



February 3, 2022

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

## **Our Response to the Letter from ValueAct Capital to Our Board of Directors**

On January 26, 2022, the Board of Directors of Seven & i Holdings Co., Ltd. (the “Company”) received a letter from its shareholder, ValueAct Capital (“ValueAct”), requesting dialogues with shareholders by the Company’s outside directors, as well as the formation of a committee to consider the Company’s management strategies. The Company has carefully reviewed the letter and hereby announces that the Company has confirmed the following policy at a meeting of the Board of Directors today.

The Company has been actively engaged in dialogues with investors, including our shareholders, and has seriously considered reflecting their opinions in our management strategies. In accordance with such policy, the Company has continued to engage in constructive dialogues with ValueAct as its shareholder. The Company’s understanding of the letter that ValueAct sent to the Board of Directors and publicly announced is as set forth below.

- (1) The letter states that ValueAct presented to the Company’s management over a period of approximately one year, an overall strategic plan, which ValueAct claims includes significantly greater growth prospects than the Company’s current Medium-Term Management Plan. We understand ValueAct has not expressly presented any strategic plans that the Company believes will contribute to enhance our corporate value.
- (2) The letter states that the Company’s management structure is unusual, and that there are oddly distant relationships between the holding company leaders and subsidiary operations. In this respect, the Company has built a structure between the holding company and key subsidiaries which enables smooth decision-making. For example, top management members of the Group’s key subsidiaries concurrently serve as the Company’s directors or executive officers, and the Company’s President and Representative Director regularly holds discussions with the management members of its key subsidiaries. In developing the current Medium-Term Management Plan, the Company and its key subsidiaries held a series of discussions and thereby obtained a greater mutual understanding, and created a structure for all group companies to resolutely drive the plan forward.
- (3) The letter states that shareholders have not been able to express their views to the Board of Directors effectively. However, the Board of Directors is informed of the status of the Company’s IR and SR activities, as appropriate. Further, the letters from ValueAct, the minutes of each meeting, and other relevant materials are shared among, and considered by, all members of the Board of Directors in each instance.

Furthermore, the Board of Directors has confirmed the following policy, with respect to the two requests presented by ValueAct: (i) the Company's outside directors will have dialogues with shareholders and ask them the questions specified by ValueAct; and (ii) form a committee for the Company's outside directors to consider management strategies.

The Company has been continuously discussing the most appropriate approach for engagement with capital markets, alongside of the general trend, and has proactively held dialogues with its shareholders. The Company's approach is also reflected in the dialogues that it has held to date with ValueAct. Since ValueAct acquired the shares in the Company, both companies engaged in dialogues on more than ten occasions last year. The Company arranged the meeting between its outside director and ValueAct and has also provided ValueAct with the opportunity to deliver presentations to all members of the Board of Directors, as requested by ValueAct. As demonstrated by these examples, the Company does not in any way refuse to provide opportunities for its outside directors to have dialogues with shareholders; this is, rather, one of the Company's key initiatives. As part of the Company's initiatives, we intend to consider increasing opportunities for direct dialogues between shareholders/investors and the Company's outside directors, in addition to the Company's management members. The Company makes its decisions, including on the determination of the current Medium-Term Management Plan, through thorough discussions, including with outside directors. As already disclosed in the current Medium-Term Management Plan, the Company is continuously reviewing its business portfolio from the best-owner perspective, with a holistic approach, including growth potentials and efficiency, in addition to the creation of group synergies and adhering to stricter investment discipline. These initiatives show that the Company expressly demonstrates strategic views as a group in performing its fundamental functions as a holding company, and it has operated its business in a manner under which corporate governance is functioning appropriately. Accordingly, the Company has confirmed its policy of holding discussions on the implementation of the Group's management strategies and other issues, among the Board of Directors (including outside directors), continuing to accelerate reforms, and seeking the Group's sustainable growth and higher corporate value.

As stated in the current Medium-Term Management Plan, the Group has committed to review its business portfolio, and focus our resources to priority growth fields; specifically, we have been assessing various strategic options for business area where restructuring initiatives should be considered. As part of the initiatives to achieve and accelerate our current Medium-Term Management Plan objectives, the Company intends to continuously consider and implement the initiatives to promote sustainable management, further strengthen corporate governance, and optimize its business portfolio, with agility. The Company will continue to enhance its corporate value with intensity, responding to the expectations of its various stakeholders.