



April 19, 2022

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

Revision of Compensation System and Compensation Policy for Directors and Audit & Supervisory Board Members of the Company

At a meeting of the Board of Directors held on April 19, 2022, Seven & i Holdings Co., Ltd. (the “Company”) resolved to revise the compensation system and the compensation policy for its Directors (excluding Outside Directors) and Executive Officers, including changes to the stock-based compensation system, the “Board Incentive Plan Trust” (the “BIP Trust”) and the “ESOP Trust for Granting Stock” (the “ESOP Trust”, together with the BIP Trust, the “Performance-based and Stock-based Compensation System”).

In conjunction with this, as with the Company, the subsidiaries designated by the Company (the “Target Subsidiaries”^(*)) will, at the meetings of their respective Board of Directors meetings to be held, resolve to revise the compensation system for their respective Directors (excluding Outside Directors) and Executive Officers (the Company’s and Target Subsidiaries’ Directors (excluding Outside Directors) and Executive Officers are collectively referred to as the “Eligible Directors and Executive Officers”).

Accordingly, the Company hereby announces as set forth below, that the Company has decided to submit a proposal regarding the partial revision of the Performance-based and Stock-based Compensation System regarding its Directors (excluding Outside Directors) to the 17th Annual Shareholders’ Meeting to be held on May 26, 2022 (the “17th Shareholders’ Meeting”) and the Target Subsidiaries will submit the proposal regarding the partial revision to the Performance-based and Stock-based Compensation System regarding their respective Directors (excluding Outside Directors) to their respective Shareholders’ Meetings to be held.

1. Purpose of the Revision of Compensation System for Directors and Audit & Supervisory Board Members

- (1) The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the medium- and long-term corporate value of our group to ensure the trust of various stakeholders, based on the Corporate Creed of the Company. Based on this basic view on corporate governance, the Company considers a compensation system for Directors and Audit & Supervisory Board Members to be one of the important measures to enhance the motivation and morale of Directors and Audit & Supervisory Board Members

to take appropriate risk for the sake of continued growth of the medium- and long-term corporate value and sustainable growth of our group, and build and operate the system.

Since 2019, the Company introduced the Performance-based and Stock-based Compensation System as a stock-based compensation system, to further clarify the link between the compensation, etc. for the Eligible Directors and Executive Officers and our business performance and stock price, and to enhance the motivation of the Eligible Directors and Executive Officers to contribute to the improvement of medium- and long-term corporate value and sharing interests with our shareholders.

- (2) The Company published a new medium-term management plan “Medium-Term Management Plan 2021-2025” (the “New Plan”) in July 2021, and set its group vision for 2030 as “a world-class global retail group that leads innovation in distribution through a global growth strategy centered on 7-Eleven operations and the active use of technology.” At the same time, the Company set its basic financial policy as follows: “in order to continuously improve corporate value, increase returns (profit) that exceed the cost of capital and increase the ability to generate cash flow (CF)”;
- (3) The revision of the compensation system for Directors and Audit & Supervisory Board Members was made regarding the following items from the viewpoint of, among other things, further enhancing incentives for the Eligible Directors and Executive Officers, to achieve the New Plan:
 - (i) To change the KPI for the performance-based compensation based on the consolidated financial numerical targets indicated in the New Plan so that a link with the New Plan will be ensured;
 - (ii) To enhance incentives by changing the compensation ratio in accordance with positions, so that an officer with a superior title will have a higher varying compensation ratio. The ratio of the performance-based and stock-based compensation is set higher for Representative Directors to promote the sharing of profits and risks with our shareholders who have medium- and long-term perspectives.
 - (iii) To enhance the target for the CO2 emission reduction to be consistent with the reduction target indicated in the environmental declaration “GREEN CHALLENGE 2050” revised in 2021, which is a non-financial KPI for the performance-based and stock-based compensation, and make greater efforts to improve both the corporate value and social value; and
 - (iv) To add an indicator regarding employee engagement as a KPI for the performance-based and stock-based compensation in order to further promote the creation of an environment that allows various human resources to exercise their abilities and secure enhancement of corporate competitiveness by improving employees’ motivation to contribute.
- (4) The revision to the compensation system for Directors and Audit & Supervisory Board Members will be effective on the condition that the related proposals will be approved and passed at the 17th Shareholders’ Meeting.
 - (*) SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., and Seven & i Food Systems Co., Ltd. are set to be the Target Subsidiaries of Performance-based and Stock-based Compensation System.

2. Details of the Performance-based and Stock-based Compensation System After the Revision, etc.

- (1) Outline of the Performance-based and Stock-based Compensation System

The Performance-based and Stock-based Compensation System is an incentive plan for the Eligible Directors and Executive Officers. Under the Performance-based and Stock-based Compensation System, Company shares and an amount of money equivalent to the converted value of the Company shares (collectively, the “Company Shares”) which are acquired through the system will be delivered and provided (“Delivered” or “Delivery”, as the case may be) to the Eligible Directors and Executive Officers in accordance with their positions and the achievement level of business performance targets, etc.

(2) Details of the Performance-based and Stock-based Compensation System After the Revision

Person covered by the Performance-based and Stock-based Compensation System	Directors and Executive Officers (excluding Outside Directors; hereinafter the same) of the Company and the Target Subsidiaries.
Covered period	<ul style="list-style-type: none"> • Three fiscal years designated by the Company to be the period to evaluate the achievement of the medium to long-term business performance targets. • For the initial covered period which started from FY2020, the four fiscal years, comprising the fiscal year ended February 29, 2020, which was the remaining period of the Company’s Medium-Term Management Plan that was effective as of May 23, 2019, and subsequent three fiscal years that are the period for evaluating the achievement of medium to long-term business performance targets.
Maximum amount to be contributed by the Company and the Target Subsidiaries	<ul style="list-style-type: none"> • For the Company’s Directors, 1,200 million yen in total, covering the three fiscal years. However, for the covered period which started from FY2020, 1,000 million yen in total, covering the four fiscal years. • For the Company’s Executive Officers, 600 million yen in total, covering the three fiscal years. However, for the covered period which started from FY2020, 500 million yen in total, covering the four fiscal years. • For the Target Subsidiaries’ Directors, 2,400 million yen in total, covering the four fiscal years. However, for the covered period which started from FY2020, 3,200 million yen in total, covering the four fiscal years. • For the Target Subsidiaries’ Executive Officers, 1,800 million yen in total, covering the four fiscal years. However, for the covered period which started from FY2020, 2,400 million yen in total, covering the four fiscal years. <p>(Note that, for shares required for these four fiscal years, shares acquired from the stock market in July 2019 can be appropriated; accordingly, there will be no cash which will be contributed additionally during the current fiscal year.)</p>
Maximum number of the Company Shares (including shares which will be subject to conversion into cash) to be Delivered to the Eligible Directors and Executive Officers	<ul style="list-style-type: none"> • For the Company’s Directors, the upper limit of the total points granted per fiscal year is 80,000 points. • For the Company’s Executive Officers, the upper limit of the total points granted per fiscal year is 40,000 points. • For the Target Subsidiaries’ Directors, the upper limit of the total points granted per fiscal year is 160,000 points. • For the Target Subsidiaries’ Executive Officers, the upper limit of the total points granted per fiscal year is 120,000 points. • 1 point = one share of the Company’s common stock, and assuming that 1 point is converted into one share of the Company’s common stock, the ratio of the number of shares of the Company’s common stock, to the total number of the Company’s issued shares (as of February 28, 2022, after excluding treasury shares), is approximately

	<p>0.05 %.</p> <ul style="list-style-type: none"> The Company Shares will be acquired from the stock market or the Company (disposition of treasury shares). However, with respect to the BIP Trust and ESOP Trust set in 2019, the shares are acquired from the stock market; therefore, there will be no dilution. 														
Details of performance-based calculation	<ul style="list-style-type: none"> 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. When evaluating KPIs, the range of compensation of Representative Directors is set wider by using different coefficients pertaining to performance-based and stock-based compensation from other Directors and Executive Officers, so that the compensation of Representative Directors will be more affected by the link to performance. The KPIs 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 CO2 emissions under the environmental declaration called “GREEN CHALLENGE 2050” made in May 2019, as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2021. The degree of improvement in employee engagement will be added as the KPI for performance-based and stock-based compensation from the fiscal year ending in February 28, 2023 to further promote the creation of an environment that allows various human resources to exercise their abilities. <p>Key Performance Indicators (KPI) for performance-based and stock-based compensation:</p> <table border="1"> <thead> <tr> <th>KPI</th> <th>Ratio</th> <th>Purpose of Evaluation</th> </tr> </thead> <tbody> <tr> <td>(a) Consolidated ROE</td> <td>60%</td> <td>Evaluation of profitability against equity</td> </tr> <tr> <td>(b) Consolidated EPS</td> <td>40%</td> <td>Evaluation of net income from shareholder perspectives</td> </tr> <tr> <td>(c) CO2 Emissions</td> <td rowspan="2">See the formula below</td> <td>Evaluation of the degree of promoting a reduction in the environmental burden</td> </tr> <tr> <td>(d) Employee Engagement</td> <td>Evaluation of the degree of improvement in employee engagement (*)</td> </tr> </tbody> </table> <p>(*) Comprehensive evaluation by the Compensation Committee</p> <p>Coefficient formula pertaining to performance-based and stock-based compensation: Coefficient pertaining to performance-based and stock-based compensation = $\{(a) + (b)\} \times \{(c) + (d)\}$ (a) “Consolidated ROE” related coefficient $\times 60\%$ (b) “Consolidated EPS” related coefficient $\times 40\%$ (c) “CO2 emissions” related coefficient (d) “Employee engagement” related coefficient</p>	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) CO2 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 (*)
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) CO2 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 (*)													
Calculation method of the	The number or amount of the Company Shares to be Delivered to the														

Company Shares to be Delivered to the Eligible Directors and Executive Officers	Eligible Directors and Executive Officers will be determined based on the cumulative number of points to be granted, which will be calculated by multiplying the standard points based on such directors' and officers' positions by a coefficient pertaining to performance-based and stock-based compensation in each fiscal year during the covered period.
Timing of Delivery of the Company Shares to the Eligible Directors and Executive Officers	Upon their retirement.

(3) Comparison of the “details of performance-based calculation” before and after revision

The “details of performance-based calculation” under the Performance-based and Stock-based Compensation System will be revised as follows:

Before revision		After revision	
(a) Consolidated Operating Income	40%		
(b) Consolidated ROE	40%	(a) Consolidated ROE	60%
(c) Consolidated EPS	20%	(b) Consolidated EPS	40%
(d) CO2 Emissions	See the formula below	(c) CO2 Emissions	See the formula below
		(d) Employee Engagement	
Performance-based coefficient formula: Performance-based coefficient = {(a) + (b) + (c)} × (d)		Coefficient formula pertaining to performance-based and stock-based compensation: Coefficient pertaining to performance-based and stock-based compensation = {(a) + (b)} × {(c) + (d)}	
(a) “Consolidated operating income” related coefficient × 40%		(a) “Consolidated ROE” related coefficient × 60%	
(b) “Consolidated ROE” related coefficient × 40%		(b) “Consolidated EPS” related coefficient × 40%	
(c) “Consolidated EPS” related coefficient × 20%		(c) “CO2 emissions” related coefficient	
(d) “CO2 emissions” related coefficient		(d) “Employee engagement” related coefficient	

3. Revision of the Policy on Compensation of Directors and Audit & Supervisory Board Members

In addition, on condition that the proposal regarding the partial revision of the Performance-based and Stock-based Compensation System regarding Directors of the Company is approved as proposed at the 17th Shareholders' Meeting, the Company will revise its policy on compensation of its Directors and Executive Officers in line with the proposal and as in the Attachment.

For details of the revision of the Company's compensation system for its Directors and Executive Officers other than the Performance-based and Stock-based Compensation System, please refer to the Attachment.

(Reference)

News release dated April 4, 2019

“Introduction of New Stock-Based Compensation System for Directors and Executive Officers of the Company and its Subsidiaries”

https://www.7andi.com/library/dbps_data/_material_/localhost/en/release_pdf/2019_0404_01en.pdf

《Seven & i Holdings Co., Ltd., Policy on Compensation of Directors and Audit & Supervisory Board Members》

* This policy will be applied from fiscal year ending February 28, 2023.

1. Basic Views on Compensation for Directors and Audit & Supervisory Board Members

The Company considers the compensation system for directors and audit & supervisory board members of the Company (the “Directors and Audit & Supervisory Board Members”) to be “the important measures to enhance the motivation and morale of Directors and Audit & Supervisory Board Members and to take appropriate risk for the sake of continued growth of the medium- and long-term corporate value and sustainable growth of our group based on a basic view on corporate governance,” and build and operate the system based on the points set forth below.

- ◇ Emphasis is placed on the link between the business performance and corporate value of our group, and establishing a system that further enhances the motivation and morale to contribute to the continuous improvement of business performance and corporate value over the medium to long term.
- ◇ To secure highly capable human resources who will enhance corporate governance through appropriate supervision and auditing of the execution of operations, and provide compensation levels and systems commensurate with responsibilities.
- ◇ Ensure the objectivity and transparency of the compensation decision process, and establish a compensation system trusted by all stakeholders.
- ◇ With regard to the design of a specific compensation system for Directors and Audit & Supervisory Board Members, continue to consider to tailor it more appropriately in light of future trends in legal systems and society.

2. Compensation Levels

The levels of compensation for Directors and Audit & Supervisory Board Members will be determined, taking into consideration various fundamentals in the business content and the business environment of the Company, with reference to the compensation level of directors and audit & supervisory board members in major companies of the same size as the Company based on market capitalization and revenues, etc.

3. Compensation Composition

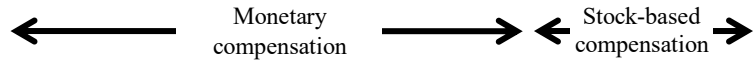
(1) Operating Directors

(a) Ratio of compensation composition

The ratio of compensation composition of operating Directors (*) is as follows:

The ratio of performance-based and stock-based compensation for Representative Directors is set higher in order to promote the sharing of profits and risks with our shareholders who have medium- and long-term perspectives.

	Fixed compensation	Performance-based compensation	
		Bonuses	Stock-based compensation
Representative Directors	35 %	30 %	35 %
Directors	50 %	25 %	25 %



(*) Calculated on the assumption that performance-based bonuses and performance-based and stock-based compensation are based on a standard compensation amount.

(b) Composition

(i) 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.

(ii) 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 KPIs (key performance indicators) for performance-based compensation (bonuses) is 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.

【Key Performance Indicators for performance-based compensation】

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

<The coefficient formula pertaining to performance-based bonuses>

$$\text{Coefficient pertaining to performance-based bonuses} = \{(a) + (b)\} \times (c)$$

- (a) “Consolidated operating CF” 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 NOPAT excluding financial services.

(iii) 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 (*) 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 the fiscal year ended February 29, 2020 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 CO2 emissions under the environmental declaration called "GREEN CHALLENGE 2050" made in May 2019, as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2021.
- The degree of improvement in employee engagement will be added as the KPI for performance-based and stock-based compensation from the fiscal year ending February 28, 2023 to further promote the creation of an environment that allows various human resources to exercise their abilities.

(*) 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 U.S.

【Key Performance Indicators 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) CO2 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 (*)

(*) Comprehensive evaluation by the Compensation Committee

<Coefficient formula pertaining to performance-based and stock-based compensation>
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) “CO2 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 him/her (clawback).

(2) Outside Directors and Audit & Supervisory Board Members

(a) Ratio of compensation composition

The ratio of compensation composition of Outside Directors and Audit & Supervisory Board Members is as follows:

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
100 %	/	/

← Monetary compensation →

(b) Composition

Fixed Compensation

- With an emphasis on further strengthening the independence of Outside Directors and Audit & Supervisory Board Members from management, the compensation of Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation. Performance-based compensation (bonuses and stock-based compensation) will not be paid to Outside Directors and Audit & Supervisory Board Members.
- Compensation will be paid monthly during the term of office.

4. Compensation Governance

(1) Compensation Committee

The Company has established a compensation committee (the “Compensation Committee”) to ensure objectivity and transparency in the procedures for deciding the compensation of Officers, etc. (referring in this policy to Directors, Audit & Supervisory Board Members, and Executive Officers). The committee’s chair and the majority of its members are Independent Outside Directors, and all of its members are Directors other than Representative Directors.

(2) Method of determining compensation

This Policy, the basic policy on compensation of Directors and Audit & Supervisory Board Members, is determined by the Board of Directors through deliberations by the Compensation Committee. Based on this Policy, the amount of compensation of each Director is deliberated on by the Compensation Committee in accordance with the evaluation of each Director’s function, degree of contribution, and the group’s results, as well as the degree of achievement of KPI, and then determined by the Board of Directors based on reports received from the Compensation Committee.

The compensation of each Audit & Supervisory Board Member is determined through discussions by the Audit & Supervisory Board Members.

5. Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of Directors and Audit & Supervisory Board Members is decided within the following compensation limit determined at the Shareholders' Meeting.

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and no severance payments will be paid to Directors and Audit & Supervisory Board Members.

(1) Directors

- Monetary compensation

Not more than ¥1 billion per year (not including employee salaries paid to Directors who serve concurrently as employees)

(Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)

- Stock-based compensation

3 fiscal years / not more than ¥1200 million (not more than ¥400 million per 1 fiscal year)

Limit on the points granted per 1 fiscal year 80,000 points (1 point = 1 common stock)

(Resolved at the 17th Annual Shareholders' Meeting held on May 26, 2022, separately from monetary compensation) (planned) (*)

(*) The word "(planned)" and this note will be deleted after this is resolved at the 17th Annual Shareholders' Meeting.

(2) Audit & Supervisory Board Members

- Monetary compensation

Not more than ¥200 million

(Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)