8%	7.5%	8.7%	6.2%
Return on total assets (ROA)	3.9%	3.4%	3.0%	1.8%	3.3%	3.6%	3.7%	2.8%	2.7%	2.9%	2.1%
Debt/EBITDA ratio (Times)	1.8	1.8	1.8	1.8	1.6	1.7	1.5	2.8	3.9	3.0	2.6
Dividend payout ratio	34.2%	37.3%	46.7%	82.3%	43.9%	41.4%	39.9%	48.5%	41.9%	35.5%	44.4%

*1 EBITDA = Operating income + Depreciation and amortization + Goodwill amortization
*2 Capital expenditures include long-term leasehold deposits and advances for store construction.
*3 Free cash flows = Cash flows from operating activities + Cash flows from investing activities
*4 Owners' equity = Net assets - Non-controlling interests - Subscription rights to shares

Notes: 1. The business results of the mail order service business are included in the consolidated balance sheet for FY2013.
2. ROE and ROA are calculated based on the average of owners' equity and total assets at the beginning and end of each fiscal year.
3. For total assets, the Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from FY2019. Figures for FY2017 and FY2018 are after retrospective application.
4. For the statements of cash flows, ASU No. 2016-18 "Statement of Cash Flows: Restricted Cash" has been applied from FY2019 by overseas subsidiaries that adopt U.S. GAAP.
5. "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from FY2022.
6. The Company conducted a 3-for-1 common share split on March 1, 2024. The above figures are before the stock split.

External Recognition and Awards

Major recognition regarding sustainability (As of July 31, 2024)



Dow Jones Sustainability Index: Member of DJSI World Index

Seven & i Holdings has been selected as a component of the Dow Jones Sustainability™ Indices (DJSI) World Index. Based on the 2023 evaluation, 321 companies (including 38 Japanese companies) were selected as constituents of the World Index. In the food and staples retailing sector, our Company is the only Japanese company to be selected.

Note: The DJSI is a globally renowned ESG index for which constituents are selected based on a comprehensive evaluation of companies in three dimensions, such as Governance & Economic, Environmental, and Social. The DJSI World Index measures the stock performance of the top 10% of the world's approximately 3,500 companies by market capitalization as assessed by S&P Global through its Corporate Sustainability Assessment (CSA).

FTSE4Good

Seven & i Holdings has been selected as a constituent of the FTSE4Good Index Series for 10 consecutive years.

Note: The FTSE4Good Index Series is created by the global index provider FTSE Russell and is designed to measure the performance of companies that demonstrate strong practices in environmental, social, and governance (ESG) areas. This index is widely used for the creation and evaluation of responsible investment funds and other financial products.

FTSE Blossom Japan

Seven & i Holdings has been selected as a constituent of the FTSE Blossom Japan Index for eight consecutive years.

Note: The FTSE Blossom Japan Index is created by the global index provider FTSE Russell and is designed to measure the performance of Japanese companies that demonstrate strong practices in environmental, social, and governance (ESG) areas. This index is widely used for the creation and evaluation of sustainable investment funds and other financial products.

MSCI ESG RATINGS — A

CCC | B | BB | BBB | A | AA | AAA

In 2023, Seven & i Holdings received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment.

Disclaimer: Seven & i Holdings' inclusion in the MSCI index and its use of the MSCI logo, trademark, service mark, and index name do not represent support, recommendation, or promotion of Seven & i Holdings by MSCI or its affiliated companies. The MSCI index is the exclusive asset of MSCI. The name and logo of MSCI and the MSCI index are the trademarks or service marks of MSCI and its affiliated companies.

STOXX Indices by Qontigo — Member 2023/2024 Platinum Career Index

iSTOXX® MUTB Japan Platinum Career 150 Index

Seven & i Holdings has been selected as one of the constituent companies of the iSTOXX® MUTB Japan Platinum Career 150 Index.

Note: The iSTOXX® MUTB Japan Platinum Career 150 Index is an ESG index jointly developed by Mitsubishi UFJ Trust and Banking Corporation and STOXX, a subsidiary of Deutsche Börse, with a focus on human capital. It utilizes the evaluation criteria for Platinum Career companies from the CSR Corporate Directory data published by Toyo Keizai Inc. The index is composed of 150 companies that actively support employee career development from the perspectives of a long-term outlook, autonomous learning, and contribution to society.

Recognition and awards for IR/SR activities

Gomez IR Site Ranking GOLD 2023 | IR Site Ranking Retail Trade Industry Category No.1 2023 Gomez | AAA Corporate Websites 2023 Nikko Investor Relations Co.,Ltd All Markets Ranking in Japan | Top 1 Corporate Website 2023 Nikko Investor Relations Co.,Ltd Sector Ranking in Japan | Internet IR Commendation Award 2023 Daiwa Investor Relations

Company Information

(As of February 29, 2024)

Corporate Profile

Head Office

8-8, Nibancho, Chiyoda-ku, Tokyo 102-8452, Japan
Tel: +81-3-6238-3000
URL: https://www.7andi.com/en/

Date of Establishment

September 1, 2005

Number of Employees [in brackets, number of part-time employees*]

(Consolidated) 77,902 [79,275]
(Non-consolidated) 1,074 [17]
* Monthly average based on a 163-hour working month

Paid-in Capital

¥50,000 million

Auditor

KPMG AZSA LLC

Stock Information

Number of Shares of Common Stock

Issued: 877,742,183 shares

Number of Shareholders

87,709

Stock Listing

Tokyo Stock Exchange, Prime Market

Transfer Agent and Registrar

Mitsubishi UFJ Trust and Banking Corporation

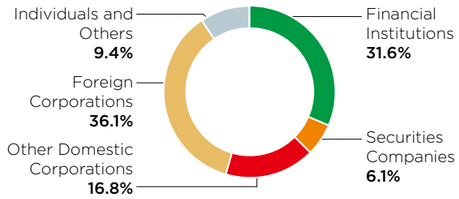
Annual Shareholders' Meeting

The annual shareholders' meeting of the Company is normally held in May each year in Tokyo, Japan.

Principal Shareholders

Name of shareholders	Number of shares (Thousand shares)	Shareholding ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	129,904	14.8
ITO-KOGYO CO., LTD.	70,701	8.1
CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	44,644	5.1
JP MORGAN CHASE BANK 385632	33,070	3.8
SSBTC CLIENT OMNIBUS ACCOUNT	21,938	2.5
SMBC NIKKO SECURITIES INC	18,905	2.2
NIPPON LIFE INSURANCE COMPANY	17,672	2.0
MITSUI & CO., LTD	16,222	1.9
STATE STREET BANK WEST CLIENT-TREATY 505234	14,317	1.6
JAPAN SECURITIES FINANCE CO., LTD.	12,419	1.4

Classification of Shareholders by Percentage of Shares Held



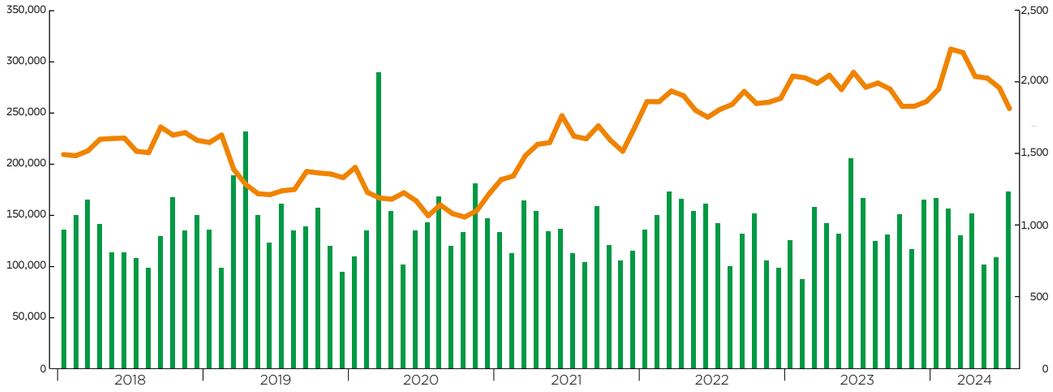
Notes: 1. The shareholding ratio is calculated after deducting treasury shares. Note that the number of shares held in the Executive Compensation BIP Trust and the Stock Granting ESOP Trust are not included in the treasury shares.
2. The Company conducted a 3-for-1 common share split on March 1, 2024. The above figures are before the stock split.

Rating Information (As of July 31, 2024)

		S&P	Moody's	R&I	JCR
Seven & i Holdings	Long-term	A	A2	AA-	AA
SEVEN-ELEVEN JAPAN	Long-term Short-term*	A A-1	P-1		AA
7-Eleven, Inc.	Long-term	A	Baa2		
Seven Bank	Long-term Short-term	A A-1		AA-	

* From January 2006, SEVEN-ELEVEN JAPAN's short-term rating is its rating as the guarantor of 7-Eleven, Inc.'s commercial paper program.

Stock Price / Trading Volume Chart (Tokyo Stock Exchange) (As of July 31, 2024)



Note: The Company conducted a 3-for-1 common share split on March 1, 2024. The above figures are after applying the stock split retroactively.