

“Guidelines for Directors and Audit & Supervisory Board Members”

Seven & i Holdings Co., Ltd. Guidelines for Directors and Audit & Supervisory Board Members

These guidelines set out the requirements, qualities, and basic policy on education of the Representative Directors, Directors (including Outside Directors), Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members), executive officers, and other officers (hereinafter collectively the “officers”) of Seven & i Holdings Co., Ltd. (hereinafter the “Company”) and its Group operating companies (excluding listed Group operating companies) (hereinafter the “Group operating companies”; the Company and the Group operating companies collectively, the “Group companies”).

1. Requirements of officers

Officers of the Group companies must satisfy the following requirements.

- (i) Understand and practice the Company's corporate philosophy, and have sincerity that is trusted by customers, business partners, shareholders, local communities, and employees
- (ii) Comply with laws and regulations, the Company's Corporate Action Guidelines, and internal and external ethics and norms, and have the knowledge and fairness required of officers
- (iii) Candidates for the Company's independent officers must satisfy the Company's independence standards for Directors and Audit & Supervisory Board Members

2. Qualities required of officers responsible for business execution (Representative Directors, executive officers, etc.)

Officers of the Group companies responsible for business execution are required to have the following qualities.

- (i) The quality of being able to think from the customer's perspective, responding to change while strengthening fundamentals at his/her initiative, and serve as a role model for employees
- (ii) The quality of freely and vigorously discussing matters in the Board of Directors meetings, offering constructive advice and proposals, comprehensively grasping the overall strategic guideline of the Group as a whole and the management environment and resources of each Group company, and proposing a consistent strategic system
- (iii) The quality of organization; i.e., forming, maintaining, and modifying an effective organization to implement strategies
- (iv) The quality of actively and effectively operating and directing organizational activities to implement strategies and controlling management with appropriate decision-making
- (v) The quality of being able to foster a future management team and create an organization for future growth, aiming for sustainable growth and long-lasting development
- (vi) The quality of building and implementing compliance, internal control, and risk management
- (vii) In addition to the above, other qualities required of officers responsible for business execution in management in each Group company

3. The qualities required of officers responsible for supervision and auditing (Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members))

Officers of the Group companies responsible for supervision and auditing are required to have the following qualities.

- (i) The quality of being able to provide constructive opinions and advice regarding the Group companies' business from a layman's perspective (i.e., that of an ordinary consumer) without being constrained by past experiences
- (ii) The quality of having deep insight and so forth regarding important areas of consideration for management in the Group companies (e.g., corporate management, compliance, risk management, finance and accounting, internal control, macro policies, global management, marketing, etc.)
- (iii) The quality of being able to give advice and proposals inuring to sustainable growth and increase of corporate value of the Group companies in the medium to long term, freely and vigorously discuss matters in the Board of Directors meetings, and contribute to frank, constructive examination
- (iv) (Regarding Outside Directors and Outside Audit & Supervisory Board Members) The quality of being able to appropriately supervise and audit conflicts of interest between Group companies and their management teams and controlling shareholders
- (v) (Regarding the independent officers of the Company) The quality of being able to appropriately reflect the opinions of stakeholders such as minority shareholders in the Board of Directors meetings in a position independent of the management team and controlling shareholders
- (vi) In addition to the above, other qualities required of officers responsible for supervision and auditing in the management of the Group companies

4. Basic policy regarding qualities and appointment/dismissal of the Group representative (Company President)

- (1) The qualities required of Group representative (Company President) are as follows.

The Group representative (Company President) should have the following qualities as appropriate.

- (i) Business management capability
(Viewpoints)
 - Have problem-solving capabilities
 - Have outstanding judgement, etc.
 - Have abundant knowledge of business
 - Able to add value in business development
 - Able to pursue innovation
 - Able to serve as the front man of the Group
- (ii) Leadership ability
(Viewpoints)
 - Set constructive targets and lead to achieve beyond them
 - Have strong ability to communicate with other officers and employees
 - Able to drive change
 - Able to bring together highly capable human resource to form a team, assign them appropriate work, and lead them to a successful result
 - Have leadership that is a goal for Group officers and employees

- (iii) Personality
(Viewpoints)
- Understand own strengths and weaknesses, and able to collaborate with persons who possess qualities to compensate for qualities he or she lacks
 - Always prepared to learn

- (2) The basic policy on appointment/dismissal of the Group's representative (Company President) 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 to solve management issues that the Group companies are facing
 - Specifically check and evaluate the leadership style and ability of the candidate

5. Basic policy on composition of Directors and Audit & Supervisory Board Members in companies with a Board of Directors

- As for the Group companies with a Board of Directors, the composition of Directors and Audit & Supervisory Board Members will have a good overall balance of knowledge, experience, and skills to effectively perform the roles and responsibilities of the board and ensuring both diversity and an appropriate size.
- With regard to the composition of Directors and Audit & Supervisory Board Members of the Company as a holding company, in particular, 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.

6. Provision of opportunities to develop and improve skills

- (1) Skills development
- Officers of the Group companies shall constantly strive to develop the following skills.
- (i) Develop and acquire expertise and skills appropriate for a business manager
 - (ii) Deepen their fundamental understanding of each position and function, and based thereon, develop and acquire the ability to analyze and decide matters from a Company-wide and comprehensive perspective
 - (iii) Develop and acquire the ability for flexible thinking and rapid, accurate decision-making regarding management and administration issues
 - (iv) Acquire methods to utilize skills and techniques necessary for business analysis, business planning, and so forth

- (v) Develop and acquire skills to effectively combine individual efforts of organization members to achieve company objectives, and to effectively develop and improve the latent potential of these persons
- (vi) Lift motivation for self-improvement
- (vii) Improve qualities required of other executive officers

- (2) Provision of opportunities for improvement
- In order to improve and foster the abovementioned abilities, the officers of the Group companies shall make use of all opportunities to train themselves, and the Company shall afford opportunities for improvement.
- (i) Encourage their participation in external management training programs
 - (ii) Introduce appropriate specialists to resolve management issues
 - (iii) Provide information and hold seminars to assist their understanding of economic, social, cultural, compliance, corporate governance, and other general affairs
 - (iv) Provide training opportunities
 - (v) Provide other self-development and training opportunities